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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)

**PROPOSED ADOPTION OF
THE REVISED SHARE OPTION INCENTIVE SCHEME**

This announcement is made by COSCO SHIPPING Development Co., Ltd. (the “**Company**”) pursuant to Rule 13.09(2) of the Hong Kong Listing Rules and the Inside Information Provisions (as defined in the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 16 December 2019, in relation to, among other things, the proposed adoption of the Share Option Incentive Scheme (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

PROPOSED ADOPTION OF THE REVISED SHARE OPTION INCENTIVE SCHEME

The Board is pleased to announce that on 22 January 2020, the Board has approved the proposed adoption of the revised Share Option Incentive Scheme (the “**Revised Share Option Incentive Scheme**”), which was prepared based on the Share Option Incentive Scheme with certain terms being amended to reflect the comments provided by the relevant regulatory authorities in the PRC.

The following sets forth a summary of the principal amendments under the Revised Share Option Incentive Scheme, as compared to the Share Option Incentive Scheme.

1. Lock-up restrictions

Pursuant to the Revised Share Options Incentive Scheme, the A Shares acquired by the Participants pursuant to the exercise of the Share Options under the Revised Share Option Incentive Scheme are subject to additional lock-up restrictions as compared to the Share Option Incentive Scheme, details of which are set out as follows:

- (i) Not less than 20% of the total number of the Share Options granted to a Participant, who is a Director or a member of the senior management of the Company, shall be reserved and only become exercisable after he/she has passed his/her performance appraisal for his/her tenure of office, and if upon the expiration of the Validity Period, the Participant's tenure of service has not completed, he/she may exercise the Share Options within the Validity Period, subject to the satisfaction of the Conditions of Exercise determined with reference to his/her performance appraisal results for the corresponding year of the expiration of the Validity Period.

2. Basis of determination of exercise price

The basis of determination of the exercise price of the Share Options to be granted under the Revised Share Option Incentive Scheme shall be revised to represent the higher of the following:

- (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Share Option Incentive Scheme, being approximately RMB2.52 per A Share;
- (ii) the average trading price of the A Shares for the 20 trading days immediately preceding the date of the announcement of the Share Option Incentive Scheme being approximately RMB2.50 per A Share; and
- (iii) the par value of the A Shares, being RMB1.00 per A Share.

Accordingly, the exercise price of the Shares Options to be granted under the Revised Share Option Incentive Scheme shall, as compared to the Share Option Incentive Scheme, remain unchanged, being RMB2.52 per A Share, which was determined in accordance with the relevant requirements under the laws and regulations of the PRC and the requirements of the relevant regulatory authorities in the PRC.

3. Conditions of Exercise

Pursuant to the Revised Share Options Incentive Scheme, the Condition of Exercise in respect of the Participant's assessment grade in his/her performance appraisal shall be revised to as follows:

- (i) the Participant having obtained an assessment grade of "qualified" or above in his/her performance appraisal for the financial year immediately preceding the exercise of the Share Options pursuant to the Appraisal Measures with details as follow:

Individual assessment grade	Proportion of Share Options which will become exercisable to the total number of Share Options under the respective tranche
Excellent	100%
Competent	100%
Qualified	60%
Disqualified	0%

4. Revised Proposed Initial Grant under the Revised Share Option Incentive Scheme

In light of recent personnel changes of the Group, adjustments will be made to the allocation of the proposed initial grant of 79,627,003 Share Options. The Board proposes to grant Shares Options to 127 Participants, which comprise 9 Directors and senior management of the Company and 118 core management and business personnel of the Group under the revised proposed initial grant pursuant to the Revised Share Option Incentive Scheme (the "**Revised Proposed Initial Grant**").

The total number of underlying A Shares in relation to the Share Options to be granted under the Revised Proposed Initial Grant shall, as compared to the Proposed Initial Grant, shall remain unchanged, being 79,627,003 A Shares and representing approximately 0.6860% of the existing total issued share capital of the Company and 1.0039% of the existing A Share capital of the Company as at the date of this announcement.

The allocation of the Share Options under the Revised Proposed Initial Grant is set out below:

No.	Name of the Participant	Position of the Participant	Number of Share Options to be granted under the Revised Proposed Initial Grant	Approximate percentage of the number of Share Options to be granted to the Participant to the total number of Share Options under the Revised Share Option Incentive Scheme (%)	Approximate percentage of the number of the underlying A Shares to the total issued share capital of the Company as at the date of this announcement (%)	Approximate percentage of the number of the underlying A Shares to the total issued A Share capital of the Company as at the date of this announcement (%)
1	Wang Daxiong	Executive Director and Chairman of the Board	1,500,000	1.70	0.0129	0.0189
2	Liu Chong	Executive Director and general manager of the Company	1,490,100	1.68	0.0128	0.0188
3	Xu Hui	Executive Director and deputy general manager of the Company	1,490,100	1.68	0.0128	0.0188
4	Lin Feng	Chief accountant of the Company	1,264,300	1.43	0.0109	0.0159
5	Ming Dong	Deputy general manager of the Company	1,264,300	1.43	0.0109	0.0159
6	Zuo Guodong	Secretary of the disciplinary committee of the Company	1,264,300	1.43	0.0109	0.0159
7	Du Haiying	Deputy general manager of the Company	1,264,300	1.43	0.0109	0.0159
8	Peng Hongmin	Safety director	975,700	1.10	0.0084	0.0123
9	Cai Lei	Secretary of the Board	629,400	0.71	0.0054	0.0079
	Core management and business personnel at the headquarters (33 Participants)		19,003,201	21.48	0.1637	0.2396
	Core management and business personnel of the subsidiaries of the Company (85 Participants)		49,481,302	55.93	0.4263	0.6238
	Total (127 Participants)		79,627,003	90.00	0.6860	1.0039
	Reserved Share Options		8,847,445	10.00	0.0762	0.1115
	Total		88,474,448	100.00	0.7622	1.1154

Save as disclosed in this announcement, there are no other material amendments under the Revised Share Option Incentive Scheme, as compared to the Share Option Incentive Scheme.

EGM AND CLASS MEETINGS

The EGM and the Class Meetings will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the proposed adoption of the Revised Share Option Incentive Scheme.

A circular containing, among other things, (i) further details of the terms of the Revised Share Option Incentive Scheme and the Revised Proposed Initial Grant; (ii) a notice convening the EGM; and (iii) a notice convening the H Share class meeting will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Hong Kong Listing Rules.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Company Secretary

Shanghai, People's Republic of China
22 January 2020

As at the date of this announcement, the Board comprises Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, 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 under 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."*

For identification purposes only.