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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)**

**(1) MAJOR AND CONNECTED TRANSACTIONS REGARDING  
2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS  
AND  
(2) CONTINUING CONNECTED TRANSACTIONS REGARDING  
2025 SECOND VESSEL LEASING AGREEMENT**

**2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS**

The Board is pleased to announce that, on 30 October 2025 (after trading hours), COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into twenty-three (23) 2025 Second Heavy Industry Shipbuilding Contracts on substantially the same terms in relation to the construction of twenty-three (23) 87,000 DWT bulk cargo vessels at the aggregate contract price of approximately RMB7,337,000,000 (exclusive of tax).

**2025 SECOND VESSEL LEASING AGREEMENT**

On the same date (after trading hours), COSCO SHIPPING Development (Hainan) (as owner/lessor) and COSCO SHIPPING Bulk (as charterer/lessee) entered into the 2025 Second Vessel Leasing Agreement, pursuant to which COSCO SHIPPING Development (Hainan) has agreed to provide vessel leasing services to COSCO SHIPPING Bulk Group in relation to the aforesaid twenty-three (23) 87,000 DWT bulk cargo vessels to be built under the 2025 Second Heavy Industry Shipbuilding Contracts in aggregate, with lease period of 240 months  $\pm$  180 days commencing from the delivery date of each vessel.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **2025 Second Heavy Industry Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 47.16% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the date of this announcement, Heavy Industry (Dalian) is an indirect wholly-owned subsidiary of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

### **2025 Second Vessel Leasing Agreement**

As at the date of this announcement, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the proposed Annual Cap in respect of the transactions contemplated under the 2025 Second Vessel Leasing Agreement exceed 0.1% but are all less than 5%, the transactions under the 2025 Second Vessel Leasing Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. In this connection, an Independent Financial Adviser will be appointed by the Company in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder.

### **EGM**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the transactions under the 2025 Second Heavy Industry Shipbuilding Contracts; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or around 3 December 2025, as additional time is required to prepare certain information in the circular.

## **INTRODUCTION**

The Board is pleased to announce that, on 30 October 2025 (after trading hours), COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into twenty-three (23) 2025 Second Heavy Industry Shipbuilding Contracts on substantially the same terms in relation to the construction of twenty-three (23) 87,000 DWT bulk cargo vessels at the aggregate contract price of approximately RMB7,337,000,000 (exclusive of tax).

On the same date (after trading hours), COSCO SHIPPING Development (Hainan) (as owner/lessor) and COSCO SHIPPING Bulk (as charterer/lessee) entered into the 2025 Second Vessel Leasing Agreement, pursuant to which COSCO SHIPPING Development (Hainan) has agreed to provide vessel leasing services to COSCO SHIPPING Bulk Group in relation to the aforesaid twenty-three (23) 87,000 DWT bulk cargo vessels to be built under the 2025 Second Heavy Industry Shipbuilding Contracts in aggregate, with lease period of 240 months  $\pm$  180 days commencing from the delivery date of each vessel.

## 2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS

The principal terms of the 2025 Second Heavy Industry Shipbuilding Contracts are as follows:

**Date:** 30 October 2025

**Parties:** With respect to the 2025 Second Heavy Industry Shipbuilding Contracts:

- (1) COSCO SHIPPING Development (Hainan), as buyer; and
- (2) Heavy Industry (Dalian), as seller.

**Subject matters:** Pursuant to the 2025 Second Heavy Industry Shipbuilding Contracts, Heavy Industry (Dalian) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of twenty-three (23) 87,000 DWT bulk cargo vessels.

These vessels are expected to be delivered between May 2027 and the end of 2028, subject to the arrangements of delay in delivery as provided in the respective contracts.

**Contract price and payment:** The aggregate contract prices for the twenty-three (23) 87,000 DWT bulk cargo vessels to be built under each of the 2025 Second Heavy Industry Shipbuilding Contracts shall be approximately RMB7,337,000,000 (exclusive of tax), subject to adjustments in accordance with the terms of the respective contracts as set out below.

The vessels are methanol-ready eco-friendly bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between COSCO SHIPPING Development (Hainan) and Heavy Industry (Dalian) with reference to the market price of the same type of vessel.

In particular, in respect of 87,000 DWT bulk cargo vessels, besides Heavy Industry (Dalian), quotations have been obtained on the same specifications from three shipbuilders. The final quotation from Heavy Industry (Dalian) is approximately RMB319 million (exclusive of tax) per vessel, which is in line with other shipbuilders. Heavy Industry (Dalian) has been selected as the shipbuilder of the vessels after taking into account the vessel price and the ability of Heavy Industry (Dalian) to deliver more vessels during the delivery period as compared with other shipbuilders.

The contract price of the vessels under the 2025 Second Heavy Industry Shipbuilding Contracts shall be payable in five instalments based on progress intervals on the construction of each vessel, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the respective vessels.

The contract price payable by COSCO SHIPPING Development (Hainan) will be funded by internal resources of the Group as to no less than 25%, and the remaining amount will be funded by bank borrowings and external debt financing.

**Adjustment to contract price:**

The contract price payable under the 2025 Second Heavy Industry Shipbuilding Contracts is subject to downward adjustments, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the respective 2025 Second Heavy Industry Shipbuilding Contracts, in the event that: (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed standards under the respective 2025 Second Heavy Industry Shipbuilding Contracts; or (ii) the delay in delivery of the relevant vessel(s) exceeds certain agreed time limits under the respective 2025 Second Heavy Industry Shipbuilding Contracts.

Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth instalment of the contract price payable under the respective 2025 Second Heavy Industry Shipbuilding Contracts, at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the respective 2025 Second Heavy Industry Shipbuilding Contracts. The amount of liquidated damages is determined after arm's length negotiation between the parties with reference to the extent of deviation from the relevant technical specifications in respect of the relevant construction elements, the extent of delay and previous practice of downward adjustments for construction of similar types of vessels.

- (1) Speed: actual trial speed of the vessel after correction is not lower than the guaranteed speed by certain agreed range in knot;
- (2) DWT: actual DWT of the vessel at the time of delivery is within the range of the agreed permissible difference in metric tons;
- (3) Fuel consumption rate: fuel consumption rate of the main engine measured during the vessel's platform trial is within the agreed range of permissible deviation percentage; and
- (4) Delivery date: actual delivery date of the vessel does not exceed the agreed grace period.

In the event that COSCO SHIPPING Development (Hainan) rejects the vessel(s) and rescind the relevant 2025 Second Heavy Industry Shipbuilding Contracts, Heavy Industry (Dalian) shall refund the full amount of all sums already paid by COSCO SHIPPING Development (Hainan) under the relevant 2025 Second Heavy Industry Shipbuilding Contracts, together with accrued interest.

**Supervision and inspection:** COSCO SHIPPING Development (Hainan) shall appoint in good time and maintain at the relevant shipyard of Heavy Industry (Dalian), at its own cost and expense, one or more representative(s) to supervise and survey the construction of the vessels.

**Modifications:** The specifications and plans in accordance with which the vessels are constructed, may be modified and/or changed at any time after the date of the relevant 2025 Second Heavy Industry Shipbuilding Contracts in writing by the parties thereto, provided that such modifications and/or changes or an accumulation thereof will not, according to the reasonable judgment of Heavy Industry (Dalian), adversely affect its other commitments; and provided further that COSCO SHIPPING Development (Hainan) shall assent to adjustment of the contract price, time of delivery of the vessel and other terms of the relevant 2025 Second Heavy Industry Shipbuilding Contracts, if any.

**Conditions precedent:** Each of the 2025 Second Heavy Industry Shipbuilding Contracts shall only take effect upon the following conditions:

- (1) the due execution of the 2025 Second Heavy Industry Shipbuilding Contracts by the authorized representatives of the parties thereto, stamped with such parties' chops;
- (2) the respective internal approvals of the 2025 Second Heavy Industry Shipbuilding Contracts having been obtained by the parties thereto; and
- (3) the approval of the 2025 Second Heavy Industry Shipbuilding Contracts by the Shareholders' meeting having been obtained by the Company.

As at the date of this announcement, the conditions (1) and (2) to the effectiveness of each of the 2025 Second Heavy Industry Shipbuilding Contracts have been fulfilled.

In addition, the 2025 Second Heavy Industry Shipbuilding Contracts are also subject to approval at a Shareholders' meeting of the Company. Therefore, their effectiveness is still subject to the approval by the Independent Shareholders at the EGM.

The above conditions precedent are not waivable by the parties.

## 2025 SECOND VESSEL LEASING AGREEMENT

The principal terms of the 2025 Second Vessel Leasing Agreement are as follows:

- Date:** 30 October 2025
- Parties:**
- (1) COSCO SHIPPING Development (Hainan), as owner/lessor; and
  - (2) COSCO SHIPPING Bulk (for itself and on behalf of its subsidiaries and/or associates), as charterer/lessee.
- Subject matter:** Pursuant to the 2025 Second Vessel Leasing Agreement, COSCO SHIPPING Development (Hainan) has agreed to provide vessel leasing services to COSCO SHIPPING Bulk Group in relation to the twenty-three (23) vessels to be built under the 2025 Second Heavy Industry Shipbuilding Contracts.
- Vessels to be chartered:** The vessels to be chartered under the 2025 Second Vessel Leasing Agreement are the twenty-three (23) 87,000 DWT bulk cargo vessels to be built under the 2025 Second Heavy Industry Shipbuilding Contracts.
- Lease arrangements and period:** The lease period of each vessel shall commence from the date of delivery of each vessel, which shall be 240 months  $\pm$  180 days. In any event, each vessel shall be delivered no later than 31 December 2028.
- Upon expiration of the lease period of each vessel, COSCO SHIPPING Bulk Group shall return such vessel to COSCO SHIPPING Development (Hainan).
- Pricing terms and policies:** The pricing terms for vessel leasing services to be provided by COSCO SHIPPING Development (Hainan) to COSCO SHIPPING Bulk Group were determined by both parties through arm's length negotiation, with reference to factors such as prevailing market price by other leasing companies, vessel construction price, vessel specifications and delivery date, as well as the general pricing principles and price determination procedures under the Master Operating Lease Services Agreement. They shall be no less favorable to COSCO SHIPPING Development (Hainan) than the terms of vessel leasing services it provides to independent third parties of the Group.

For further details, please refer to the paragraphs headed “2025 Second Vessel Leasing Agreement – Rental amount” in this announcement.

**Effectiveness:**

The effectiveness of the 2025 Second Vessel Leasing Agreement is subject to the 2025 Second Vessel Leasing Agreement having been duly executed by COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk.

The above condition precedent is not waivable by the parties. A formal agreement shall be further signed by the parties as soon as practicable.

**Rental amount**

No transaction amount is expected to be incurred for the two years ending 31 December 2026 as the relevant vessels are expected to be delivered in 2027 and 2028, respectively. The expected annual rent incurred for each vessel after delivery will be approximately RMB23.9117 million (exclusive of tax), taking into account the potential rent adjustments as detailed below.

Accordingly, save for the two years ending 31 December 2026, the proposed Annual Cap for the vessel leasing services under the 2025 Second Vessel Leasing Agreement for each of the years ending 31 December 2048 shall be approximately RMB549.9691 million. In arriving at the proposed Annual Cap, the Company has considered:

- (i) the expected aggregated annual rent of vessels under lease under the 2025 Second Vessel Leasing Agreement, which shall be payable by COSCO SHIPPING Bulk Group monthly in advance, calculated based on the formula below:

*daily rent of such type of the vessels × number of days under lease during each year × number of such vessels under lease during each year*

- (ii) expected rent adjustment due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels; and
- (iii) expected rent adjustment after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels, as requested by the lessee to meet international conventions and environmental requirements upgrades.

The aforementioned expected rent adjustments mainly considered the investment amount involved in additional equipment and upgrades, the estimated additional value created for lessee due to vessel upgrades, and the expected return on investment of equipment. The Board is of the view that it is reasonable and also in line with the industry practice for the COSCO SHIPPING Development (Hainan), as lessor, to transfer to the lessee, the aforementioned additional investment costs incurred due to equipment upgrades during the course of shipbuilding or after delivery of the vessels for the compliance with the relevant environmental regulations in order to maintain the Company's investment return. The Board is of the view that the aforesaid rent adjustments are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **Internal control procedures**

The 2025 Second Vessel Leasing Agreement is a specific agreement made under, and shall be governed by the existing Master Operating Lease Services Agreement (and its successor framework agreement(s) to be renewed by the parties, if applicable). Accordingly, the Group will ensure that the transaction contemplated under the 2025 Second Vessel Leasing Agreement will be conducted within the applicable annual caps for the provision of vessel leasing services under the Master Operating Lease Services Agreement, which shall be renewable every three years upon the approval by the independent Shareholders at the general meetings of the Company. In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented the following internal control procedures:

- (i) the Company has prepared and implemented the Methods for Management of Connected Transactions (關連交易管理辦法) which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;
- (ii) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction agreements and recommendations for improvement;
- (iii) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction agreements and submit periodic reports, which set out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reaches 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;

- (iv) if it is anticipated that the existing annual caps may be exceeded in the event that the Company continues to conduct the continuing connected transactions, the relevant business departments shall report to the management of the Company at least two months in advance, the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Listing Rules and if necessary, refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and
- (v) the supervision department of the Company will periodically review and inspect the progress of the relevant continuing connected transactions.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure that the pricing basis of each of the continuing connected transaction agreements of the Group will be on normal commercial terms (or better to the Group), fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and the Shareholders as a whole. The relevant departments of the Company will also collect statistics of each of the continuing connected transaction agreements of the Group on a quarterly basis to ensure that the annual caps as announced are not exceeded.

In the event that the proposed annual cap(s) will be exceeded and/or revised, the Company shall re-comply with the applicable requirements under Chapter 14A of the Listing Rules in relation to continuing connected transactions as and when required.

#### **IFA's opinion on the term**

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for a continuing connected transaction of a listed issuer must not exceed three years except in special circumstances. As the term of the 2025 Second Vessel Leasing Agreement exceeds three years, the Company has appointed the Independent Financial Adviser to explain why the 2025 Second Vessel Leasing Agreement requires a term that is longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons why the duration of the 2025 Second Vessel Leasing Agreement should be longer than three years, the Independent Financial Adviser has discussed with the management of the Company and taken into consideration the following factors:

- (a) with a focus on shipping and logistics industry, it is the principal business of the Group to concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business;
- (b) based on the discussion with the management of the Company, the Independent Financial Adviser understand that it is the Group's intention to focus on full lifecycle service demands for various shipping assets, strengthen its "purchase, lease, finance and sale" industrial-financial service capabilities, and deliver premium solutions for shipping development, so as to continue to solidify its leading position in the ship leasing industry in China;
- (c) the construction of vessels under the 2025 Second Heavy Industry Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group under the 2025 Second Vessel Leasing Agreement, are part and parcel of the overall operating lease arrangements between the Group and COSCO SHIPPING Bulk Group and is a core development of the principal business of the Company as well as aligning the aforementioned development strategies of the Company;
- (d) given that the entering into of the shipbuilding contract usually incurs substantial investment, a relatively longer-term agreement is commercially sensible for a ship leasing company to secure a long term investment return. The leasing of vessels under the 2025 Second Vessel Leasing Agreement will be accounted for as revenue in the consolidated financial statements of the Group, and will therefore provide a long term stable income stream for the Group and hence to further strengthen the ship leasing business as well as the development of the Group; and
- (e) based on the discussion with the management of the Company, the Independent Financial Adviser understand that it is their intention to promote RMB transactions in the international shipping market and hence that the terms of the 2025 Second Vessel Leasing Agreement are denominated in RMB and will also be settled in RMB. Through these collaborative efforts and practical applications of RMB, the Group aims to (i) demonstrate a new momentum that reflects its strategic vision for the future; and (ii) minimize the risks of exchange rate fluctuations.

In considering whether it is normal business practice for agreements of a similar nature to the 2025 Second Vessel Leasing Agreement to have a term of such duration, the Independent Financial Adviser considered that it is not uncommon in the ship leasing industry that the duration term of the ship leasing to be longer than three years. In arriving the aforesaid conclusion, the Independent Financial Adviser has performed desktop research and identified lease of ships transactions with a lease term over three years and constitute notifiable transactions under the Listing Rules from 30 October 2024 to 29 October 2025, being the preceding date of the 2025 Second Vessel Leasing Agreement, which is considered as a reasonable period as those transactions are entered into within a one year period and hence can provide a general overview of latest market practice in relation to the lease terms of ships under leases, as announced by the companies that are being assigned in the same subsector of the Group, i.e. “Industrials – Industrial Transportation – Shipping & Port Operation” according to the Hang Seng Industry Classification System, a comprehensive industry classification system for the listed companies on the Stock Exchange covering 12 industries, 31 sectors and 102 subsector issued by Hang Seng Indexes Company Limited. Based on the above selection criteria, the Independent Financial Adviser has identified, which are exhaustive and representative, 7 comparable transactions (the “**Comparables**”) with lease terms exceeds three years (i.e. ranging from 60 months to 180 months). Details of which are stated below:

<b>Date of announcement</b>	<b>Parties involved</b>	<b>Stock code</b>	<b>Leased Assets</b>	<b>Duration of lease</b>
16-Oct-25	Seacon Shipping Group Holdings Limited & Independent third party	2409	Bulk carriers	180 months
30-Jun-25	Jinhui Holdings Company Limited & Independent third party	137	Bulk carriers	84 months
30-Apr-25	Seacon Shipping Group Holdings Limited & Independent third party	2409	Mini Bulk carriers	60 months
23-Apr-25	CSSC (Hong Kong) Shipping Company Limited & Independent third party	3877	Product oil tankers	120 months
1-Apr-25	CSSC (Hong Kong) Shipping Company Limited & Independent third party	3877	Chemical/ product oil tankers	120 months

<b>Date of announcement</b>	<b>Parties involved</b>	<b>Stock code</b>	<b>Leased Assets</b>	<b>Duration of lease</b>
26-Feb-25	Seacon Shipping Group Holdings Limited & Independent third party	2409	Bulk carrier	120 months
6-Jan-25	Seacon Shipping Group Holdings Limited & Independent third party	2409	Bulk carrier	120 months

In addition, the Independent Financial Adviser has also obtained and reviewed announcements (i) of COSCO SHIPPING Energy Transportation Co., Ltd\* (中遠海運能源運輸股份有限公司), A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026) and H shares of which are listed on Hong Kong Stock Exchange (Stock code: 1138) dated 31 August 2023 that it has entered into leasing transactions with an independent third party in relation to the leases of 3 LNG vessels, and the terms of which are up to maximum of 24 years (i.e. 288 months); (ii) published by China Merchants Energy Shipping Co., Ltd.\* (招商局能源運輸股份有限公司) dated 3 April 2024 and 6 May 2024, A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601872), that it has entered into leasing transactions with independent third parties in relation to the leases of LNG vessels, and the terms of which are up to maximum of 25 years (i.e. 300 months) and 30 years (i.e. 360 months), respectively; and (iii) published by the Company dated 26 August 2025, that it has entered into, among others, leasing transactions with an independent third party in relation to the leases of a LNG vessel, and the terms of which are up to 20 years (i.e. 240 months).

Despite the lease terms under the 2025 Second Vessel Leasing Agreement is longer than that of the Comparables, taking into consideration that (i) a longer-term agreement is commercially sensible for a ship leasing company to secure a long term investment return; and (ii) the lease term of over 20 years for lease of vessels is not uncommon, as demonstrated by the aforementioned leased transactions entered into by the Company, China Merchants Energy Shipping Co., Ltd and COSCO SHIPPING Energy Transportation Co., Ltd, respectively, the Independent Financial Adviser therefore consider that it is normal business practice for the lease transaction to be of a lease term of 240 months.

## **REASONS FOR AND BENEFITS OF THE 2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND THE 2025 SECOND VESSEL LEASING AGREEMENT**

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core businesses and underpinned by investment management, focus on COSCO SHIPPING Group’s vision of “accelerating the building of a world-class shipping technology enterprise”, and continuously accelerate “integrating industry and finance and facilitating industry development”, so as to strive to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING’s characteristics.

The construction of vessels under the 2025 Second Heavy Industry Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group. The material proportion of profit and assets contribution by ship leasing business of the Group demonstrates the increasing importance of the ship leasing business segment to the operation and finance of the Group. The Group is also of the view that ship leasing business has been and will continue to significantly contribute to the development of the Group.

The Company actively responds to the green and low-carbon development trend of the shipping industry, continues to implement its strategic development plan for a shipping industry-finance operator, and enhances its value discovery and value creation capabilities. Through the transactions under the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement, the Company will further leverage the synergy between industry and finance, expand the scale and improve the quality of the Company's ship assets, strengthen the foundation of the development of its vessel leasing business, contribute to the stable long-term income and cash flow, enhance its overall financial soundness and reinforce its long-term development momentum. At the same time, by investing in high-quality shipping capacity featuring newer vessels with green, environmentally friendly, well-configured and highly versatile specifications, the Company demonstrates its support for global energy conservation, emission reduction and sustainable development strategies, and contributes to the transformation and upgrade of traditional industries. In addition, building on its accumulated experience, the Company will deepen collaboration with upstream and downstream enterprises along the shipping industry chain to explore use cases for RMB in "manufacturing, leasing and shipping", further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness.

The Directors (excluding the independent non-executive Directors regard the 2025 Second Heavy Industry Shipbuilding Contracts, who are members of the Independent Board Committee whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement (and the proposed annual caps thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **Information on the Group**

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange.

With a focus on the integrated logistics industry, the Group will develop container manufacturing, container leasing and shipping leasing business as the core business and shipping supply chain finance services as auxiliary business, take full advantage of the support from investment management and achieve industry-finance-investment integrated development.

COSCO SHIPPING Development (Hainan) is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in vessel leasing and vessel operation.

### **Information on Heavy Industry (Dalian)**

Heavy Industry (Dalian) is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and therefore is an indirect wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the business of ship designing, manufacturing and repair.

### **Information on COSCO SHIPPING Bulk**

COSCO SHIPPING Bulk is a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in dry bulk shipping, semi-liner dry bulk shipping, whole-process logistics services, parcel cargo shipping services and coastal shipping services.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **2025 Second Heavy Industry Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 47.16% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the date of this announcement, Heavy Industry (Dalian) is an indirect wholly-owned subsidiary of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

### **2025 Second Vessel Leasing Agreement**

As at the date of this announcement, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed Annual Cap in respect of the transactions contemplated under the 2025 Second Vessel Leasing Agreement exceed 0.1% but are all less than 5%, the transactions under the 2025 Second Vessel Leasing Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since the initial term under the 2025 Second Vessel Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to explain why the 2025 Second Vessel Leasing Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Independent Financial Adviser has been appointed and expressed its opinion in this regard in the section headed "2025 Second Vessel Leasing Agreement – IFA's opinion on the term" above in this announcement.

Mr. Zhang Mingwen, Mr. Wang Kunhui, Mr. Ip Sing Chi and Ms. Zhang Xueyan, who hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates and were nominated by China Shipping to the Board, have abstained from voting on the relevant Board resolutions approving the 2025 Second Heavy Industry Shipbuilding Contracts, the 2025 Second Vessel Leasing Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2025 Second Heavy Industry Shipbuilding Contracts, the 2025 Second Vessel Leasing Agreement and the transactions contemplated thereunder. Therefore, no other Director has abstained from voting on such Board resolutions.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. In this connection, an independent financial adviser will be appointed by the Company in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder.

## **EGM**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the transactions under the 2025 Second Heavy Industry Shipbuilding Contracts; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or around 3 December 2025, as additional time is required to prepare certain information in the circular.

## **DEFINITIONS**

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

“2025 Second Heavy Industry Shipbuilding Contracts”	the shipbuilding contracts dated 30 October 2025 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Dalian) (as seller) in relation to the construction of six (6) 87,000 DWT bulk cargo vessels, the details of which are set out in this announcement
“2025 Second Vessel Leasing Agreement”	the principal terms of time charter agreed on 30 October 2025 between COSCO SHIPPING Development (Hainan) (as owner/lessor) and COSCO SHIPPING Bulk (as charterer/lessee), the details of which are set out in this announcement
“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
“Annual Cap”	the expected aggregated annual rent of vessels under lease payable by COSCO SHIPPING Bulk to COSCO SHIPPING Development (Hainan) pursuant to the 2025 Second Vessel Leasing Agreement, which shall be subject to and does not exceed the annual cap under the Master Operating Lease Services Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“China Shipping”	China Shipping Group Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise, a direct controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“Company”	COSCO SHIPPING Development Co., Ltd.# (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H Shares and the A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 02866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited# (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Bulk”	COSCO SHIPPING Bulk Co., Ltd.# (中遠海運散貨運輸有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Bulk Group”	COSCO SHIPPING Bulk and its subsidiaries and/or associates (as the context may require)
“COSCO SHIPPING Development (Hainan)”	COSCO SHIPPING Development (Hainan) Co., Ltd.# (海南中遠海發航運有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING, its subsidiaries and/or its associates (excluding the Group)
“COSCO SHIPPING Heavy Industry”	COSCO SHIPPING Heavy Industry Co., Ltd.# (中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	director(s) of the Company
“DWT”	deadweight tonnage, a standard unit of measurement of the maximum weight a ship can carry

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the 2025 Second Heavy Industry Shipbuilding Contracts
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) 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
“Heavy Industry (Dalian)”	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd. (大連中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder
“Independent Financial Adviser” or “IFA”	Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to advise the explanation as to why the 2025 Second Vessel Leasing Agreement requires a period longer than three years and confirmation that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules
“Independent Shareholder(s)”	the Shareholder(s) other than (i) COSCO SHIPPING and its associates and (ii) all other Shareholder(s) (if any) who is or are involved or interested in the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Operating Lease Services Agreement”	the master operating lease services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of operating lease services by the Group to the COSCO SHIPPING Group, and the purchase of operating lease services by the COSCO SHIPPING Group from the Group, which was approved by the independent Shareholders at the Company’s extraordinary general meeting dated 19 December 2022
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Shares(s)
“Shareholder(s)”	holder(s) of the Share(s)
“%”	per cent

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

Shanghai, the PRC  
30 October 2025

*As at the date of this announcement, the Board comprises Mr. Zhang Mingwen (Chairman) and Mr. Wang Kunhui, being executive directors, Mr. Ip Sing Chi and Ms. Zhang Xueyan, being non-executive directors, and Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi, 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 purpose only.*