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中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02866)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The “Announcement of COSCO SHIPPING Development Co., Ltd. on the Dilution on Current Returns in the Restructuring and the Remedial Measures” as published by COSCO SHIPPING Development Co., Ltd. in Chinese on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 29 April 2021 is enclosed hereto as overseas regulatory announcement in Chinese and English for your reference only. In case of any inconsistencies between the Chinese version and the English translation, the Chinese version shall prevail.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Cai Lei
Joint Company Secretary

29 April 2021

As at the date of this announcement, the Board comprises Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong and Ms. Zhang Weihua, being independent non-executive Directors.

* The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “COSCO SHIPPING Development Co., Ltd.”.

Stock Abbreviation: COSCO SHIPPING Development Stock Code: 601866
Announcement No.: Lin 2021-036

COSCO SHIPPING DEVELOPMENT CO., LTD. ANNOUNCEMENT ON THE DILUTION ON CURRENT RETURNS IN THE RESTRUCTURING AND THE REMEDIAL MEASURES

The board of directors and all directors of the Company warrant that the contents of this announcement do not contain any false information, misleading statement or material omission, and that they shall jointly and severally accept liabilities for the truthfulness, accuracy and completeness of the contents of this announcement.

COSCO SHIPPING Development Co., Ltd. (hereinafter referred to as “Company”, “Listed Company” or “COSCO SHIPPING Development”) intends to acquire assets and raise ancillary funds through issuance of shares (hereinafter referred to as “the Transaction”).

In accordance with the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17 號)), the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110 號)), and the Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Returns from Initial Offering and Refinancing or Material Asset Restructuring (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告 [2015]31 號)) and other relevant requirements, in order to guarantee small and medium-sized investors’ rights to know and protect

their interests, the Company has carefully analyzed and calculated the dilutive impact of the Transaction on the current return, and the impact of the Transaction on major financial indicators of the Company is explained as follows:

Unless otherwise specified, the words or abbreviations stated in this announcement shall have the same meanings as the words or abbreviations stated in the "Report on Acquisition of Assets and Raising Ancillary Funds through Issuance of Shares and Connected Transactions (Draft) of COSCO SHIPPING Development Co., Ltd."

I. Basic Information of the Transaction

COSCO SHIPPING Development intends to acquire 100% of the equity interests of Dong Fang International Container (Qidong) Co., Ltd., Dong Fang International Container (Qingdao) Co., Ltd., Dong Fang International Container (Ningbo) Co., Ltd. and Shanghai Universal Logistics Technology Co., Ltd. held by COSCO SHIPPING Investment Holdings Co., Ltd. ("COSCO SHIPPING Investment") by way of issuing A Shares to COSCO SHIPPING Investment. Meanwhile, COSCO SHIPPING Development intends to issue shares by way of non-public issuance to not more than 35 (inclusive of 35) qualified specific investors including China Shipping through price inquiry to raise ancillary funds. The total amount of the ancillary funds raised shall not exceed RMB1,464,000,000 and 100% of the transaction price of the assets to be acquired by issuing shares in the Transaction, and the number of shares issued shall not exceed 30% of the total share capital of the Listed Company before the Transaction (i.e. not exceeding 3,482,437,500 shares). China Shipping intends to subscribe for RMB600 million, which shall not exceed the upper limit of the total amount of the ancillary funds to be raised as approved by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC").

II. Impact of the Transaction on the Diluted Earnings per Share of the Company

According to the Pro Forma Consolidated Financial Statements and Audit Report of COSCO SHIPPING Development Co., Ltd. (the "Pro Forma Audit Report") (Ernst & Young Huaming (2021) Zhuan Zi Di No. 61227808_B01) issued by Ernst & Young

Huaming LLP and the unqualified Audit Report of COSCO SHIPPING Development Co., Ltd. for 2020 (XYZH2021/BJAA130001), which have been issued by ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所（特殊普通合夥）), without taking into consideration the impact of ancillary funds to be raised, the main financial indicators of COSCO SHIPPING Development before and after the completion of the Transaction are shown in the following table:

Unit: RMB 0'000

Items	As at/for the year ended 31 December 2020		
	Before the Transaction ^①	After the Transaction (Pro Forma) ^②	Changes ^{③=②-①}
Total assets	14,603,879.49	15,323,258.05	719,378.56
Total liabilities	12,166,878.78	12,582,671.09	415,792.31
Gearing ratio (%)	83.31	82.11	-1.20
Total equity attributable to owners of the parent	2,437,000.71	2,740,586.97	303,586.26
Total operating revenue	1,894,131.21	2,018,187.77	124,056.56
Total profit	244,929.00	247,713.75	2,784.75
Net profit	213,051.68	214,127.64	1,075.96
Net profit attributable to shareholders of the parent	213,051.68	214,127.64	1,075.96
Basic earnings per share (RMB per share)	0.16	0.14	-0.02
Diluted earnings per share (RMB per share)	0.16	0.14	-0.02

According to the calculation results in the above table, the current returns of the Listed Company are diluted after the completion of the Transaction. The dilution on current returns of the Listed Company is mainly due to the following reasons: (1) Florens International Limited, a subsidiary of the Listed Company, is the world's second largest container leasing company. In 2020, DFIC Qidong, DFIC Qingdao and DFIC Ningbo sold part of its container products to Florens International Limited through its parent, COSCO SHIPPING Investment, and after the purchase of those container products, Florens International Limited commenced container leasing business. Those container products are recognized as fixed assets in the balance sheet.

In preparing the Pro Forma Audit Report, gross profit from such business segment of the target companies are offset against fixed assets of Florens International Limited formed by those container products purchased through COSCO SHIPPING Investment to decrease the original value of fixed assets of Florens International Limited and gross profit of the target companies. As a result, pro forma net profit is less than the sum of net profit of the target companies and COSCO SHIPPING Development; (2) the corresponding increase in the total share capital of the Listed Company upon the completion of the Transaction.

III. Measures taken by the Listed Company to prevent and cope with the dilution on current returns in the Transaction and improve future profitability

In order to cope with the risk of the dilution on current returns of the Listed Company as a result of the Transaction, the Company has taken the following remedial measures. The remedial measures taken by the Company do not constitute a guarantee for future profit, and investors should not make investment decision thereon accordingly. Investors are reminded to pay attention to related risks.

(I) Actively strengthen operation management and improve going-concern ability

Through the Transaction, the Company will integrate the container manufacturing business of the target companies, expand geographical layout, increase product offerings, enhance technological research and development ability, consolidate and improve its competitive position in the industry. After the Transaction, the Company will strengthen the management of the target companies, further exploit the synergy effect of container manufacturing, sales and management of the target companies and the Listed Company, enhance operating efficiency and improve the going-concern ability of the Listed Company.

(II) Continuously improve corporate governance to provide institutional guarantees for development of the Company

The Company has established and improved a corporate governance structure, standardized operations, and has a complete independent operation mechanism for the shareholders' general meeting, board of directors, supervisory committee and management. It has set up a highly efficient and capable organization and functional

structure that are compatible with the Company's production and operation and can operate independently. The Company has formulated corresponding duties and responsibilities, and the responsibilities of each functional unit are clear and restricted mutually. The Company's organizational structure is reasonable and effective. There are clearly distinguished, restricted mutually, and operated smoothly in powers and responsibilities between the shareholders' general meeting, the board of directors, the supervisory committee, and the management, forming a relatively reasonable, complete and effective corporate governance and management framework. The Company will continue to strictly abide by the Company Law, the Securities Law and other relevant laws, regulations, and regulatory documents, continuously improve the governance structure, effectively protect the rights and interests of investors, especially small and medium-sized investors, and thus provide institutional guarantees for development of the Company.

(III) Strictly implement profit distribution policies and strength investor return mechanisms

The Company will strictly implement the Company Law, the Notice on Further Implementing Issues Related to Cash Dividends of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Guidelines for the Supervision of Listed Companies No. 3 - Cash Dividends of Listed Companies (《上市公司監管指引第 3 號—上市公司現金分紅》) and other relevant laws, regulations and regulatory documents, and follow the provisions on profit distribution in the Articles of Association, continue to implement a sustainable, stable and active profit distribution policy, further improve the profit distribution system, and actively promote profits distribution to shareholders when the conditions for profit distribution are met, increase the implementation of continuous, stable, and scientific returns to investors, so as to effectively protect the legitimate rights and interests of public investors.

IV. The undertakings of the controlling shareholder, directors and senior management of the Company in relation to the remedial measures for dilution on current returns under the Transaction

The specific undertakings made by the controlling shareholder, directors and senior management of the Listed Company to ensure the implementation of the

remedial measures for dilution on current returns under the Transaction pursuant to the relevant requirements of the CSRC are as follows:

(I) The direct controlling shareholder of the Listed Company, China Shipping, undertakes:

"1. The company will not ultra vires interfere with the operation and management activities of COSCO SHIPPING Development, and will not infringe on the interests of COSCO SHIPPING Development.

2. The company effectively performs the relevant return replenishment measures formulated by COSCO SHIPPING Development and this undertaking. If this undertaking is breached or this undertaking is refused to be performed, which has caused losses to COSCO SHIPPING Development or investors, the company agrees to assume the corresponding legal liability in accordance with laws, regulations and relevant provisions of the securities regulatory authorities.

3. From the date of the issue of this undertaking to the completion of the restructuring of COSCO SHIPPING Development, if the CSRC makes other new regulatory requirements on return replenishment measures and its undertakings, and when the above undertakings cannot meet the requirements of the CSRC, the company will then undertake to issue a supplementary undertaking in accordance with recent regulations of the CSRC."

(II) The indirect controlling shareholder of the Listed Company, COSCO SHIPPING Group, undertakes:

"1. The company will not ultra vires interfere with the operation and management activities of COSCO SHIPPING Development, and will not infringe on the interests of COSCO SHIPPING Development.

2. The company effectively performs the relevant return replenishment measures formulated by COSCO SHIPPING Development and this undertaking. If this undertaking is breached or this undertaking is refused to be performed, which has caused losses to COSCO SHIPPING Development or investors, the company agrees to assume the corresponding legal liability in accordance with laws, regulations and relevant provisions of the securities regulatory authority.

3. From the date of the issue of this undertaking to the completion of the restructuring of COSCO SHIPPING Development, if the CSRC makes other new regulatory requirements on return replenishment measures and its undertakings, and when the above undertakings cannot meet the requirements of the CSRC, the company will then undertake to issue a supplementary undertaking in accordance with recent regulations of the CSRC."

(III) Directors and senior management of the Listed Company undertake:

"1. I undertake not to transfer benefits to other units or individuals without replenishment or on unfair terms, and will not harm the Company's interests by other means.

2. I undertake to restrain my duty consumption behavior.

3. I undertake not to use the Company's assets to engage in investment and consumption activities that are not related to my performance of duties.

4. I undertake that the remuneration system formulated by the board of directors or the remuneration and appraisal committee is linked to the implementation of the Company's return replenishment measures.

5. I undertake that the exercise conditions of the Company's equity incentives are linked to the Company's implementation of the replenishment measures.

6. From the date of the issue of this undertaking to the completion of the restructuring of the Company, if the CSRC makes other new regulatory requirements on the return replenishment measures and its undertakings, and the above undertakings cannot meet the requirements of the CSRC, I undertake that I will then issue a supplementary undertaking in accordance with recent regulations of the CSRC.

7. I undertake to effectively perform the return replenishment measures formulated by the Company and the undertakings made for such return replenishment measures. If these undertakings are breached and cause losses to the Company or investors, I am willing to assume the replenishment responsibility to the Company or investors by law."

Announcement of the captioned matters is hereby given.

Board of Directors of COSCO SHIPPING Development Co., Ltd

29 April 2021