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If you have sold or transferred all your shares in **COSCO SHIPPING International (Hong Kong) Co., Ltd.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

PROPOSED ADOPTION OF THE SHARE OPTION INCENTIVE SCHEME

A notice convening the SGM to be held at 47/F., COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 9 April 2020 at 10:30 a.m. is set out on pages 29 to 31 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

Shareholders whose names appear as Shareholders on the register of members of the Company as at the close of business on Wednesday, 8 April 2020 are entitled to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, all completed transfer documents accompanied by relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 8 April 2020.

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This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “hk.coscoshipping.com” and Hong Kong Exchanges and Clearing Limited at “<http://www.hkexnews.hk>”. To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors;
“Company”	COSCO SHIPPING International (Hong Kong) Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“COSCO SHIPPING”	中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), a company established in the PRC and the ultimate holding company of the Company;
“Date of Grant”	the date on which the grant of the Share Options are formally granted to the Participant pursuant to the Share Option Incentive Scheme, which must be a trading day;
“Director(s)”	the director(s) of the Company;
“EVA”	economic value added, a measurement of economic profit of a company;
“Exercise Price”	the price pre-determined at each Grant of the Share Options in accordance with the terms of the Share Option Incentive Scheme, at which the Participants are able to purchase Underlying Shares;
“Further Participants”	the person(s) to be granted Share Option(s) under the Reserved Grant pursuant to the Share Option Incentive Scheme;
“Grant”	an act by the Company to grant to the Participants Share Options pursuant to the Share Option Incentive Scheme;
“Grantee”	any Participant who accepts an offer to be granted with Share Options in accordance with the terms of the Share Option Incentive Scheme;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	17 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Material Fault”	any conviction of criminal offence, or any acts violating the applicable state or local laws and regulations, or any act which causes material losses to the Company;
“Misconduct”	any act which materially and adversely affect the Company’s interests, or intentionally disclose confidential information of the Company to its competitors or to the public, or any act that, in the opinion of the Company (with the support of relevant evidence), interferes and damages the Company’s relationship with its major suppliers or customers to obtain improper personal benefits or adversely affect the interest of the Company, or cause material damage to the interest of the Company, or any other similar act;
“Option(s)” or “Share Option(s)”	conditional upon the fulfillment of the conditions of grant, conditions of exercise and other exercise arrangements, an option to subscribe for one Share at Exercise Price during the exercise period for such share option;
“Participant(s)”	the person(s) to be granted Share Option(s) under the Share Option Incentive Scheme;
“Peer Benchmark Companies”	22 companies which have been identified and listed as peer benchmark companies in the Share Option Incentive Scheme, details of which are set out in Appendix II to this circular;
“PRC”	the People’s Republic of China;
“Previous Share Option Scheme”	the previous share option scheme of the Company adopted on 17 May 2002 and expired on 16 May 2012;
“Proposed Initial Grant”	the proposed initial grant to the Specified Participants of 24,470,000 Share Options pursuant to the Share Option Incentive Scheme, the details of which are set out in section headed “7. ALLOCATION OF SHARE OPTIONS” of the Appendix I to this circular;
“Remuneration Committee”	the remuneration committee established under the Board, the majority of members should be independent non-executive directors and shall be appointed by the Board. If the Remuneration Committee member(s) is/are executive director(s), any future matters relating to the Share Option Incentive Scheme that are required to be voted by the Remuneration Committee shall be voted by three independent non-executive directors with executive director abstaining from voting, so as to ensure the independence of the Remuneration Committee;

DEFINITIONS

“Reserved Grant”	the intended grant of a further 6,190,000 Share Options to the Further Participants pursuant to the Share Option Incentive Scheme;
“ROE”	the return on equity attributable to the Company (歸屬母公司淨資產收益率);
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會);
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Option Incentive Scheme, the notice of which is set out on pages 29 to 31 of this circular;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Share Option Incentive Scheme”	the new share option incentive scheme of the Company proposed to be approved by the Shareholders at the SGM, a summary of the principal terms of the share option incentive scheme is set out in the Appendix I to this circular;
“Shareholder(s)”	shareholder(s) of the Company;
“Specified Participants”	the persons to be granted Share Options under the Proposed Initial Grant pursuant to the Share Option Incentive Scheme, details of which are set out in section headed “7. ALLOCATION OF SHARE OPTIONS” of the Appendix I to this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Underlying Shares”	new Shares that the Participants have the right to subscribe under the Share Option Incentive Scheme;
“Validity Period”	in respect of a Share Option, the period from the Date of Grant of such Share Option to the date on which such Share Option expires; and
“%”	per cent.

For the purposes of this circular, the English name with an asterisk () is an unofficial English transliteration or translation and is for identification purposes only.*

LETTER FROM THE BOARD



中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

Executive Directors:

Mr. Zhu Jianhui (*Chairman and
Managing Director*)

Mr. Liu Gang

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Ma Jianhua

Mr. Feng Boming

Mr. Chen Dong

*Head office and Principal Place
of Business:*

47th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec

Mr. Jiang, Simon X.

Mr. Alexander Reid Hamilton

24 March 2020

To the Shareholder(s)

Dear Sir or Madam,

PROPOSED ADOPTION OF THE SHARE OPTION INCENTIVE SCHEME

BACKGROUND

Reference is made to the announcement of the Company dated 21 January 2020 in relation to the proposed adoption of the Share Option Incentive Scheme.

The Board proposed to adopt the Share Option Incentive Scheme for the Company at the SGM. A summary of the principal terms of the Share Option Incentive Scheme is set out in the Appendix I to this circular.

The purpose of this circular is to provide you with, among other information, (i) information regarding the proposed adoption of the Share Option Incentive Scheme and the related matters; and (ii) a notice of the SGM.

LETTER FROM THE BOARD

I. PROPOSED ADOPTION OF SHARE OPTION INCENTIVE SCHEME

Purposes of the Share Option Incentive Scheme

The purposes of the Share Option Incentive Scheme are, among other things, (i) to further refine the Company's corporate governance structure, unify the interest-balancing mechanism among the Shareholders, decision-makers and executives of the Company and closely bind the remuneration income of senior management personnel and key personnel of the Company with the performance of Shareholders' value so as to make the behaviour of the Participants consistent with the strategic objectives of the Company, maximise Shareholders' value and preserve or increase the value of state-owned assets; (ii) to establish and improve the long-term incentive and control system of the Company and, through linking the Company's long-term performance, strengthen the sense of mission and responsibility of the senior management and key personnel in achieving the sustainable and healthy development of the Company, and focus on and carry forward the Company's mid-to-long term strategic orientation to promote the implementation of the long-term development strategies of the Company; and (iii) to further strengthen cohesion of the Company, enhance the Company's competitive position in the labour market, and attract, retain and incentivise senior management and key personnel of the Company required for achieving the strategic targets of the Company, so as to enhance the realisation of the long-term strategic targets of the Company and serve as a driving force for the Company's long-term development.

Scope of Participants

Eligible Participants include the senior management who plays a leading role in the mid-to-long term performance development of the Company, middle management who plays an important role in improving the specific business development and internal management efficiency of the Company, and core management and key staff in business operations who have direct impact on the operating performance and sustainable development of the Company.

Participants shall exclude head of central state-owned enterprises, external directors, independent directors, supervisors and such personnel who are not permitted to be the Participants under the relevant laws and regulations.

Shareholder(s) who, individually or in aggregate, hold(s) 5% or more of the Shares, or de-facto controllers and their respective spouse, parents and children shall not be Participant(s) unless approved by the Shareholders at the general meeting of the Company.

No trustees have been or will be appointed to administer the Share Option Incentive Scheme.

Conditions

The adoption of the Share Option Incentive Scheme is conditional upon:

- i. the Board approving the Share Option Incentive Scheme;

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- ii. the SASAC approving the Share Option Incentive Scheme;
- iii. the approval of the Shareholders at a general meeting having been obtained; and
- iv. the approval from the Stock Exchange having been obtained.

As at the Latest Practicable Date, conditions referred to in i. and ii. above have been satisfied.

Underlying Shares

The maximum number of the Share Options that may be granted by the Company to the Participants under the Share Option Incentive Scheme (i.e. the Proposed Initial Grant and the Reserved Grant) shall not be more than 30,660,000 (corresponding to 30,660,000 Underlying Shares, representing approximately 2% of the total number of issued Shares), and among which 24,470,000 Share Options (corresponding to 24,470,000 Underlying Shares, representing approximately 1.6% of the total number of issued Shares) are proposed to be granted to Specified Participants and 6,190,000 Share Options (corresponding to 6,190,000 Underlying Shares, representing approximately 0.4% of the total number of issued Shares as at the Latest Practicable Date) are intended to be granted to Further Participants.

The above percentage figures are based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,532,955,429 Shares) and on the assumption that there is no change in the total number of issued Shares after the Latest Practicable Date and up to the date on which the Share Option Incentive Scheme is approved by the Shareholders at the SGM.

The Share Option Incentive Scheme does not provide for the “refreshment option” referred to in the second paragraph of Note (1) to Rule 17.03(3) of the Listing Rules.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Underlying Shares which may fall to be allotted and issued pursuant to the exercise of the Share Options granted under the Share Option Incentive Scheme.

As at the Latest Practicable Date, all share options granted under the Previous Share Option Scheme had lapsed and there were no outstanding share options under the Previous Share Option Scheme.

The Proposed Initial Grant and the Reserved Grant

The Proposed Initial Grant and the Reserved Grant will not be made unless the conditions set out in section headed “2. CONDITIONS” of the Appendix I to this circular as well as those set out in section headed “11. CONDITIONS OF GRANT AND CONDITIONS OF EXERCISE — Conditions of Grant” of the Appendix I to this circular have been satisfied.

LETTER FROM THE BOARD

Under the Share Option Incentive Scheme, the grant of the Share Options shall be subject to the following:

- (i) No Share Options may be granted to employees of the Company after an event which constitutes inside information may occur or in situation where the passing of certain resolutions may result in inside information or after inside information has otherwise come to its knowledge, until such information has been published or disclosed in accordance with the Listing Rules.
- (ii) No Share Options may be granted during the period commencing one month immediately before the earlier of (1) the date of the Board meeting for approving the Company's results for any year, half-year, quarterly or any other interim period; and (2) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. No Share Option may be granted during any period of delay in publishing the results announcement.

Further announcement(s) disclosing the details of any Grant under the Proposed Initial Grant and the Reserved Grant will be made by the Company in accordance with the Listing Rules.

Exercise Price

The Exercise Price is determined based on the principle of fair market value. The Exercise Price shall be the highest of the following:

- i. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- ii. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the Date of Grant; and
- iii. the nominal value of the Shares.

Exercise arrangement and performance targets before Share Options can be exercised

Under the Share Option Incentive Scheme, the exercise of the Share Options is subject to vesting period during which a Participant is not allowed to exercise any Share Option granted. After the expiration of the vesting period, the Participant may exercise the Share Options granted under the Proposed Initial Grant in three batches commencing from the 3rd, 4th and 5th year after the Date of Grant respectively. The details of such exercise arrangement are set out in section 10 of the Appendix I to this circular. Such exercise arrangement may provide incentives to the Participants to remain in the employment of the Group during the vesting period and thereby enable the Group to benefit from the continued services of such Participants during such period.

LETTER FROM THE BOARD

Further, the Share Option Incentive Scheme has set out performance target requirements which must be achieved before any Share Option can be exercised by a Participant. Details of such performance targets are set out in section 11 of the Appendix I to this circular. This requirement, coupled with the aforementioned exercise arrangement, may enable the Group to provide incentives to the Participants to remain in employment and to use their best endeavours in assisting the achievement of goals of the Group. The Directors are of the view that such arrangements will place the Group in a better position to attract and retain talents who are valuable to the growth and development of the Group as a whole.

Value of all Share Options

The Board considers that it would not be appropriate to state the value of all Share Options that can be granted under the Share Option Incentive Scheme as if they had been granted on the Latest Practicable Date on the basis that there are a number of variables which are crucial for the calculation of the value of the Share Options (including the Exercise Price and other variables). The Board believes that any calculation of the value of the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Documents available for inspection

A copy of the Share Option Incentive Scheme will be available for inspection during normal business hours at the principal place of business of the Company, 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong, from the date of this circular to and including the date of the SGM.

II. SGM

A notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 9 April 2020 at 10:30 a.m. for the Shareholders to consider and, if thought fit, approve the Share Option Incentive Scheme is set out on pages 29 to 31 of this circular.

Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

Shareholders whose names appear as Shareholders on the register of members of the Company as at the close of business on Wednesday, 8 April 2020 are entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all completed transfer documents accompanied by relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 8 April 2020.

To the extent that the Company is aware having made all reasonable enquiries, Specified Participants, their respective associates, who are in aggregate interested in 1,980,000 Shares (representing approximately 0.13% of the total number of issued Shares as at the Latest Practicable Date), are required to abstain from voting on the resolution to be proposed at the SGM.

In compliance with the Listing Rules and pursuant to the bye-laws of the Company, the votes to be taken at the SGM in respect of the adoption of the Share Option Incentive Scheme will be taken by poll and the results of which will be announced after the SGM.

Tricor Abacus Limited, the Company's branch share registrar and transfer office in Hong Kong, will serve as the scrutineer for the vote-taking.

III. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the resolution(s) in relation to the adoption of the Share Option Incentive Scheme and the related matters are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the aforesaid resolution(s) to be proposed at the SGM as set out in the notice of the SGM.

IV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours Faithfully,

On behalf of the Board

COSCO SHIPPING International (Hong Kong) Co., Ltd.

Zhu Jianhui

Chairman and Managing Director

The following is a summary of the principal terms of the Share Option Incentive Scheme to be approved and adopted at the SGM. It does not form part of, nor is it intended to be part of, the terms of the Share Option Incentive Scheme and it should not be taken as affecting the interpretation of the terms of the Share Option Incentive Scheme.

1. PURPOSES

The purposes of the Share Option Incentive Scheme are, among other things, (i) to further refine the Company's corporate governance structure, unify the interest-balancing mechanism among the Shareholders, decision-makers and executives of the Company and closely bind the remuneration income of senior management personnel and key personnel of the Company with the performance of Shareholders' value so as to make the behaviour of the Participants consistent with the strategic objectives of the Company, maximise Shareholders' value and preserve or increase the value of state-owned assets; (ii) to establish and improve the long-term incentive and control system of the Company and, through linking the Company's long-term performance, strengthen the sense of mission and responsibility of the senior management and key personnel in achieving the sustainable and healthy development of the Company, and focus on and carry forward the Company's mid-to-long term strategic orientation to promote the implementation of the long-term development strategies of the Company; and (iii) to further strengthen cohesion of the Company, enhance the Company's competitive position in the labour market, and attract, retain and incentivise senior management and key personnel of the Company required for achieving the strategic targets of the Company, promote the realisation of the long-term strategic targets of the Company and serve as a driving force for the Company's long-term development.

2. CONDITIONS

The adoption of the Share Option Incentive Scheme is conditional upon:

- i. the Board approving the Share Option Incentive Scheme;
- ii. the SASAC approving the Share Option Incentive Scheme;
- iii. the approval of Shareholders at a general meeting having been obtained; and
- iv. the approval from the Stock Exchange having been obtained.

3. SCOPE OF PARTICIPANTS AND BASIS OF DETERMINING THE PARTICIPANTS

Scope of Participants

Eligible Participants include the senior management who plays a leading role in the mid-to-long term performance development of the Company, middle management who plays an important role in improving the specific business development and internal management efficiency of the Company, and core management and key staff in business operations who have direct impact on the operating performance and sustainable development of the Company.

Participants shall exclude head of central state-owned enterprises, external directors, independent directors, supervisors and such personnel who are not permitted to be the Participants under the relevant laws and regulations.

Shareholder(s) who, individually or in aggregate, hold(s) 5% or more of the Shares, or de-facto controllers and their respective spouse, parents and children shall not be Participant(s) unless approved by the Shareholders at the general meeting of the Company.

No trustees have been or will be appointed to administer the Share Option Incentive Scheme.

The total number of the Specified Participants is 74, representing approximately 8.45% of the total number of the Company's employees as at the end of 2018.

Basis of Determining the Participants

The scope of the Participants mainly includes management personnel and key personnel who play important roles in the long-term development, the realisation of strategic targets, annual operating results as well as daily operation and management of the Company, and are determined taking into account the business development of the Company and personal performance appraisal.

4. UNDERLYING SHARES

The Underlying Shares under the Share Option Incentive Scheme shall be new Shares to be issued by the Company to the Participants. Grant of the Share Options shall be the incentive method of the Share Option Incentive Scheme. Within the exercise period of the Share Options, and subject to the fulfilment of the exercise conditions and the exercise arrangement of the Share Options, Grant of each Share Option entitles the Grantee to subscribe for one Share at the relevant Exercise Price.

5. LIFE OF THE SHARE OPTION INCENTIVE SCHEME AND MAXIMUM NUMBER OF SHARE OPTIONS TO BE GRANTED

The Share Option Incentive Scheme shall be valid and effective for a period of 10 years from the date it becomes effective. The period within which the Underlying Shares must be taken up under the Share Options is 6 years from the relevant Date of Grant.

The maximum number of the Share Options that may be granted by the Company to the Participants under the Share Option Incentive Scheme (i.e. the Proposed Initial Grant and the Reserved Grant) shall not be more than 30,660,000 (corresponding to 30,660,000 Underlying Shares, representing approximately 2% of the total number of issued Shares), and among which 24,470,000 Share Options (corresponding to 24,470,000 Underlying Shares, representing approximately 1.6% of the total number of issued Shares) are proposed to be granted to Specified Participants and 6,190,000 Share Options (corresponding to 6,190,000 Underlying Shares, representing approximately 0.4% of the total number of issued Shares as at the Latest Practicable Date) are intended to be granted to Further Participants.

Note: The above percentage figures are based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,532,955,429 Shares) and on the assumption that there is no change in the total number of issued Shares after the Latest Practicable Date and up to the date on which the Share Option Incentive Scheme is approved by the Shareholders at the SGM.

No share option may be granted under the Share Option Incentive Scheme if this will result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Incentive Scheme and any other schemes of the Company exceeding 10% of the total number of issued Shares as at the date of the SGM.

6. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Unless approved by the Shareholders by an ordinary resolution at a general meeting of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the share options under the Share Option Incentive Scheme and other share option schemes of the Company (including both exercised and outstanding options) to each Participant shall not exceed 1% of the Shares in issue.

The number of Share Options to be granted to each Participant shall be determined on the basis that the estimated value of the Share Options granted will not exceed 40% of his/her total annual emoluments when the Share Options are granted (inclusive of the estimated value of the Share Options granted). The number of Share Options to be granted under the Proposed Initial Grant to Specified Participants was determined according to the annual salary level in 2018.

Subject to the aforesaid, the number of Share Options to be granted to each Participant may be adjusted according to the need for corporate management and the performance appraisal result of such Participant. The number of Share Options to be granted to each Participant and their exercise price are subject further to any adjustments so as to comply with the relevant regulations and rules then in force.

7. ALLOCATION OF SHARE OPTIONS

The following table sets out the allocation of the Share Options to the Participants under the Share Option Incentive Scheme:

No.	Name of the Participant	Position of the Participant	Number of Share Options proposed to be granted	Approximate percentage of the number of Share Options proposed to be granted to the total number of Share Options proposed to be granted under the Share Option Incentive Scheme
Specified Participants				
1.	Zhu Jianhui	Executive Director, Chairman and Managing Director of the Company	1,000,000	3.26%
2.	Ma Jianhua	Non-executive Director and Deputy General Manager of the Company	1,000,000	3.26%
3.	Liu Xianghao	Deputy General Manager of the Company	800,000	2.61%
4.	Wang Wei	Deputy General Manager of the Company	800,000	2.61%
5.	Liu Gang	Executive Director and Deputy General Manager of the Company	800,000	2.61%
6.	Zhou Liliang	Deputy General Manager of the Company	800,000	2.61%
7.	Chiu Shui Suet	Company Secretary of the Company	480,000	1.57%
8.	43 middle management of the Company and its subsidiaries		15,110,000	49.28%
9.	24 core management of the Company and key staff in business operations of the subsidiaries of the Company		3,680,000	12.00%
Subtotal			24,470,000	79.81%
Further Participants			6,190,000	20.19%
Total			30,660,000	100.00%

Note: The aggregate number of Shares acquired and to be acquired by any one of the Specified Participants under the Share Option Incentive Scheme and any other share option incentive schemes of the Company (if any) after exercising the share options granted (including the exercised and outstanding share options) does not exceed 1% of total issued share capital of the Company.

8. GRANT OF SHARE OPTIONS

The Date of Grant will be determined by the Board after the Share Option Incentive Scheme becoming effective.

No Share Options may be granted to employees of the Company after an event which constitutes inside information may occur or in situation where the passing of certain resolutions may result in inside information or after inside information has otherwise come to its knowledge, until such information has been published or disclosed in accordance with the Listing Rules.

No Share Options may be granted during the period commencing one month immediately before the earlier of (1) the date of the Board meeting for approving the Company's results for any year, half-year, quarterly or any other interim period; and (2) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. No Share Option may be granted during any period of delay in publishing the results announcement.

Participants are not required to pay any consideration at the time of the Grant of the Share Options.

9. EXERCISE PRICE

The Exercise Price is determined based on the principle of fair market value. The Exercise Price shall be the highest of the following:

- i. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- ii. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the Date of Grant; and
- iii. the nominal value of the Shares.

10. VALIDITY PERIOD AND EXERCISE ARRANGEMENT

Validity Period

Share Options under each Grant have a Validity Period of six years commencing from the Date of Grant.

Exercise Arrangement

Share Options in respect of the Proposed Initial Grant cannot be exercised during the 24-month period commencing from the Date of Grant (the “Restriction Period”). Subject to the fulfillment of the relevant exercise conditions, such Share Options will be exercisable in batches after the expiry of the Restriction Period and each batch of such Share Options is exercisable within the periods stated as follows:

Batch No. of Share Options exercisable	Exercise Period	Proportion of Share Options exercisable to the total number of Share Options granted
1st batch of Share Options to be granted	commencing on the first trading day after the expiration of the 24-month period (the second anniversary) from the Date of Grant and ending on the last trading day of the 36-month period from the Date of Grant	33.3%
2nd batch of Share Options to be granted	commencing on the first trading day after the expiration of the 36-month period (the third anniversary) from the Date of Grant and ending on the last trading day of the 48-month period from the Date of Grant	33.3%
3rd batch of Share Options to be granted	commencing on the first trading day after the expiration of the 48-month period (the fourth anniversary) from the Date of Grant and ending on the last trading day of the 72-month period from the Date of Grant	33.4%

If the conditions of exercise of a particular batch of the Share Options proposed to be granted cannot be fulfilled, such batch of Share Options will not be exercisable and will be void.

The exercise conditions are set out in section headed “11. CONDITIONS OF GRANT AND CONDITIONS OF EXERCISE — Conditions of Exercise in respect of the Share Options” of this Appendix I.

Lock-up restrictions

Share Options may be exercised by the Participants or their legal beneficiaries within the exercise period according to the Share Option Incentive Scheme other than those not permitted under the Listing Rules or any other regulations. Where the Participant is a Director or a member of the senior management of the Company, such Participant shall:

- (i) hold not less than 20% of total number of Share Options granted to him/her and not exercise the same until passing the final assessment at the expiration of their respective terms of office; or
- (ii) after exercising the Share Options, hold not less than 20% of the corresponding Shares of which the Share Options granted to him/her and not sell the same until passing the final assessment at the expiration of their respective terms of office.

During the exercise period, the Share Options can become exercisable provided that the gains of the Share Options (before tax) shall not exceed 50% of the total remuneration of the year of such Participant when the Share Options are granted (including gains from exercise of Share Options) in line with the requirement set by SASAC. If the gains of the Share Options of such Participant exceed the aforesaid limit, the Share Options granted to such Participant but not yet exercised shall not be exercised and shall be cancelled and the gains in excess of the aforesaid limit shall be submitted to the Company. In the event that any amendments to the regulatory requirements in relation to the gains of the share options are made by the relevant regulatory authorities, the relevant restrictive requirements on the gains of the Share Options under the Share Options Incentive Scheme shall be amended accordingly.

11. CONDITIONS OF GRANT AND CONDITIONS OF EXERCISE**Performance Indicators**

The performance indicators for the Grant include: (i) the ROE; (ii) the compound growth rate on operating revenue; and (iii) the performance appraisal of the Participant.

The performance indicators for the exercise of the Share Options include: (i) the ROE; (ii) compound growth rate on operating revenue; (iii) the EVA assigned by COSCO SHIPPING; and (iv) the performance appraisal of the Participant.

Conditions of Grant and Conditions of Exercise

The grant and exercise of the Share Options are subject to the following conditions:

- i. none of the following circumstances in relation to the Company having occurred:
 - (a) the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives an adverse or disclaimer of audit opinion;
 - (b) the Company having been imposed with administrative penalties by regulatory authorities in the past one year due to material non-compliance with laws and regulations;
 - (c) any other situation in which the Share Option Incentive Scheme cannot be implemented as determined by the Stock Exchange.
- ii. none of the following circumstances in relation to the respective Participant having occurred:
 - (a) he/she has been publicly censured or declared as an unfit candidate by the Stock Exchange in the past three years;
 - (b) he/she has been imposed with administrative penalties by regulatory authorities due to material non-compliance with the laws and regulations in the past three years;
 - (c) he/she has been prohibited from acting as a director or a member of the senior management of a company under relevant laws and regulations.

Conditions of Grant

The grant of Share Options is further subject to the performance conditions as below:

- i. ROE for the year 2018 shall be not less than 3.63% and not lower than the 50th percentile of the Peer Benchmark Companies for the year 2018;
- ii. the compound growth rate of operating revenue of the Company for the years from 2015 to 2018 shall be not less than 16.64% and shall not fall below the 50th percentile of such compound growth rate of the Peer Benchmark Companies;
- iii. the respective Participant shall have achieved an appraisal grade of “qualified” or above at his/her annual performance appraisal in the year immediately preceding the Date of Grant.

As at the Latest Practicable Date, all conditions for the grant of the Share Options to the Specified Participants have been fulfilled.

Conditions of Exercise in respect of the Share Option

Exercise of Share Options to be granted is subject to the satisfaction of both the Company's performance conditions and the Participant's performance conditions mentioned as below:

- i. The results of the Company shall attain the performance targets in respect of the relevant years as stated below:

Batch No. of Share Options**exercisable****Performance Targets**

- | | |
|----------------------------|--|
| 1st batch of Share Options | <ol style="list-style-type: none"> 1. ROE for the year 2020 shall be not less than 7.1% and not fall below the ROE of the 75th percentile of the Peer Benchmark Companies; 2. based on the results for the year 2018, the compound growth rate on operating revenue of the Company for the year 2020 shall be not less than 17% and not fall below the 75th percentile of such compound growth rate of the Peer Benchmark Companies; 3. the EVA for the year 2020 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than zero. |
| 2nd batch of Share Options | <ol style="list-style-type: none"> 1. ROE for the year 2021 shall be not less than 7.2% and not fall below the 75th percentile of the ROE of the Peer Benchmark Companies; 2. based on the results for the year 2018, the compound growth rate on operating revenue of the Company for the year 2021 shall be not less than 17.5% and not below the 75th percentile of such compound growth rate of the Peer Benchmark Companies; 3. the EVA for the year 2021 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than zero. |

**Batch No. of Share Options
exercisable****Performance Targets**

3rd batch of Share Options

1. ROE for the year 2022 shall be not less than 7.3% and not fall below the 75th percentile of the ROE of the Peer Benchmark Companies;
2. based on the results for the year 2018, the compound growth rate on operating revenue of the Company for the year 2022 shall be not less than 18% and not fall below the 75th percentile of such compound growth rate of the Peer Benchmark Companies;
3. the EVA for the year 2022 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than zero.

Note 1: The details of the Peer Benchmark Companies are set out in Appendix II of this circular.

Note 2: The targets of the EVA for each of the years 2020, 2021 and 2022 will be assigned by COSCO SHIPPING in the first quarter of each respective year.

- ii. The Participant shall attain his/her personal performance conditions at the time of determining the number of Share Options to become exercisable: the percentage of the relevant batch of Share Options to become exercisable is to be determined with reference to the results of his/her personal performance appraisal in the preceding year:

**Personal performance
appraisal grade**

	Excellent	Competent	Qualified	Unqualified
Effective percentages	100%	100%	50%	0%

12. CHANGE OF SITUATION OF THE COMPANY

Where any of the following events occurs in relation to the Company, all Share Options granted but not yet exercised shall not be expedited:

- i. change in the Company's largest shareholder; or
- ii. prior to the expiry of the term of office of the Board, resolution(s) to replace half or more than half of the members of the Board is/are passed at a general meeting.

13. LAPSE AND CANCELLATION OF SHARE OPTIONS**Change of Personal Situation of the Participants**

If any of the following events occur, all Share Options of a Participant which are exercisable but are not yet exercised shall be exercisable by the Participant or (if the Participant dies) by his/her legal successor(s) within six months, and those which have not yet become exercisable shall lapse:

- i. termination of his/her employment due to retirement (unless the Company determines that the Participants will be employed by a company which the Board believes in its opinion to be a competitor of the Company upon cessation of employment by the Company, in which case the Share Options granted but not yet exercised shall lapse immediately); or
- ii. dismissal by the Company due to the reasons of the Company including downsizing and change of business, and there is no Material Fault nor Misconduct by the Participant; or
- iii. the Participant dies or becomes incapacitated.

If the Participant pursuant to certain re-designation direction is required to be transferred from the Group to other position, then the Board will authorise the independent non-executive Directors of the Remuneration Committee to decide on whether all (or part of) the Share Options which are granted but are not yet vested shall be treated in the same way as they were before the transfer, and Share Options which are exercisable but are not yet exercised shall be exercisable by the Participant within six months of the transfer.

Where any of the following events occurs in relation to a Participant, his/her Share Options (whether they are granted and not yet exercisable, or exercisable and not yet exercised) shall immediately and automatically lapse:

- i. voluntary resignation of the Participant;

- ii. termination of employment of the Participant due to his/her Misconduct, Material Fault and breach of relevant national laws and regulations or bye-laws of the Company; or
- iii. the Participant being bankrupt, becoming unable to repay his/her debts, reaching scheme of arrangement or settlement with the creditors.

The above arrangements on the validity of the Share Options are subject to the Validity Periods of the Share Options not being exceeded. If the above dates fall beyond the Validity Periods of the Share Options, they shall be limited to the Validity Periods of the Share Options.

Cancellation of Share Options

If any of the following events has occurred to the Company, the Board may pass resolution to cancel the part of the Share Options that are exercisable in that particular year:

- i. the results of the annual performance appraisal of the Company fail to meet the criteria set upon the grant of the Share Options; or
- ii. the certified public accountant has issued an adverse audit opinion or a disclaimer of opinion in the annual financial statements; or
- iii. audit department or other relevant organisations have raised significant disagreement with the results or the annual financial report of the Company.

The Company has the right to require the Participants to work for the Company in accordance with the requirements of his/her position. Where a Participant is incompetent for his/her position or fails to pass the appraisal, the unexercised Share Options held by such Participant may be cancelled upon such cancellation being approved by the Remuneration Committee and reported to the Board.

Where a Participant has breached the obligations under the Company Law of the People's Republic of China or the bye-laws of the Company, or severely impaired the interests or reputation of the Company as a result of violating laws, breaching professional ethics, divulging confidential information of the Company, neglecting his/her duty or malfeasance, the unexercised Share Options held by such Participant will be cancelled and in serious cases, the Board will have the right to recover all or part of the gains made by him/her from his/her exercise of the Share Options.

14. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE PARTICIPANTS**Rights and Obligations of the Company**

- i. The Board has the final right of interpretation to the Share Option Incentive Scheme.
- ii. The Company shall not provide loans and any other form of financial assistance, including providing guarantee for loans, for the Participants to exercise Share Options under the Share Option Incentive Scheme.
- iii. The Company shall actively assist the Participants who have fulfilled the performance conditions for Share Options to exercise Share Options in accordance with the relevant requirements including those of the Share Option Incentive Scheme, the Stock Exchange and the share registrar. However, the Company disclaims any liability for any loss suffered by the Participants arising from the inability to exercise at his/her/their own will as a result of the Stock Exchange and the share registrar. The provision is intended to apply to situations such as (but not limited to) any amendment to Listing Rules or any operational failure, delay or errors by the share registrar.

Rights and Obligations of the Participants

- i. The Participants shall comply with the requirements of his/her position stipulated by the Company, and the Participant shall work diligently and responsibly, strictly observe professional ethics, and make contributions to the development of the Company;
- ii. The Participants warrant that the source of funds used for the exercise of the Share Options according to the provisions of the Share Option Incentive Scheme are funds lawfully raised by the Participant;
- iii. The Participants are entitled to exercise Share Options according to the terms of the Share Option Incentive Scheme, and perform the obligations required under the Share Option Incentive Scheme;
- iv. Share Options granted to the Participants shall not be transferred or used as guarantee or repayment of debts;
- v. Any gains obtained by the Participants in connection with the Share Option Incentive Scheme are subject to individual income tax and other taxes according to tax laws and regulations of the country/area where the Participant is present;
- vi. The Participants shall bear all costs incurred from the exercise of Share Options or the subscription of Shares; and
- vii. Other relevant rights and obligations required by laws and regulations.

15. RIGHTS ATTACHING TO THE UNDERLYING SHARES

The Shares which are allotted and issued upon the exercise of Share Option shall be subject to all the provisions of the Memorandum of Association and Bye-Laws of the Company for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on a winding-up of the Company) as, the fully paid Shares in issue on the date on which those Shares are allotted and issued upon the exercise of the Share Option, and without prejudice to the generality of the foregoing, shall entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date on which the Shares are allotted and issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued.

16. TRANSFERABILITY OF SHARE OPTIONS

The Share Options shall be personal to the Participants, and shall not be transferred. No Participant has the right to sell, transfer, guarantee, charge, pledge or create any encumbrance or create any interest in favour of any third part in relation to the Share Options granted to him/her, or use such Share Options to settle any debt.

17. ADJUSTMENT OF SHARE OPTIONS**Adjustments to the number of Share Options**

In the event that conversion of capital reserve to share capital, bonus issue, sub-division or consolidation of Shares, rights issue or open offer of the Company takes place prior to the exercise of the Share Options, the number of the Share Options shall in principle be adjusted accordingly and in the following manner:

- (i) *Conversion of capital reserve to share capital, bonus issue and sub-division of Shares*

$$Q = Q_0 \times (1+n)$$

where,

“Q₀” represents the number of Share Options before the adjustment;

“n” represents the ratio of additional number of Share resulting from the conversion of capital reserve to share capital, bonus issue or sub-division of Shares per Share, which represent the number of Shares increased after the conversion of capital reserve to share capital, bonus issue or sub-division of Shares for each Share; and

“Q” represents the number of Share Options after the adjustment.

(ii) Consolidation of Shares

$$Q = Q_0 \times n$$

where,

“Q₀” represents the number of Share Options before the adjustment;

“n” represents the ratio of consolidation of Shares, which represent the number of Shares after consolidation for each Share; and

“Q” represents the number of Share Options after the adjustment.

(iii) Rights issue or open offer

$$Q = Q_0 \times P_1 \times (1+n) / (P_1 + P_2 \times n)$$

where,

“Q₀” represents the number of Share Options before the adjustment;

“P₁” represents the closing price as at the last trading day before the ex-entitlement date;

“P₂” represents the subscription price of the rights issue or open offer;

“n” represents the basis of the rights issue or open offer, which represent the ratio of the number of Shares to be issued under the rights issue or open offer to the total issued share capital of the Company before the rights issue or open offer; and

“Q” represents the number of Share Options after the adjustment.

No adjustment will be made to the number of Share Options in the event of distribution of dividends (including scrip dividend and cash dividend) by the Company.

Adjustments to the Exercise Price

In the event that conversion of capital reserve to share capital, bonus issue, sub-division or consolidation of Shares, rights issue or open offer of the Company takes place prior to the exercise of the Share Options, the exercise price of the Share Options shall in principle be adjusted accordingly and in the following manner:

(i) Conversion of capital reserve to share capital, bonus issue and subdivision of Shares

$$P = P_0 \div (1+n)$$

where,

“P₀” represents the Exercise Price before the adjustment;

“n” represents the ratio of additional number of Share resulting from the conversion of capital reserve to share capital, bonus issue and sub-division of Shares per Share, which represent the number of Shares increased after the conversion of capital reserve to share capital, bonus issue or sub-division of Shares for each Share; and

“P” represents the Exercise Price after the adjustment.

(ii) Consolidation of Shares

$$P = P_0 \div n$$

where,

“P₀” represents the Exercise Price before the adjustment;

“n” represents the ratio of consolidation of Shares, which represent the number of Shares after consolidation for each Share; and

“P” represents the Exercise Price after the adjustment.

(iii) Rights issue or open offer

$$P = P_0 \times (P_1 + P_2 \times n) / (P_1 \times (1 + n))$$

where,

“P₀” represents the Exercise Price before the adjustment;

“P₁” represents the closing price as at the last trading day before the ex-entitlement date;

“P₂” represents the subscription price of the rights issue or open offer;

“n” represents the basis of the rights issue or open offer, which represent the ratio of the number of Shares to be issued under the rights issue or open offer to the total issued share capital of the Company before the rights issue or open offer;

“P” represents the Exercise Price after the adjustment.

No adjustment will be made to the exercise price in the event of distribution of dividends (including scrip dividend and cash dividend) by the Company.

Procedures for Adjusting the Number of Share Options and the Exercise Price

The Board shall be authorised by the Shareholders at the SGM to adjust the number of Share Options and the Exercise Price under the Share Option Incentive Scheme if any of the aforesaid circumstances occurs. The Company should engage legal advisers to advise the Board on whether the adjustment is in compliance with the relevant laws and regulations, bye-laws of the Company and the Share Option Incentive Scheme. After the adjustment to the number of Share Options and the Exercise Price is made, the Board shall publish an announcement in a timely manner.

Any adjustment to the number of Share Options or Exercise Price due to alteration in the capital structure of the Company (whether by way of issuing new Shares, conversion of Shares into share capital, merger, demerger, repurchase of Shares or otherwise), such adjustment shall be reported to SASAC and thereafter to the general meeting of the Company for the Shareholders' consideration or to authorise the Board for approval before implementation. Any adjustment to the number of Share Options, Exercise Price or other terms of the Share Options due to other reasons, after being reviewed by the Board, shall be submitted to general meeting of the Company for the Shareholders' consideration and approval before implementation. In addition, in respect of such adjustments, independent financial adviser or the auditors of the Company shall confirm to the Board in writing that the adjustments are fair and reasonable, and the legal advisers of the Company should advise whether such adjustment complies with the requirements of the relevant laws and regulations, bye-laws of the Company and the Share Option Incentive Scheme.

18. AMENDMENT TO THE SHARE OPTION INCENTIVE SCHEME

In case of any changes in the requirements of relevant laws and regulations relating to share options issued by SASAC or other regulatory authorities (including without limitation the Listing Rules), such requirements of relevant laws and regulations shall prevail. If certain amendments to the Share Option Incentive Scheme require the approval of the shareholders of the Company pursuant to the relevant laws or regulations (including without limitation the Listing Rules), the Board must obtain such approval for the amendments to the Share Option Incentive Scheme.

1. LIST OF PEER BENCHMARK COMPANIES

No	Stock Code	Stock Short Name
1	SEHK:1561	PAN ASIA DATA H ^{Note 1}
2	SEHK:701	CNT GROUP
3	SEHK:640	INFINITY DEV
4	SEHK:1623	HILONG
5	SEHK:1848	CALC
6	SEHK:317	COMEC
7	SEHK:118	COSMOS MACH
8	SEHK:568	SHANDONG MOLONG
9	SEHK:1241	SHUANGHUA H
10	SEHK:935	DRAGON CROWN
11	SEHK:179	JOHNSON ELEC H
12	SEHK:1057	ZHEJIANG SHIBAO
13	SEHK:2025	RUIFENG POWER
14	SEHK:3663	XIEZHONG INTL
15	SEHK:6830	HUAZHONG IN-V
16	SEHK:631	SANY INT'L
17	SEHK:2788	YORKEY OPTICAL
18	SEHK:187	JINGCHENG MAC
19	SEHK:8348	BINHAI TEDA
20	SEHK:1292	CMA LOGISTICS
21	SEHK:316	OOIL
22	SEHK:1549	EVER HARVEST GP

Note 1: According to the announcement of Pan Asia Data Holdings Inc. (formerly known as Manfield Chemical Holdings Limited) dated 17 December 2019, its stock short name has been changed from “MANFIELD CHEM” to “PAN ASIA DATA H” with effect from 20 December 2019.

2. SELECTION CRITERIA OF PEER BENCHMARK COMPANIES

The Company is mainly engaged in shipping services, which includes ship trading agency services, supply of marine equipment and spare parts, marine insurance brokerage, production and sales of coatings etc..

In selecting the Peer Benchmark Companies, it is noted that no companies listed on the Stock Exchange share matching business scopes of the Company. According to the Classification Guidelines of Hang Seng Industry Classification System, the Company is classified in the categories of “Industrials” and “Materials”. However, based on the Hang Seng Industry Classification System, it is difficult to find an accurate corresponding industry classification as

peer benchmark companies. In addition, the business segments of the Company are diverse and each segment is of moderate scale. As such, it is not appropriate to select peer benchmark companies based on only one business segment or industry.

In light of the diversified and complexity of the business scopes of the Company and the Company's status as a company listed in Hong Kong, the Peer Benchmark Companies were selected based on the principle of "listed companies whose principal business (or part of its principal business) includes part of the Company's business or includes similar business types of the Company's business". As such, all Peer Benchmark Companies are companies listed on the Stock Exchange and were selected taking into account the following factors:

(i) Business profit percentage distribution of each business line of the Company

The number of the peer benchmark companies from various business segments is allocated based on the profitability and profit contribution percentage of each key business line of the Company. Among the 22 Peer Benchmark Companies, four companies were selected as benchmark for the business of production and sale of coating and eighteen companies were selected as benchmark for business of other related industries.

(ii) High degree of industry similarity

In view of the characteristics of the industries in which the Company belongs, companies with high degree similarity among industrial and raw materials enterprises engaged in similar kind of business services including production, sales, import and export of machinery (including shipping spare parts, automobile spare parts and other spare parts), production and sales of coatings, shipping and leasing, and some companies related to shipping industry and shipping services are selected as peer benchmark companies.

(iii) Companies of comparable enterprise size

Companies from the same business industries with comparable enterprise size to the Company, relatively high stability of operating revenue and return on equity attributable to the company in 2018 and showing overall growing trend are selected.

NOTICE OF THE SGM



中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the “**Company**”) will be held on Thursday, 9 April 2020 at 10:30 a.m. at 47/F., COSCO Tower, 183 Queen’s Road Central, Hong Kong or at any adjournment thereof for the purpose of considering and, if thought fit, to pass with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the shares in the capital of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options (“**Share Option**”) which may be granted under the share option incentive scheme (the “**Share Option Incentive Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification and a summary of the terms of which is contained in the Appendix I to the circular of the Company dated 24 March 2020 (the “**Circular**”) in which this notice of meeting is set out, the Share Option Incentive Scheme be and is hereby approved and adopted with effect from the day on which all the conditions as set out in the Share Option Incentive Scheme have been fulfilled, and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Incentive Scheme including but without limitation:

- (i) to administer the Share Option Incentive Scheme under which Share Options will be granted to participants eligible under the Share Option Incentive Scheme to subscribe for Shares, including but not limited to, to grant Share Options to the Specified Participants (as defined in the Circular) and to the Further Participants (as defined in the Circular) in accordance with the Share Option Incentive Scheme and to handle all matters necessary in relation to, expedient or incidental to the grant of options under the Share Option Incentive Scheme;
- (ii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Share Options and subject to the Rules Governing the Listing of Securities on the Stock Exchange;

NOTICE OF THE SGM

- (iii) to adjust the number of the Share Options, the number of the Underlying Shares, the exercise price and etc. in accordance with the provisions of the Share Option Incentive Scheme;
- (iv) to modify and/or amend the Share Option Incentive Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Incentive Scheme relating to modification and/or amendment;
- (v) to determine whether to reclaim the benefits obtained from the exercise of the Share Options by holders of Share Options in accordance with the provisions of the Share Option Incentive Scheme;
- (vi) to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares in the capital of the Company may for the time being be listed, for listing of, and permission to deal in, any shares in the capital of the Company which may from time to time be issued and allotted pursuant to the exercise of the share options under the Share Option Incentive Scheme, and where any such application has been made prior to the date of passing this resolution, the same be approved, confirmed and ratified; and
- (vii) to handle such processes as approval, registration, filing, verification or consent in relation to the Share Option Incentive Scheme with relevant governmental or regulatory authorities or departments, institutions, organisations or individuals; to execute, perform, amend or complete the documents submitted to the relevant governmental or regulatory authorities or departments, institutions, organisations or individuals; to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant governmental or regulatory authorities or departments, institutions, organisations or individuals in relation to the Share Option Incentive Scheme and to conduct all acts, things and matters it deems as necessary, appropriate or advisable in relation to the Share Option Incentive Scheme.”

By Order of the Board

COSCO SHIPPING International (Hong Kong) Co., Ltd.

Chiu Shui Suet

Company Secretary

Hong Kong, 24 March 2020

Notes:

1. The ordinary resolution to be considered at the special general meeting will be determined by poll. On voting by poll, each member shall have one vote for each fully paid or credited as fully paid share held in the Company.
2. A member of the Company who is entitled to attend and vote at the special general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy. A proxy need not be a member of the Company.

NOTICE OF THE SGM

3. A form of proxy for use at the special general meeting of the Company is enclosed herewith. Whether or not a member of the Company intends to attend the special general meeting in person, he or she is urged to complete and return the form of proxy in accordance with the instruction printed thereon.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be returned to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the special general meeting or any adjourned meeting thereof (as the case maybe) and in default thereof the form of proxy shall not be treated as valid.
6. Shareholders whose names appear in the share register of members of the Company as at the close of business on Wednesday, 8 April 2020 are entitled to attend and vote at the meeting. In order to be eligible to attend and vote at the meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 April 2020.
7. Completion and return of form of proxy appointing a proxy shall not preclude a member of the Company from attending and voting in person at the special general meeting or on the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the special general meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the special general meeting personally or by proxy, that one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
9. The Chinese version of the resolution set out in this notice is for reference only. If there is any inconsistency between the English and Chinese versions, the English version shall prevail.
10. As at the date of this notice, the board of directors of the Company comprises eight directors with Mr. Zhu Jianhui¹ (Chairman and Managing Director), Mr. Ma Jianhua², Mr. Feng Boming², Mr. Chen Dong², Mr. Liu Gang¹, Mr. Tsui Yiu Wa, Alec³, Mr. Jiang, Simon X.³ and Mr. Alexander Reid Hamilton³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director