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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)**

**INSIDE INFORMATION**

**PROPOSED ISSUANCE OF CORPORATE BONDS**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Hong Kong Listing Rules and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that, on 17 July 2020, the Board has approved the Proposed Issuance of Corporate Bonds, pursuant to which the Company proposes to issue corporate bonds in the aggregate principal amount of not more than RMB8 billion in one or multiple tranches to professional investors under the General Mandate.

**The completion of the Proposed Issuance of Corporate Bonds is subject to, among other things, the approval of the Shanghai Stock Exchange and the registration with the CSRC and may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

**INTRODUCTION**

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## **PROPOSED ISSUANCE OF CORPORATE BONDS**

The details of the Proposed Issuance of Corporate Bonds are set out below:

- Issue size:** The aggregate principal amount of the Corporate Bonds shall be not more than RMB8 billion. The actual size of the Proposed Issuance of Corporate Bonds shall be determined by the Board (or persons authorised by the Board) based on the market conditions and the capital needs of the Company in accordance with the General Mandate.
- Method of issuance:** The Proposed Issuance of Corporate Bonds shall be conducted through public offerings in one or multiple tranches after the approval by the Shanghai Stock Exchange and the registration with the CSRC. The specific method of issuance of the Proposed Issuance of Corporate Bonds shall be determined by the Board (or persons authorised by the Board) based on the capital needs of the Company and the prevailing market conditions at the time of issuance in accordance with the General Mandate.
- Target investors:** The Corporate Bonds shall be issued to professional investors only, the scope of which shall be determined pursuant to the relevant PRC laws and regulations in accordance with the General Mandate. There will not be preferential offering of the Corporate Bonds to the existing Shareholders under the Proposed Issuance of Corporate Bonds.
- Term:** The Corporate Bonds shall have a term of not more than 10 years (inclusive) and may take the form of single term or a combination of multiple categories with different terms.
- The specific terms of maturity and the issue size of each category shall be determined by the Board (or persons authorised by the Board) before the issuance based on the capital needs of the Company and the prevailing market conditions at the time of issuance in accordance with the General Mandate.
- Interest rate and its determination method:** The Corporate Bonds shall carry a fixed interest rate calculated by way of simple interest on an annual basis without any compound interest.
- The interest rate shall be determined through negotiation between the Company and the lead underwriter with reference to the results of the book-building process.
- Face value and issue price:** The Corporate Bonds shall have a face value of RMB100 and shall be issued at the face value.

<b>Use of proceeds:</b>	<p>The proceeds from the Proposed Issuance of Corporate Bonds, after deduction of the relevant expenses, are intended to be used for the repayment of the indebtedness of the Company.</p> <p>The specific use of proceeds will be determined by the Board (or persons authorised by the Board) based on the capital needs of the Company within the above scope in accordance with the General Mandate.</p>
<b>Method of underwriting:</b>	The Proposed Issuance of Corporate Bonds shall be underwritten by the underwriting syndicate organised by the lead underwriter by way of standby commitment.
<b>Terms of redemption or sale back:</b>	The Board (or persons authorised by the Board) will determine whether the Corporate Bonds will have any terms for redemption or sale back and the details thereof based on the relevant rules and the prevailing market conditions in accordance with the General Mandate.
<b>Method of repayment of principal and interest:</b>	The repayment of principal and interest of the Corporate Bonds shall be made in accordance with the relevant rules and regulations of the securities registration institution. Interest accruing on the Corporate Bonds shall be payable annually.
<b>Listing arrangement:</b>	<p>Upon completion of the Proposed Issuance of Corporate Bonds, the Company will, subject to the satisfaction of the conditions for listing, apply for the listing of the Corporate Bonds on the Shanghai Stock Exchange.</p> <p>The Board (or persons authorised by the Board) shall handle the matters in relation to the listing of the Corporate Bonds in accordance with relevant rules.</p>
<b>Guarantee:</b>	The Corporate Bonds are not guaranteed.
<b>Safeguard measures for repayment:</b>	<p>If it is expected that the repayment of the principal and interest of the Corporate Bonds may not be made on time or cannot be made on time when due, subject to the applicable laws and regulations and the articles of association of the Company, the following measures shall at least be taken:</p> <ol style="list-style-type: none"> <li>1. profit distribution shall not be made to the Shareholders;</li> <li>2. capital expenditure projects such as major external investment, acquisitions and mergers shall be suspended;</li> <li>3. payment of salaries and bonuses to the Directors and senior management personnel shall be reduced or suspended; and</li> <li>4. key responsible personnel shall not be transferred to other posts.</li> </ol>

**Validity of the resolutions:** The resolutions in relation to the Proposed Issuance of Corporate Bonds shall become effective from the date of passing of such resolutions by the Board, and shall remain valid for 24 months from the date of the approval of registration of the Proposed Issuance of Corporate Bonds by the CSRC.

The Proposed Issuance of Corporate Bonds is subject to the review and approval of the Shanghai Stock Exchange and the CSRC.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF CORPORATE BONDS**

The Proposed Issuance of Corporate Bonds would broaden the sources of financing of the Company. The proceeds to be raised from the Proposed Issuance of Corporate Bonds are intended to be used for the repayment of the existing indebtedness of the Company.

The Board is of the view that the Proposed Issuance of Corporate Bonds is conducive to the comprehensive and sustainable development of the business of the Company and its subsidiaries, which would in turn enhance the competitiveness of the Company and its return to the Shareholders.

**The completion of the Proposed Issuance of Corporate Bonds is subject to, among other things, the approval of the Shanghai Stock Exchange and the registration with the CSRC and may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Board”	the board of directors of the Company
“Company”	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“Corporate Bonds”	the corporate bonds to be issued under the Proposed Issuance of Corporate Bonds
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted to the Board by a special resolution of the Shareholders passed at the annual general meeting of the Company held on 29 June 2020 to handle all matters in connection with the issuance of corporate bonds
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Issuance of Corporate Bonds”	the proposed issuance of corporate bonds of the Company in the aggregate principal amount of not more than RMB8 billion
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the A Share(s) and the H Share(s)

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

Shanghai, the People’s Republic of China  
17 July 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.”.*