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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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)**

### CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**BALLAS**  
C A P I T A L

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A letter from the Independent Board Committee is set out on page 15 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Tuesday, 7 July 2020 at 10:00 a.m. is set out on pages 36 to 37 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 but 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.

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Taking into account the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the SGM against the epidemic to protect the Shareholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted;
- (ii) Every Shareholder or proxy is required to wear surgical face mask throughout the SGM;
- (iii) Every Shareholder or proxy is required to submit the health declaration form, which may be used for close contact tracing, if required;
- (iv) No refreshment will be served; and
- (v) Every Shareholder or proxy will be assigned a designated seat at the time of registration to ensure social distancing.

A Shareholder or proxy (a) who does not comply with any of the precautionary measures referred to in (i) to (iii) above; or (b) with a body temperature of over 37.3 degrees Celsius; or (c) who is subject to health quarantine prescribed by the Government of Hong Kong will not be given access to the meeting venue. The Company reminds the Shareholders or proxies that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. For the health and safety of Shareholders, the Company would like to advise Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their forms of proxy, by the time specified above, instead of attending the SGM in person.

The Company will keep the evolving novel coronavirus pneumonia (COVID-19) situation under review and may implement additional measures which will be announced closer to the date of the SGM. Shareholders should check the Company's website at [hk.coscoshipping.com](http://hk.coscoshipping.com) for future announcements and updates of the Company.

15 June 2020

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## DEFINITIONS

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

“2019 Financial Services Master Agreement”	the master agreement entered into between the Company and COSCO SHIPPING Finance dated 18 November 2019 in respect of the provision of a range of financial services by COSCO SHIPPING Finance to the Group for the three financial years ending 31 December 2022;
“2019 Financial Services Proposed Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the 2019 Financial Services Master Agreement (except the annual caps for the loan services contemplated thereunder) for each of the three financial years ending 31 December 2022;
“associate(s)”	the meaning ascribed to it in the Listing Rules;
“Board” or “Director(s)”	the board of directors of the Company;
“Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the New Financial Services Master Agreement (except the annual caps for the loan services contemplated thereunder) for each of the three financial years ending 31 December 2022;
“CBIRC”	China Banking and Insurance Regulatory Commission;
“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;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“COSCO Finance”	中遠財務有限責任公司 (COSCO Finance Co. Limited*), a subsidiary of COSCO SHIPPING. 中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company*) and 中國海運(集團)總公司 (China Shipping (Group) Company*) were merged and formed 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), COSCO Finance and 中海集團財務有限責任公司 (China Shipping Finance Company Limited*, a subsidiary of China Shipping (Group) Company) were restructured, the restructured company was named 中遠海運集團財務有限責任公司 (COSCO Shipping Finance Co. Limited*);

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## DEFINITIONS

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“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 COSCO SHIPPING (Hong Kong) and the Company;
“COSCO SHIPPING Finance”	中遠海運集團財務有限責任公司 (COSCO Shipping Finance Co. Limited*), a company established in the PRC and a subsidiary of COSCO SHIPPING;
“COSCO SHIPPING Group”	COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and their subsidiaries and associates (other than the Group);
“COSCO SHIPPING (Hong Kong)”	COSCO SHIPPING (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the immediate holding company of the Company which is wholly-owned by COSCO SHIPPING;
“Expired Financial Services Master Agreement”	the master agreement entered into between the Company and COSCO Finance dated 15 November 2016 in respect of the provision of a range of financial services by COSCO Finance to the Group for the three financial years ended 31 December 2019;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee of the Company comprising Messrs. Tsui Yiu Wa, Alec and Jiang, Simon X. to advise the Independent Shareholders in relation to the New Financial Services Master Agreement (except the loan services) and the Caps;
“Independent Financial Adviser”	Ballas Capital Limited, being a licensed corporation to carry out type 1 (Dealing in Securities) and type 6 (Advising on Corporate Finance) regulated activities as defined under the SFO;
“Independent Shareholder(s)”	Shareholder(s) other than COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and any of their respective associates;

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## DEFINITIONS

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“Latest Practicable Date”	9 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Financial Services Master Agreement”	the master agreement entered into between the Company and COSCO SHIPPING Finance dated 25 May 2020 in respect of the provision of a range of financial services by COSCO SHIPPING Finance to the Group;
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transitional Period”	the period after the expiration of the Expired Financial Services Master Agreement on 31 December 2019 but before the signing of the New Financial Services Master Agreement on 25 May 2020;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

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

Mr. Ma Jianhua

*Non-executive Directors:*

Mr. Feng Boming

Mr. Chen Dong

*Independent non-executive Directors:*

Mr. Tsui Yiu Wa, Alec

Mr. Jiang, Simon X.

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and Principal Place  
of Business:*

47th Floor, COSCO Tower

183 Queen's Road Central

Hong Kong

15 June 2020

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION**

#### **BACKGROUND**

Reference is made to the announcement of the Company dated 18 November 2019 and the circular of the Company dated 9 December 2019 in respect of, among other things, the 2019 Financial Services Master Agreement and the 2019 Financial Services Proposed Caps. As disclosed in the poll results announcement of the Company dated 30 December 2019, the resolution on the approval of the 2019 Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services) and the 2019 Financial Services Proposed Caps was not passed at the special general meeting of the Company held on 30 December 2019 and therefore the 2019 Financial Services Master Agreement has not become effective.

In light of the business needs of the Group and the benefits of continuing the transactions with COSCO SHIPPING Finance, on 25 May 2020, the New Financial Services Master Agreement was entered into between the Company and COSCO SHIPPING Finance which superseded the 2019 Financial Services Master Agreement.

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## LETTER FROM THE BOARD

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### CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

On 25 May 2020, the New Financial Services Master Agreement was entered into between the Company and COSCO SHIPPING Finance which superseded the 2019 Financial Services Master Agreement.

### THE NEW FINANCIAL SERVICES MASTER AGREEMENT

Other than the addition of pricing principle (iii) in relation to deposit services set out below in the section headed “Pricing policies”, change of commencement date and other housekeeping amendments, the principal terms of the New Financial Services Master Agreement (except the loan services) are the same as those in the 2019 Financial Services Master Agreement and are set out below:

<b>Date:</b>	25 May 2020
<b>Parties:</b>	The Company; and COSCO SHIPPING Finance
<b>Subject matter:</b>	Provision of a range of financial services, including the deposit services, loan services, settlement services, remittance services, entrusted loan services (as lending agent in entrusted loan arrangements among members of the Group) and acceptance bill services by COSCO SHIPPING Finance to the Group.
<b>Duration:</b>	From the date of the approval of the New Financial Services Master Agreement (except the loan services) and the Caps in relation thereto by the Independent Shareholders to 31 December 2022 (both dates inclusive).
<b>Terms and fees:</b>	The transactions contemplated under the New Financial Services Master Agreement shall be conducted on normal commercial terms and negotiated on arm’s length basis and the terms of the transactions (including the interest receivable by the Group and the fees (including the service fees and handling charges) payable under the financial services to COSCO SHIPPING Finance) shall be at market rates or rates no less favourable than those available to independent third parties from COSCO SHIPPING Finance or from independent third parties to the relevant member(s) of the Group (as appropriate).

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## LETTER FROM THE BOARD

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**Others:**

The New Financial Services Master Agreement is conditional upon the approval by the Independent Shareholders of the New Financial Services Master Agreement (except the loan services) and the Caps in relation thereto.

At any time during the term of the New Financial Services Master Agreement, COSCO SHIPPING Finance and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or invoice(s) may be issued by COSCO SHIPPING Finance to the relevant member(s) of the Group and approved by the latter (as appropriate) in relation to any of the services contemplated under the New Financial Services Master Agreement upon and subject to the terms and conditions in compliance with those of the New Financial Services Master Agreement as may be agreed between the relevant parties.

**Pricing policies:**

Pricing policies to be adopted by COSCO SHIPPING Finance in determining the interest payable to or receivable by the Group (as appropriate) or service fees payable by the Group for the services are set out below:

***Service nature***

***Pricing principle***

Deposit services

The interest rate for such deposit services shall be no lower than:

- (i) the floor rate for the same category of deposit services stipulated by the People's Bank of China from time to time;
- (ii) the rate for the same category of deposit services offered by independent commercial banks in the PRC; and
- (iii) the rate for the same category and same class of deposit services offered by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group.

To ascertain the rate referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for the same category of deposit services and compare to those obtained by the Group from COSCO SHIPPING Finance.



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## LETTER FROM THE BOARD

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### Other services

Service fees of other services approved by the CBIRC shall be determined in accordance with the following pricing principles:

- (i) the price to be complied with the fee standards prescribed by the People's Bank of China or CBIRC;
- (ii) no higher than those charged by independent commercial banks in the PRC for services of similar nature; and
- (iii) no higher than those charged by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group for services of similar nature.

To ascertain the service fees referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for services of similar nature to the relevant category of other financial services and compare to those obtained by the Group from COSCO SHIPPING Finance.

### Historical amounts:

The highest daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO Finance for the transactions (except transactions in connection with the provision of loan services) contemplated under the Expired Financial Services Master Agreement in respect of each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 were RMB803,153,649, RMB448,562,769 and RMB435,026,882 respectively.

The aggregate amount of all fees (including service fees and handling charges for other financial services) paid by the Group to COSCO Finance for each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 were RMB7,534, RMB1,535 and RMB17,901 respectively.

The highest daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges in respect of settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO SHIPPING Finance during the Transitional Period was RMB91,280.

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## LETTER FROM THE BOARD

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### Caps and basis of determination of such Caps:

The Caps of the transactions contemplated under the New Financial Services Master Agreement and the basis of determination of such Caps are set out as follows:

	Caps for the year ending 31 December		
	2020	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Amount of daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO SHIPPING Finance for the transactions (except transactions in connection with the provision of loan services) contemplated under the New Financial Services Master Agreement	725,000,000	730,000,000	735,000,000

After the special general meeting of the Company on 30 December 2019 followed by the outbreak of the novel coronavirus pneumonia (COVID-19) globally, the Company has re-assessed and re-calculated the Caps with reference to the latest market conditions taking into account, among others, the impact of novel coronavirus pneumonia (COVID-19) and expected macroeconomic environment of the relevant businesses of the Group. As a result, the above Caps are calculated with reference to the maximum amounts of daily cash balance(s) of all cash deposits accounts of each member of the Group maintained with COSCO Finance together with all fees payable by the Group in respect of each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, on the other hand, the relevant caps for the transactions contemplated under the 2019 Financial Services Master Agreement was calculated by aggregating the estimated maximum amount of daily cash balance(s) of all cash deposits accounts of each member of the Group maintained with COSCO SHIPPING Finance with the estimated appropriate fees payable by the Group per year, with reference to the respective highest daily deposit amounts placed by each relevant member of the Group with COSCO Finance at different points of time during the two financial years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019, together amounting to approximately RMB1,107,000,000.

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## LETTER FROM THE BOARD

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In determining the above Caps, the Company has also (a) examined and compared the transactions amounts of the relevant member(s) of the Group for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019; (b) interviewed the management of the relevant member(s) of the Group to obtain opinion on the anticipated cash flow demand based on current scale and daily operation of the relevant businesses and forecasts of the transactions contemplated under the New Financial Services Master Agreement for the years of 2020 to 2022; (c) considered the impact of the novel coronavirus pneumonia (COVID-19) and expected macroeconomic environment of the relevant businesses and in particular the strategies of the treasury management of the Group taking into account the business development plans, financial needs and anticipated cash flows of the Group as well as the sustainable business development of the Group, including the funding requirement for operation of asphalt business; and (d) the expected demand of the Group for deposit services provided by COSCO SHIPPING Finance as a result of its competitive edge over other financial services providers becoming more apparent arising from continuing improvement in its services which can better serve the development needs of the Group.

Since the historical amounts of the service fees and handling charges for other financial services are immaterial and the Board currently expects that such service fees and handling charges will be immaterial during the term of the New Financial Services Master Agreement, the Company considers that there is no need to separate the annual caps for (a) the maximum amount of daily balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon); and (b) all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO SHIPPING Finance for the transactions (except transactions in connection with the loan services) contemplated under the New Financial Services Master Agreement.

### **Relationship between the Company and the connected persons:**

COSCO SHIPPING Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company. Therefore, COSCO SHIPPING Finance is an associate of COSCO SHIPPING and a connected person of the Company. Accordingly, the New Financial Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company.

### **Listing Rules implications:**

As the applicable percentage ratios for the Caps in relation to transactions contemplated under the New Financial Services Master Agreement (except the loan services) are expected to be higher than 5% on an annual basis, the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The SGM will be convened for the Independent Shareholders to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto by poll.

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## LETTER FROM THE BOARD

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The provision of deposit services to the Group under the New Financial Services Master Agreement also constitutes the provision of financial assistance by the Group to COSCO SHIPPING Finance under Rule 14.04(1)(e) of the Listing Rules. Since the highest applicable percentage ratio for the provision of such deposit services and other financial services (except the loan services) under the New Financial Services Master Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

As each of the applicable percentage ratios (excluding profits ratio) in respect of the deposit services, settlement services, remittance services, entrusted loan services and acceptance bill services provided to the Group by COSCO SHIPPING Finance during the Transactional Period was less than 0.1%, such transactions during the Transitional Period were fully exempt under Rule 14A.76(1) of the Listing Rules.

In view of the interests of COSCO SHIPPING and COSCO SHIPPING (Hong Kong) in the Company, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) and their respective associates will abstain from voting in relation to the resolutions to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

As at the Latest Practicable Date, COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and their respective associates were interested in, controlled and were entitled to exercise control over 1,027,125,486 Shares, representing approximately 67.00% of the issued share capital of the Company.

### **CAPITAL RISK CONTROL MEASURES UNDER THE NEW FINANCIAL SERVICES MASTER AGREEMENT**

Under the New Financial Services Master Agreement, COSCO SHIPPING Finance shall:

- (i) in order to ensure the security of the funds of the member(s) of the Group, ensure that the funds management information system (a) operates safely, (b) has attained the security standards for commercial banks in the PRC, and (c) has adopted the certification authority security certificate mode;
- (ii) operate strictly in compliance with the risk monitoring indicator guidelines for finance companies issued by the CBIRC from time to time, and ensure that its main regulatory indicators such as gearing ratio and liquidity ratio comply with the requirements of the CBIRC and other relevant PRC laws and regulations; and
- (iii) submit monthly financial statements to the Company by the fifth business day of the following month.

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## LETTER FROM THE BOARD

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Further, under the New Financial Services Master Agreement, if any member of the Group cannot withdraw any or all of the deposits placed with COSCO SHIPPING Finance, the Group has the right to offset such deposit amounts against any amounts of outstanding loan owing by the Group to COSCO SHIPPING Finance. On the other hand, if any member of the Group is unable to repay the outstanding loans owing by the Group to COSCO SHIPPING Finance (whether in part or in full), COSCO SHIPPING Finance has the right to offset such outstanding loans due from the Group against the deposits placed by the Group with COSCO SHIPPING Finance.

In practice, the Group usually diversifies the cash deposits with a number of banks and financial institutions in order to obtain more competitive deposit interest rates for securing higher yields. The finance & accounting division of the Company will monitor the interest rates on deposits as well as service fees charged for other financial services by the People's Bank of China and other major commercial banks in the PRC as shown on their respective official websites from time to time.

In respect of the deposits placed by the Group with COSCO SHIPPING Finance, the articles of association of COSCO SHIPPING Finance states that COSCO SHIPPING (being the ultimate holding company of the Company) has undertaken to increase the capital of COSCO SHIPPING Finance in the event that COSCO SHIPPING Finance has difficulty in fulfilling its payment obligation. This provides an assurance to the Group on the safety and liquidity of the Group's deposited funds with COSCO SHIPPING Finance.

The finance & accounting division of the Company will closely monitor the transactions under the New Financial Services Master Agreement and will report to the management of the Company on a regular basis.

The aforesaid capital risk control measures will be able to mitigate the financial risks which may be exposed to the Company to the largest extent, and safeguard the interests of the Company and its shareholders. The Directors are of the view that the above capital risk control measures are reasonable and effective in monitoring the relevant transactions in all material respects.

### **PAYMENT TERMS**

For the transactions contemplated under the New Financial Services Master Agreement, payment terms will be agreed with reference to customary business practices.

### **INFORMATION OF THE GROUP AND THE CONNECTED PERSONS**

The Group is principally engaged in the provision of shipping services and general trading.

COSCO SHIPPING is principally engaged in shipping, terminals, logistics, shipping finance, equipment manufacturing and shipping services etc..

COSCO SHIPPING Finance is a non-bank financial institution approved and regulated by the People's Bank of China and the CBIRC and is principally engaged in providing financial services to COSCO SHIPPING Group.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION AND THE DISCLOSEABLE TRANSACTION

By entering into the New Financial Services Master Agreement and the transactions contemplated thereunder, the Group will benefit in negotiating more favourable terms with COSCO SHIPPING Finance, an intra-group service provider as compared with other commercial banks or financial institutions. In view of the cooperation history between COSCO SHIPPING Finance and the Company, the Group is expected to benefit from COSCO SHIPPING Finance's better understanding of the operations of the Group which should allow more expedient and efficient service provision than those offered by other PRC commercial banks.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the New Financial Services Master Agreement are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the Caps in relation to the New Financial Services Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the New Financial Services Master Agreement. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the New Financial Services Master Agreement and the transactions contemplated thereunder under the bye-laws of the Company or the Listing Rules.

### INTERNAL CONTROL PROCEDURES FOR THE GROUP

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, as part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy under the New Financial Services Master Agreement, the Company will implement the following internal control arrangements:

- (i) The Company has formulated "Connected Transaction Management Method" which was incorporated into the rules and regulations of the Company. All divisions of the Company and its subsidiaries must follow the requirements under "Connected Transaction Management Method".
- (ii) The internal audit team of the Company will regularly examine the pricing of transactions under the New Financial Services Master Agreement including reviewing the transaction records of the Company for the purchase or provision of similar goods or services from or to independent third parties.

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## LETTER FROM THE BOARD

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- (iii) Connected transaction coordination working team (the “**Working Team**”), comprising, among others, responsible persons of various functional divisions of the Company, was set up. Any proposed new connected transaction would be reported to the Working Team in order to carry out all necessary compliance procedures before entering into such connected transaction.
- (iv) Connected transaction amounts incurred with 2 months forecast would be updated on monthly basis by the colleagues of subsidiaries of the Company and various functional divisions through an intranet system. Members of the Working Team are responsible for overseeing the connected transaction amounts incurred in a timely manner such that the transactions can be conducted within the annual caps.

The Directors are of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Group’s continuing connected transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders and that the continuing connected transaction is conducted as agreed in the New Financial Services Master Agreement and in compliance with Chapter 14A of the Listing Rules.

### SGM

There is set out on pages 36 to 37 of this circular a notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Tuesday, 7 July 2020 at 10:00 a.m. at which ordinary resolution will be proposed for the approval by the Independent Shareholders the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting at the SGM or any adjournment should you so wish.

Shareholders whose names appear in the share register of members of the Company as at the close of business on Monday, 6 July 2020 are entitled to attend and vote at the SGM. 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 Monday, 6 July 2020.

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 New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto will be taken by poll, the results of which will be announced after the SGM.

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## LETTER FROM THE BOARD

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

### RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

### ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on page 15 and pages 16 to 28 of this circular. Additional information is also set out in the Appendix to this circular for your information.

By Order of the Board  
**COSCO SHIPPING International (Hong Kong) Co., Ltd.**  
**Zhu Jianhui**  
*Chairman and Managing Director*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

15 June 2020

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION**

We refer to the circular dated 15 June 2020 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Ballas Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **RECOMMENDATION**

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 14 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto as set out on pages 16 to 28 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that, as far as the Independent Shareholders are concerned, the terms of the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto are fair, reasonable and in the interests of the Company and the Shareholders as a whole and are on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

Yours faithfully,  
**Tsui Yiu Wa, Alec**  
**Jiang, Simon X.**  
*Independent Board Committee*



Unit 1802, 18/F  
1 Duddell Street  
Central  
Hong Kong

15 June 2020

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
AND  
DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

We refer to our engagement (the “**Engagement**”) as the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the New Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 15 June 2020, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As disclosed in the poll results announcement of the Company dated 30 December 2019, the resolution on the approval of the 2019 Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services) and the 2019 Financial Services Proposed Caps was not passed at the special general meeting of the Company held on 30 December 2019 and therefore the 2019 Financial Services Master Agreement has not become effective. In light of the business needs of the Group and the benefits of continuing the transactions with COSCO SHIPPING Finance, on 25 May 2020, the New Financial Services Master Agreement was entered into between the Company and COSCO SHIPPING Finance which superseded the 2019 Financial Services Master Agreement.

COSCO SHIPPING Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company. Therefore, COSCO SHIPPING Finance is an associate of COSCO SHIPPING and a connected person of the Company. Accordingly, the New Financial Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company. As the applicable percentage ratios for the Caps of the transactions

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(except the loan services) contemplated under the New Financial Services Master Agreement are expected to be higher than 5% on an annual basis, such transactions are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. In view of the interests of COSCO SHIPPING and COSCO SHIPPING (Hong Kong) in the Company, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) and their respective associates will abstain from voting in relation to the resolutions to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

The independent board committee comprising all independent non-executive Directors, namely Mr. Tsui Yiu Wa, Alec and Mr. Jiang, Simon X., has been formed to advise the Independent Shareholders in respect of the New Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

### **BASIS OF OUR OPINION**

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company. The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We have reviewed information including but not limited to the Company's internal procedures on continuing connected transactions, relevant measures issued by the China Banking Regulatory Commission ("CBRC"), which was subsequently merged to form CBIRC in April 2018, deposit interest rates offered by COSCO Finance and those offered by independent commercial banks to the Group, and the underlying calculations of the Caps. We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, COSCO SHIPPING (Hong Kong) or COSCO SHIPPING or any of their respective subsidiaries or associates.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Ballas Capital Limited ("**Ballas Capital**") is to ensure that such information has been correctly extracted from the relevant sources.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### INDEPENDENCE DECLARATION

Within two years prior to the Engagement, Ballas Capital was engaged as the independent financial adviser of the Company in respect of the continuing connected transactions and major transaction as set out in the circular of the Company dated 9 December 2019 (the “**Previous Engagement**”). Other than the professional fee received under the Previous Engagement which was negotiated between the Company and Ballas Capital on an arm’s length basis, Ballas Capital has not received any other professional fees from the Company within two years prior to the Engagement.

As the Previous Engagement was for the role of an independent financial adviser to the Company, the Previous Engagement would not affect the independence of Ballas Capital for acting as the independent financial adviser to the Company in respect of the New Financial Services Master Agreement. As at the Latest Practicable Date, we are not aware of any relationships or interests between Ballas Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Ballas Capital’s independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Financial Services Master Agreement.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice, we have considered the following principal factors and reasons:

#### **A. Background and reasons for entering into the New Financial Services Master Agreement**

##### *Information on the Group*

The Group is principally engaged in the provision of shipping services and general trading. The Company operates through six segments. Coatings segment is engaged in the production and sale of coatings. Marine equipment and spare parts segment is engaged in the trading of marine equipment and spare parts. Ship trading agency segment is engaged in the provision of agency services related to shipbuilding, ship trading and chartering businesses. Insurance brokerage segment is engaged in the provision of insurance brokerage services. Marine fuel and other products segment is engaged in the trading of marine fuel and other related products. General trading segment is engaged in the trading of asphalt and other products.

COSCO SHIPPING is principally engaged in shipping, terminals, logistics, shipping finance, equipment manufacturing and shipping services etc.

##### *The New Financial Services Master Agreement*

Pursuant to the New Financial Services Master Agreement, COSCO SHIPPING Finance shall provide a range of financial services, including the deposit services, loan services, settlement services, remittance services, entrusted loan services (as lending agent in entrusted

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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loan arrangements among members of the Group) and acceptance bill services to the Group from the date of approval of the New Financial Services Master Agreement (except the loan services) and the Caps in relation thereto by the Independent Shareholders to 31 December 2022 (both dates inclusive).

COSCO SHIPPING Finance is a non-bank financial institution established with the approval of the People's Bank of China ("PBOC") and operates under the relevant guidelines and requirements of CBIRC, which, pursuant to the relevant guidelines and requirements of 企業集團財務公司管理辦法 (translated as the Administration of the Finance Companies of Enterprises Groups Measures) (the "Measures") issued by CBRC and effective on 28 December 2006, is allowed to provide treasury and other financial services to member companies of COSCO SHIPPING Group and the Group. Pursuant to the Measures, finance companies (including COSCO SHIPPING Finance) are subject to supervision and administration by CBIRC. The regulations on such finance companies are more stringent than those on commercial banks in certain respects, for example the capital adequacy ratio for finance companies of enterprise groups shall not be lower than 10% whereas such threshold for commercial banks is 8% as stipulated in 商業銀行資本管理辦法(試行) (translated as the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)) issued by CBRC and effective on 1 January 2013. We also noted from the articles of association of COSCO SHIPPING Finance that, COSCO SHIPPING (being the ultimate holding company of the Company) undertakes to increase the capital of COSCO SHIPPING Finance in the event that COSCO SHIPPING Finance has difficulty fulfilling its payment obligation. Under the New Financial Services Master Agreement, COSCO SHIPPING Finance agrees to deliver monthly financial statements to the Company on the fifth business day of the next month. We consider that such information right granted to the Company would facilitate the Group's better understanding and monitoring of the risk profile of COSCO SHIPPING Finance.

Furthermore, as advised by the Company, COSCO SHIPPING Finance, as an intra-group service provider, is more familiar with the business development of the Group and COSCO SHIPPING Group, and generally has better and more efficient communication with the Group and better understanding of the Group's operations and needs for financial services as compared to independent commercial banks and financial institutions. The Group may be able to negotiate more favourable terms with COSCO SHIPPING Finance as compared with independent commercial banks and financial institutions. As such, we concur with the view of the Directors that as compared with independent commercial banks in the PRC, COSCO SHIPPING Finance shall be in a better position to provide the Group with more expedient and efficient financial services.

Given the above and our analysis on major terms of the said agreement (as elaborated below), we are of the view that the entering into of the New Financial Services Master Agreement falls within the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **B. Major terms of the New Financial Services Master Agreement**

#### *The New Financial Services Master Agreement*

As stated in the Letter from the Board, other than (i) the addition of a pricing principle for deposit services that the interest rate for deposit services shall be no lower than “the rate for the same category and same class of deposit services offered by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group”; (ii) change of commencement date; and (iii) other housekeeping amendments, the principal terms of the New Financial Services Master Agreement (except the loan services) are the same as those in the 2019 Financial Services Master Agreement (except the loan services).

The New Financial Services Master Agreement sets out the general terms and conditions governing the relevant continuing connected transactions, and at any time during the New Financial Services Master Agreement, COSCO SHIPPING Finance and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or invoice(s) may be issued by COSCO SHIPPING Finance to the relevant member(s) of the Group and approved by the latter (as appropriate) in relation to any of the services contemplated under the New Financial Services Master Agreement upon and subject to the terms and conditions in compliance with those of the New Financial Services Master Agreement as may be agreed between the relevant parties. The New Financial Services Master Agreement also provides that the Company has the right to, based on its business requirements, choose any financial institutions to provide the most appropriate financial services to the Group.

According to the New Financial Services Master Agreement, the transactions contemplated under the New Financial Services Master Agreement shall be conducted on normal commercial terms and negotiated on arm’s length basis and the terms of the transactions (including the interest receivable by the Group and the fees (including the service fees and handling charges) payable under the financial services to COSCO SHIPPING Finance) shall be at market rates or rates no less favourable than those available to independent third parties from COSCO SHIPPING Finance or from independent third parties to the relevant member(s) of the Group (as appropriate) .

We have discussed with the Company and understood that the Group has in place internal procedures to ensure the relevant continuing connected transactions as contemplated under the New Financial Services Master Agreement will be (i) conducted on normal commercial terms; (ii) negotiated on an arm’s length basis; and (iii) at market rates or rates no less favourable than those available to independent third parties from COSCO SHIPPING Finance or from independent third parties to the relevant members of the Group (as appropriate). We have obtained and reviewed the internal procedures of the Company with respect to the continuing connected transactions of the Company. Based on our work done, we are of the view that the Group has in place appropriate procedures to ensure that the pricings are determined on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the information provided by the Company, the pricing principles for the financial services to be provided by COSCO SHIPPING Finance to the Group are as follows:

Service nature	Pricing principle
Deposit services	<p>The interest rate for such deposit services shall be no lower than:</p> <ul style="list-style-type: none"><li>(i) the floor rate for the same category of deposit services stipulated by PBOC from time to time;</li><li>(ii) the rate for the same category of deposit services offered by independent commercial banks in the PRC; and</li><li>(iii) the rate for the same category and same class of deposit services offered by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group.</li></ul> <p>To ascertain the rate referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for the same category of deposit services and compare to those obtained by the Group from COSCO SHIPPING Finance.</p>
Other services	<p>Service fees of other services approved by CBIRC shall be determined in accordance with the following pricing principles:</p> <ul style="list-style-type: none"><li>(i) the price to be complied with the fee standards prescribed by PBOC or CBIRC;</li><li>(ii) no higher than those charged by independent commercial banks in the PRC for services of similar nature; and</li><li>(iii) no higher than those charged by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group for services of similar nature.</li></ul> <p>To ascertain the services fees referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for services of similar nature to the relevant category of other financial services and compare to those obtained by the Group from COSCO SHIPPING Finance.</p>



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the term of the Expired Financial Services Master Agreement, COSCO Finance provided deposit services to the Group. We have reviewed the information provided by the Company relating to the deposit interest rates offered by COSCO Finance and those offered by independent commercial banks to the Group and note that the deposit interest rates offered by COSCO Finance were no less favourable to the Group than those offered by independent commercial banks.

Further, the New Financial Services Master Agreement provides that in the event that the Group cannot withdraw all or part of its deposits placed with COSCO SHIPPING Finance, the Group shall have the right to offset the deposit amounts due to the Group from COSCO SHIPPING Finance against the loans advanced by COSCO SHIPPING Finance to the Group. On the other hand, in the event that the Group cannot repay all or part of the loans advanced by COSCO SHIPPING Finance to the Group, COSCO SHIPPING Finance shall have the right to offset the outstanding loan amounts due from the Group to COSCO SHIPPING Finance against the deposits placed by the Group with COSCO SHIPPING Finance.

Given the above, we concur with the view of the Directors that the terms of the New Financial Services Master Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### C. The Caps

*The caps for the deposit service contemplated under the New Financial Services Master Agreement*

Set out below are the details of (i) the maximum historical daily cash deposit of the Group maintained with COSCO Finance under the Expired Financial Services Master Agreement for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 (the “**Review Period**”); and (ii) the proposed caps for the deposit service contemplated under the New Financial Services Master Agreement for each of the three financial years ending 31 December 2022:

(i) *Historical transaction amounts*

	For the financial year ended 31 December		
	2017	2018	2019
	<i>Did not exceed</i>	<i>Did not exceed</i>	<i>Did not exceed</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Amount of daily cash balance(s) of all cash deposit accounts of member(s) of the Group maintained with COSCO Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO Finance for the transactions (except transactions in connection with the provision of loan services) contemplated under the Expired Financial Services Master Agreement	1,180,000,000 with highest daily transaction volume of 803,153,649	1,180,000,000 with highest daily transaction volume of 448,562,769	1,180,000,000 with highest daily transaction volume of 435,026,882

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The highest daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges in respect of settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO SHIPPING Finance during the Transitional Period was RMB91,280.

(ii) *The Caps*

	For the financial year ended 31 December		
	2020	2021	2022
	RMB	RMB	RMB
Amount of daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill services) payable by the Group to COSCO SHIPPING Finance for the transactions (except transactions in connection with the provision of loan services) contemplated under the New Financial Services Master Agreement	725,000,000	730,000,000	735,000,000

As stated in the Letter from the Board, after the special general meeting of the Company on 30 December 2019 followed by the outbreak of the novel coronavirus pneumonia (COVID-19) globally, the Company has re-assessed and re-calculated the Caps with reference to the latest market conditions taking into account, among others, the impact of novel coronavirus pneumonia (COVID-19) and expected macroeconomic environment of the relevant businesses of the Group. As a result, the above Caps are calculated with reference to the maximum amounts of daily cash balance(s) of all cash deposits accounts of each member of the Group

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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maintained with COSCO Finance together with all fees payable by the Group in respect of each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, on the other hand, the relevant caps for the transactions contemplated under the 2019 Financial Services Master Agreement was calculated by aggregating the estimated maximum amount of daily cash balance(s) of all cash deposits accounts of each member of the Group maintained with COSCO SHIPPING Finance with the estimated appropriate fees payable by the Group per year, with reference to the respective highest daily deposit amounts placed by each relevant member of the Group with COSCO Finance at different points of time during the two financial years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019, together amounting to approximately RMB1,107 million.

In determining the Caps, the Company has also (a) examined and compared the transactions amounts of the relevant member(s) of the Group for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019; (b) interviewed the management of the relevant member(s) of the Group to obtain opinion on the anticipated cash flow demand based on current scale and daily operation of the relevant businesses and forecasts of the transactions contemplated under the New Financial Services Master Agreement for the years of 2020 to 2022; (c) considered the impact of the novel coronavirus pneumonia (COVID-19) and expected macroeconomic environment of the relevant businesses and in particular the strategies of the treasury management of the Group taking into account the business development plans, financial needs and anticipated cash flows of the Group as well as the sustainable business development of the Group, including the funding requirement for operation of asphalt business; and (d) the expected demand of the Group for deposit services provided by COSCO SHIPPING Finance as a result of its competitive edge over other financial services providers becoming more apparent arising from continuing improvement in its services which can better serve the development needs of the Group.

### *The Caps*

As advised by the Company, the Group receives cash deposit from (i) ship buyers under the ship trading agency services business; (ii) buyers under the coating business; (iii) buyers under the trading business (including asphalt trading); and (iv) insurance policy holders under the insurance brokerage services. We have obtained the respective highest deposit amounts placed by the members of the Group with COSCO Finance during the Review Period and note that these deposit amounts which were placed at different time added up to RMB1,109.9 million.

Approximately 48.3%, or RMB350 million, of the Caps for 2020 is attributable to the deposit for the ship trading agency services business by the Group. The relevant cap amount remains the same as that for 2020, 2021 and 2022. In relation to the ship trading agency services business, as advised by the Company, the Company expects that the vessel value of ships traded by the Group will be between around RMB70 million to RMB200 million per ship. Therefore, assuming the Company receives deposits from ship buyers for two vessels around the same period of time, it is possible for the Group to have occasional inflow of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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substantial amount of cash deposit. In this regard, we note that the highest daily deposit balance for the ship trading agency services business amounted to approximately RMB318.5 million during the Review Period.

Approximately 27.6%, or RMB200 million, of the Caps for 2020 is attributable to the deposit for the trading business (including asphalt trading) by the Group. The relevant cap amount remains the same as that for 2020, 2021 and 2022. In determining the relevant cap for the deposits from trading business (including asphalt trading), the management has taken into account (i) the concentrated payback period in asphalt trading; and (ii) the large amount of prepayment received for marine equipment trading, which means the Group may suddenly have a significant increase in cash balance on a given day. Furthermore, we note that highest daily deposit balance from trading business during the Review Period of approximately RMB371.6 million is higher than the relevant cap amount for 2020, 2021 and 2022.

Approximately 13.8%, or RMB100 million, of the Caps for 2020 is attributable to the deposit for the coating business by the Group. The relevant cap amount remains the same as that for 2020, 2021 and 2022. In determining the relevant cap for the deposits from the coating business, the management has taken into account the deposit stored with COSCO Finance during the Review Period. We note that highest daily deposit balance from coating business during the Review Period which amounted to approximately RMB354.0 million is higher than the relevant cap amount for 2020, 2021 and 2022.

Approximately 10.3%, or RMB75 million, of the Caps for 2020 is attributable to the deposit for the insurance brokerage services by the Group. The cap amount for each of 2021 and 2022 for the deposit for the insurance brokerage services is estimated to increase by approximately 6.7% and 6.3%, respectively, as compared to the preceding year. In relation to the insurance brokerage services, the management has taken into account (i) the deposits stored with COSCO Finance during the Review Period; and (ii) the expected expansion in the Group's insurance business (including both marine and non-marine insurance business) which is expected to lead to the increase in insurance premium received. We note that the highest daily deposit balance for the insurance brokerage services amounted to approximately RMB65.7 million during the Review Period.

Furthermore, we note that the Caps for each of the three financial years represent only approximately 12.6%, 12.6% and 12.7% of the Group's total current deposits and cash and cash equivalents of approximately HK\$6,314 million as at 31 December 2019, respectively.

Given the above, we are of the view that the basis for determining the Caps for each of the three financial years ending 31 December 2022 is fair and reasonable.

Notwithstanding the above, we would like to highlight that as the Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2022, we express no opinion as to how closely the actual transaction amounts pursuant to the New Agreements shall correspond to the Caps.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **D. Requirements by the Listing Rules regarding the transactions contemplated under the New Financial Services Master Agreement**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the New Financial Services Master Agreement are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the transactions contemplated under the New Financial Services Master Agreement and confirm in the annual report that the transactions contemplated under the New Financial Services Master Agreement have been entered into:
  - in the ordinary and usual course of business of the Company;
  - on normal commercial terms or better; and
  - according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the transactions contemplated under the New Financial Services Master Agreement:
  - have received the approval of the Board;
  - are, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
  - have been entered into, in all material respects, in accordance with the relevant agreement governing the transactions contemplated under the New Financial Services Master Agreement; and
  - have not exceeded the Caps.
- (c) the Company must allow, and ensure that the relevant counterparty to the transactions contemplated under the New Financial Services Master Agreement allow, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions contemplated under the New Financial Services Master Agreement. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (b) above; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the reporting requirements attached to the transactions contemplated under the New Financial Services Master Agreement, in particular, (i) the restriction of the value of the transactions contemplated under the New Financial Services Master Agreement by way of the Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the transactions contemplated under the New Financial Services Master Agreement and the Caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the transactions contemplated under the New Financial Services Master Agreement and safeguard the interests of the Independent Shareholders.

### RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the transactions contemplated under the New Financial Services Master Agreement (except the loan services) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and the terms thereof as well as the Caps in relation to the New Financial Services Master Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services) and the Caps in relation thereto.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**  
**Alex Lau**                      **Cathy Leung**  
*Managing Director*                      *Director*

*Note:* Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since November 2019.

## 1. 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.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(i) **Director’s interests in the long positions in underlying shares of equity derivatives of the Company**

*Share Options*

Name of Director	Capacity	Nature of interest	Exercise price (HK\$)	Aggregate long position in the underlying shares of the Company as at the Latest Practicable Date	Approximate percentage of total issued share capital of the Company as at the Latest Practicable Date
Mr. Zhu Jianhui	Beneficial owner	Personal	2.26	1,000,000	0.06%
Mr. Ma Jianhua	Beneficial owner	Personal	2.26	1,000,000	0.06%

*Notes:*

Subject to the fulfillment of the relevant conditions (details of which have been set out in the circular of the Company dated 24 March 2020), these share options were granted by the Company on 28 April 2020 (“**Date of Grant**”) pursuant to the share option incentive scheme adopted by the Company on 9 April 2020 and are exercisable at HK\$2.26 per share from 28 April 2022 to 27 April 2026 in the stipulated proportion as following:

- (a) 33.3% of the share options can be exercised during the period from the first trading day after 24 months (the second anniversary) from the Date of Grant to the last trading day of the 36 months from the Date of Grant.
- (b) 33.3% of the share options can be exercised during the period from the first trading day after 36 months (the third anniversary) from the Date of Grant to the last trading day of the 48 months from the Date of Grant.
- (c) 33.4% of the share options can be exercised during the period from the first trading day after 48 months (the fourth anniversary) from the Date of Grant to the last trading day of the 72 months from the Date of Grant.

**(ii) Directors’ interests in the long positions in the shares of associated corporation**

Name of Director	Name of associated corporation	Capacity	Nature of interest	Number of ordinary shares of associated corporation held as at the Latest Practicable Date	Approximate percentage of total issued share capital of associated corporation as at the Latest Practicable Date
Mr. Zhu Jianhui	China COSCO Holdings Company Limited (now known as COSCO SHIPPING Holdings Co., Ltd.)	Interest of spouse	Family	20,000 (A shares)	0.0002%
	China Shipping Container Lines Company Limited (now known as COSCO SHIPPING Development Co., Ltd.)	Interest of spouse	Family	10,000 (A shares)	0.0001%
Mr. Feng Boming	COSCO SHIPPING Development Co., Ltd.	Beneficial owner	Personal	29,100 (A shares)	0.0003%
	COSCO SHIPPING Ports Limited	Beneficial owner	Personal	30,000	0.0009%



(iii) **Directors' interests in the long positions in the underlying shares of equity derivatives of associated corporation**

*Share Options*

Name of Director	Name of associated corporation	Capacity	Nature of Interest	Exercise price (RMB)	Aggregate long position in the underlying shares of associated corporation as at the Latest Practicable Date	Approximate % of total number of issued A shares of associated corporation as at the Latest Practicable Date
Mr. Feng Boming	COSCO SHIPPING Holdings Co., Ltd.	Interest of spouse	Family	4.10	530,000 <sup>Note 1</sup>	0.01%
	COSCO SHIPPING Holdings Co., Ltd.	Beneficial Owner	Personal	3.50	936,000 <sup>Note 2</sup>	0.01%

*Note:*

- 1 The share options were granted by COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"), on 3 June 2019 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings adopted on 30 May 2019. Each share option entitles the person being granted the share option to acquire one A share of COSCO SHIPPING Holdings at an exercise price of RMB4.10 per A share. Subject to the vesting period provision and satisfaction of the conditions of exercise, (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant (i.e. 3 June 2019) (the "2019 Grant Date") to the last trading day of the 36-month period from the 2019 Grant Date; (b) 33% of the share options can be exercised from the first trading day after 36 months from the 2019 Grant Date to the last trading day of the 48-month period from the 2019 Grant Date; and (c) 34% of the share options can be exercised from the first trading day after 48 months from the 2019 Grant Date to the last trading day of the 84-month period from the 2019 Grant Date. For details, please refer to the circular dated 18 March 2019 and the announcements dated 4 December 2018, 22 April 2019, 7 May 2019 and 3 June 2019 of COSCO SHIPPING Holdings.
- 2 The share options were granted by COSCO SHIPPING Holdings, on 29 May 2020 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings adopted on 30 May 2019 and subsequently revised on 18 May 2020. Each share option entitles the person being granted the share option to acquire one A share of COSCO SHIPPING Holdings at an exercise price of RMB3.50 per A share. Subject to the vesting period provision and satisfaction of the conditions of exercise, (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant (i.e. 29 May 2020) (the "2020 Grant Date") to the last trading day of the 36-month period from the 2020 Grant Date; (b) 33% of the share options can be exercised from the first trading day after 36 months from the 2020 Grant Date to the last trading day of the 48-month period from the 2020 Grant Date; and (c) 34% of the share options can be exercised from the first trading day after 48 months from the 2020 Grant Date to the last trading day of the 84-month period from the 2020 Grant Date. For details, please refer to the circulars dated 18 March 2019 and 20 April 2020 and the announcements dated 4 December 2018, 22 April 2019, 7 May 2019, 30 March 2020 and 29 May 2020 of COSCO SHIPPING Holdings.

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole;
- (iii) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019, being the date up to which the latest published audited consolidated financial statements of the Group were made; and
- (iv) Mr. Zhu Jianhui, being a Director, is also a director, president and chairman of COSCO SHIPPING (Hong Kong). Mr. Ma Jianhua, being a Director, is also a director and vice president of COSCO SHIPPING (Hong Kong). Mr. Feng Boming being a Director, is also a director of COSCO SHIPPING (Hong Kong). Mr. Chen Dong being a Director, is also general manager of Finance and Accounting Division of COSCO SHIPPING and a director of COSCO SHIPPING (Hong Kong). COSCO SHIPPING (Hong Kong) had and COSCO SHIPPING was deemed to have, an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

#### 4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the following Directors (including their respective close associates) were considered to have interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, particulars of which are set out below:

<b>Name of Director</b>	<b>Name of the entities which were considered to compete or likely to compete with the businesses of the Group</b>	<b>Description of businesses of the entities which were considered to compete or likely to compete with the businesses of the Group</b>	<b>Nature of Director's interest in the entities</b>
Mr. Zhu Jianhui	Company controlled by COSCO SHIPPING	Shipping services	director
Mr. Ma Jianhua	Company controlled by COSCO SHIPPING	Shipping services	director
Mr. Feng Boming	Companies controlled by COSCO SHIPPING	Shipping services	director
Mr. Chen Dong	Companies controlled by COSCO SHIPPING	Shipping services	director

As the Board is independent from the board of directors of the aforesaid companies, and as none of the above Directors control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these companies.

Save as disclosed herein, none of the Directors and their respective close associates had any interest in a business which competed or may compete with the business of the Group as at the Latest Practicable Date.

#### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. EXPERT**

The following is the qualification of the expert who has given its opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Ballas Capital Limited	A licensed corporation to carry out Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019, the date up to which the latest published audited consolidated financial statements of the Group were made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 15 June 2020 for incorporation in this circular.

**7. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copy of the following documents are available for inspection at the office of Messrs. Sit, Fung, Kwong & Shum of 9/F., York House, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of SGM.

- (i) the New Financial Services Master Agreement;
- (ii) the 2019 Financial Services Master Agreement;

- (iii) the Expired Financial Services Master Agreement;
- (iv) the consent letter issued by the Independent Financial Adviser referred to in paragraph headed “EXPERT” in this Appendix;
- (v) the letter from the Independent Board Committee dated 15 June 2020; and
- (vi) the letter from the Independent Financial Adviser dated 15 June 2020.

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## NOTICE OF THE SGM

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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)**

### NOTICE OF THE SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (“SGM”) of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the “**Company**”) will be held on Tuesday, 7 July 2020 at 10:00 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 ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT** the New Financial Services Master Agreement and the Caps in relation thereto, each as defined and described in the circular of the Company dated 15 June 2020 (the “**Circular**”), a copy of the Circular marked “A” together with a copy of the New Financial Services Master Agreement marked “B” being tabled before the meeting and initialed by the chairman of the meeting for identification purpose, and all transactions contemplated thereunder (except the loan services contemplated thereunder) and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated under the New Financial Services Master Agreement.”

By Order of the Board

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

**Chiu Shui Suet**

*Company Secretary*

15 June 2020

*Notes:*

1. Taking into account the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the SGM against the epidemic to protect the Shareholders from the risk of infection:
  - (i) Compulsory body temperature check will be conducted;
  - (ii) Every Shareholder or proxy is required to wear surgical face mask throughout the SGM;
  - (iii) Every Shareholder or proxy is required to submit the health declaration form, which may be used for close contact tracing, if required;
  - (iv) No refreshment will be served; and
  - (v) Every Shareholder or proxy will be assigned a designated seat at the time of registration to ensure social distancing.

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## NOTICE OF THE SGM

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A Shareholder or proxy (a) who does not comply with any of the precautionary measures referred to in (i) to (iii) above; or (b) with a body temperature of over 37.3 degrees Celsius; or (c) who is subject to health quarantine prescribed by the Government of Hong Kong will not be given access to the meeting venue. The Company reminds the Shareholders or proxies that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. For the health and safety of Shareholders, the Company would like to advise Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.

The Company will keep the evolving novel coronavirus pneumonia (COVID-19) situation under review and may implement additional measures which will be announced closer to the date of the SGM. Shareholders should check the Company's website at [hk.coscoshipping.com](http://hk.coscoshipping.com) for future announcements and updates of the Company.

2. The ordinary resolution to be considered at the SGM 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.
3. A member of the Company who is entitled to attend and vote at the SGM 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.
4. A form of proxy for use at the SGM of the Company is enclosed herewith. Whether or not a member of the Company intends to attend the SGM in person, he or she is urged to complete and return the form of proxy in accordance with the instruction printed thereon.
5. 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.
6. 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 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case maybe) and in default thereof the form of proxy shall not be treated as valid.
7. Shareholders whose names appear in the share register of members of the Company as at the close of business on Monday, 6 July 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 Monday, 6 July 2020.
8. 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 SGM or on the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
9. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the SGM, 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 SGM 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.
10. 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.
11. As at the date of this notice, the board of the Company comprises six Directors with Mr. Zhu Jianhui (Chairman and Managing Director) and Mr. Ma Jianhua as executive directors, Mr. Feng Boming and Mr. Chen Dong as non-executive directors and Mr. Tsui Yiu Wa, Alec and Mr. Jiang, Simon X. as independent non-executive directors.