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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 Holdings Co., Ltd., you should at once hand this circular, the accompanying revised notice of EGM and the revised proxy form 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 transferee(s).

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## 中遠海運控股股份有限公司 COSCO SHIPPING Holdings Co., Ltd.\*

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1919)**

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,  
THE RULES OF PROCEDURES OF THE GENERAL MEETING,  
THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS AND  
THE RULES OF PROCEDURES OF THE SUPERVISORY COMMITTEE**

**(2) REGISTRATION AND ISSUANCE OF DEBT FINANCING  
INSTRUMENTS AND CORPORATE BONDS**

**(3) RE-ELECTION AND ELECTION OF DIRECTORS AND  
SUPERVISORS FOR THE FORTHCOMING SESSION**

**(4) SHAREHOLDERS' RETURN PLAN FOR THE YEARS 2020-2022**

**AND**

**(5) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
CONSTRUCTION OF SEVEN VESSELS**

**Independent Financial Adviser**

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



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Capitalized terms used in this cover page have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 6 to 20 of this circular. A letter from the Independent Board Committee is set out on page 21 of this circular. A letter from the Independent Financial Adviser is set out on pages 22 to 38 of this circular.

A revised notice convening the EGM on Monday, 30 November 2020 at 10 a.m. at Conference Room, 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong and Ocean Hall, 5th Floor, Shanghai Ocean Hotel, No. 1171, Dong Da Ming Road, Shanghai, the PRC, together with the revised form of proxy are enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the revised form of proxy in accordance with the instructions printed thereon. The revised form of proxy should be returned to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish.

As part of our control measures to try to prevent and control the spread of the Novel Coronavirus (COVID-19) and to safeguard the health and safety of the Shareholders, the Company encourages the Shareholders to consider appointing the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM, instead of attending the EGM in person.

\* For identification purpose only

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## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

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The health of the Shareholders, staff and stakeholders of the Company is of paramount importance to us. In view of the ongoing COVID-19 pandemic, the Company will implement the following preventive measures at the Hong Kong venue of the EGM to safeguard against the risks of our attending Shareholders, staff and other stakeholders from being infected:

- (i) compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) each attendee will be required to wear a surgical face mask throughout the EGM inside the EGM venue;
- (iii) the Company will maintain appropriate social distancing regarding the seating arrangement;
- (iv) no refreshments and beverages will be served or arranged to be taken away, and there will be no corporate gifts; and
- (v) each attendee will be asked to fill out the Health & Quarantine Information Declaration, and may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the EGM venue or be required to leave the EGM venue.

In consideration of the health and safety of all stakeholders, and to comply with the recent guidelines regarding the prevention and control of the spread of COVID-19, the Company would like to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. The Shareholders can fill out and submit the revised proxy form attached to this circular to appoint the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM, instead of attending the EGM in person.

If any Shareholder not attending the EGM in person has any question about the resolutions proposed to be passed at the EGM or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the Company's place of business in Hong Kong at 48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong or to the Company's email at [investor@coscoshipping.com](mailto:investor@coscoshipping.com).

If any Shareholder has any question relating to the EGM, please contact the H share registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wan Chai, Hong Kong  
Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)  
Tel: 2862 8555  
Fax: 2865 0990

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:*

“associates”	has the meaning ascribed to it under the Listing Rules
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Builders”	Dalian KHI and Nantong KHI
“Buyers”	Newcontainer No.113 (Marshall Islands) Shipping Inc. (“NC113”), Newcontainer No.115 (Marshall Islands) Shipping Inc. (“NC115”), Newcontainer No.116 (Marshall Islands) Shipping Inc. (“NC116”), Newcontainer No.117 (Marshall Islands) Shipping Inc. (“NC117”), Newcontainer No.118 (Marshall Islands) Shipping Inc. (“NC118”), Newcontainer No.119 (Marshall Islands) Shipping Inc. (“NC119”), and Newcontainer No.120 (Marshall Islands) Shipping Inc. (“NC120”), each an indirect wholly-owned subsidiary of OOIL, and therefore a non-wholly owned subsidiary of the Company
“Company”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and a member of COSCO SHIPPING Group, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601919)
“connected person”	has the meaning ascribed to it under the Listing Rules
“COSCO”	China Ocean Shipping Company Limited* (中國遠洋運輸有限公司), a PRC state-owned enterprise, the direct controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and the indirect controlling shareholder of the Company

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## DEFINITIONS

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“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates
“CSRC”	China Securities Regulatory Commission
“Dalian KHI”	Dalian COSCO KHI Ship Engineering Co., Ltd.* (大連中遠海運川崎船舶工程有限公司), a company established in the PRC and an indirect subsidiary of COSCO SHIPPING. Nantong KHI directly holds 30% equity interest in Dalian KHI
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Monday, 30 November 2020 at 10 a.m.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors (except Mr. Yang Liang Yee Philip)
“Independent Financial Adviser”	First Shanghai Capital Limited (第一上海融資有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Shipbuilding Transaction
“Independent Shareholders”	Shareholders other than members of COSCO SHIPPING Group
“Latest Practicable Date”	10 November 2020, being the latest practicable date before the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

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## DEFINITIONS

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“March Transaction”	the transactions under the shipbuilding contracts all dated 10 March 2020 for the construction of the March Vessels, which constituted a discloseable transaction and a connected transaction of the Company, and the details of which are contained in the announcement and the circular of the Company dated 11 March 2020 and 27 April 2020 respectively
“March Vessels”	five units of 23,000 TEU container vessels, three of which are being constructed by Nantong KHI and two of which are being constructed by Dalian KHI under the shipbuilding contracts all dated 10 March 2020 and the details of which are contained in the announcement and the circular of the Company dated 11 March 2020 and 27 April 2020 respectively
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“NAFMII”	National Association of Financial Market Institutional Investors
“Nantong KHI”	Nantong COSCO KHI Ship Engineering Co., Ltd.* (南通中遠海運川崎船舶工程有限公司), a company established in the PRC and an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong KHI
“Nomination Committee”	the nomination committee of the Company
“OOIL”	Orient Overseas (International) Limited (東方海外(國際)有限公司*), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange (stock code: 316), and a non-wholly subsidiary of the Company
“OOIL Group”	OOIL and its subsidiaries
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Issuance”	collectively, the Proposed Issuance of Debt Financing Instruments and the Proposed Issuance of Corporate Bonds
“Proposed Issuance of Corporate Bonds”	the proposed issuance of corporate bonds of the Company in the aggregate principal amount of not more than RMB10 billion

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## DEFINITIONS

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“Proposed Issuance of Debt Financing Instruments”	the proposed issuance of debt financing instruments of the Company with the outstanding principal balance not more than RMB20 billion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contracts”	the following seven shipbuilding contracts all dated 30 October 2020, each of which relates to one Vessel and contains substantially the same terms: (i) three shipbuilding contracts entered into by Nantong KHI with each of NC113, NC115 and NC116 respectively in respect of the three related Vessels; and (ii) four shipbuilding contracts entered into by Dalian KHI with each of NC117, NC118, NC119 and NC120 respectively in respect of the four related Vessels
“Shipbuilding Transaction”	the transactions contemplated under the Shipbuilding Contracts
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisory Committee”	the supervisory committee of the Company
“TEU”	twenty-foot equivalent container unit
“US\$”	United States dollars, the lawful currency of the United States
“Vessels”	seven units of 23,000 TEU container vessels, three of which will be constructed by Nantong KHI and four of which will be constructed by Dalian KHI according to the respective Shipbuilding Contracts; and “Vessel” means any of them
“%”	per cent.

*Note: The exchange rate used for reference purpose in this circular is US\$1.00 to HK\$7.85.*

\* For identification purposes only

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## LETTER FROM THE BOARD

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中遠海運控股股份有限公司  
**COSCO SHIPPING Holdings Co., Ltd.\***

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 1919)

**Directors:**

Mr. XU Lirong<sup>1</sup> (Chairman)  
Mr. YANG Zhijian<sup>1</sup>  
Mr. FENG Boming<sup>1</sup>  
Mr. YANG, Liang Yee Philip<sup>2</sup>  
Mr. WU Dawei<sup>2</sup>  
Mr. ZHOU Zhonghui<sup>2</sup>  
Mr. TEO Siong Seng<sup>2</sup>

**Registered Office:**

2nd Floor, 12 Yuanhang Business Centre  
Central Boulevard and East Seven Road Junction  
Tianjin Port Free Trade Zone  
Tianjin, the PRC

**Principal Place of Business:**

48/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

<sup>1</sup> Executive Director

<sup>2</sup> Independent Non-executive Director

\* For identification purpose only

16 November 2020

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,  
THE RULES OF PROCEDURES OF THE GENERAL MEETING,  
THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS AND  
THE RULES OF PROCEDURES OF THE SUPERVISORY COMMITTEE  
(2) PROPOSED REGISTRATION AND ISSUANCE OF DEBT FINANCING  
INSTRUMENTS AND CORPORATE BONDS  
(3) RE-ELECTION AND ELECTION OF DIRECTORS AND  
SUPERVISORS FOR THE FORTHCOMING SESSION  
(4) SHAREHOLDERS' RETURN PLAN FOR THE YEARS 2020-2022  
AND  
(5) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
CONSTRUCTION OF SEVEN VESSELS

### INTRODUCTION

Reference is made to (i) the announcement and the overseas regulatory announcements of the Company dated 28 August 2020 in relation to the proposed amendments to the Articles of Association, the rules of procedures of the Board, the rules of procedures of the General Meeting and the rules of procedures of the Supervisory Committee; (ii) the announcement of



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## LETTER FROM THE BOARD

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the Company dated 30 October 2020 in relation to the election and re-election of the new session of the Board and the Supervisory Committee; (iii) the overseas regulatory announcement of the Company dated 28 September 2020 in relation to the proposed registration and issuance of debt financing instrument and corporate bonds; and (iv) the announcement of the Company dated 30 October 2020 in respect of the Shipbuilding Transaction contemplated under the Shipbuilding Contracts.

The purpose of this circular is to provide you with, among other things, further information regarding (i) the proposed amendments to the Articles of Association, the rules of procedures of the General Meeting and the rules of procedures of the Board and the rules of procedures of the Supervisory Committee, (ii) the registration and issuance of debt financing instruments and corporate bonds; (iii) the re-election and election of Directors and Supervisors; (iv) proposal in relation to the Shareholders' return plan for the years 2020-2022 and (v) the Shipbuilding Transaction, in order to allow you make an informed decision on voting in respect of the relevant resolutions to be proposed at the EGM.

### **1. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURES OF THE GENERAL MEETING, THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS AND THE RULES OF PROCEDURES OF THE SUPERVISORY COMMITTEE**

#### **Proposed Amendments to the Articles of Association**

A special resolution will be proposed at the EGM to approve certain amendments to the Articles of Association in order to, amongst other things, (i) reflect recent amendments to requirements under relevant laws and regulations of the PRC including but not limited to the repurchase of shares of a company and the notice period and convening procedures for general meetings; and (ii) satisfy the actual needs of the operation and development of the Company.

The proposed amendments to the Articles of Association in relation to share repurchase and treasury shares are made in accordance with the relevant requirements under the laws and regulations of the PRC and will only apply to the repurchase of A shares (but not H shares) by the Company. In conducting repurchase of A shares and/or H shares of the Company, the Company undertakes to comply with all relevant laws and regulations including the Listing Rules.

The Articles of Association are written in Chinese without an official English version. Therefore, any English translation is for reference only. In case of inconsistency, the Chinese version shall prevail.

Details of the proposed amendments to the Articles of Association are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### **Proposed Amendments to the Rules of Procedures of the General Meeting**

A special resolution will be proposed at the EGM to approve certain amendments to the rules of procedures of the General Meeting in order to satisfy the actual business needs of the Company and reflect the amendments to the relevant requirements of the laws, regulations and rules in the PRC, including the Company Law of the PRC, the Governance Standards of Listed Companies, the Guidelines for the Articles of Association of Listed Companies (Revision April 2019) issued by CSRC and the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han 2019 No. 97) issued by the State Council.

Details of the proposed amended rules of procedures of the General Meeting are set out in Appendix III to this circular.

### **Proposed Amendments to the Rules Of Procedures of the Board**

A special resolution will be proposed at the EGM to approve certain amendments to the rules of procedures of the Board in order to satisfy the actual business needs of the Company and reflect the amendments to the relevant requirements of the laws, regulations and rules in the PRC, including the Company Law of the PRC, the Governance Standards of Listed Companies, the Guidelines for the Articles of Association of Listed Companies (Revision April 2019) issued by CSRC and the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han 2019 No. 97) issued by the State Council.

Details of the proposed amended rules of procedures of the Board are set out in Appendix IV to this circular.

### **Proposed Amendments to the Rules of Procedures of the Supervisory Committee**

A special resolution will be proposed at the EGM to approve certain amendments to the rules of procedures of the Supervisory Committee to, among other things, satisfy the actual business needs of the Company and reflect the proposed amendments to the Articles of Association.

Details of the proposed amendments to the rules of procedures of the Supervisory Committee are set out in Appendix V to this circular.

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## LETTER FROM THE BOARD

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### 2. PROPOSED REGISTRATION AND ISSUANCE OF DEBT FINANCING INSTRUMENTS AND CORPORATE BONDS

A special resolution will be proposed at the EGM to consider and approve the proposed registration and issuance of debt financing instruments and corporate bonds of the Company.

Particulars of the Proposed Issuance of Debt Financing Instruments are as follows:

Issuer:	COSCO SHIPPING Holdings Co., Ltd.*
Market of issue:	Interbank market of the PRC
Registration amount:	The registration amount need not be set according to relevant regulations
Size of issue:	The outstanding principal balance shall not exceed RMB20 billion (inclusive of RMB20 billion)
Type of issue:	Instruments to be registered include (but not limited to) ultra-short-term financing bills, short-term financing bills, medium-term notes, perpetual notes, asset-backed notes and green debt financing instruments, etc. The specific types of issuance are to be determined at the issuance stage.
Term of issue:	Not more than ten years from the date of issue (except for perpetual notes). The specific term of issuance shall be determined based on the relevant regulatory requirements, the funding needs of the Company and the market conditions at the time of issuance.
Interest rate:	The interest rate will be determined according to market conditions and the final results of book-building during the issue period.
Issue method:	Book building, targeted to the qualified institutional investors for public offering, and underwritten by qualified financial institutions engaged by the Company.
Target subscribers:	Institutional investors in the interbank bond market of the PRC (excluding those in respect of which subscription is prohibited under PRC laws and regulations).

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## LETTER FROM THE BOARD

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Use of proceeds:	The proceeds will be primarily used for the repayment of interest-bearing debts, to supplement liquidity and investment expenditures.
Term of validity of the resolution:	The resolutions in relation to the Proposed Issuance of Debt Financing Instruments shall become effective from the date of passing of such resolution by the Shareholders at the EGM, and shall remain valid for 24 months from the date of the registration notice of the NAFMII in relation to the debt financing instrument being obtained.
Particulars of the Proposed Issuance of Corporate Bonds are as follows:	
Issuer:	COSCO SHIPPING Holdings Co., Ltd.*
Market of issue:	Shanghai Stock Exchange
Registration amount:	RMB10 billion
Size of issue:	The proposed size of issue will not exceed RMB10 billion (inclusive of RMB10 billion)
Type of issue:	Bonds to be registered include (but not limited to) general corporate bonds, green corporate bonds, poverty alleviation corporate bonds, exchangeable corporate bonds, renewable corporate bonds, “Belt and Road” corporate bonds and short-term corporate bonds, etc. The specific types of issuance are to be determined at the issuance stage.
Term of issue:	Not more than ten years from the date of issue (except for renewable corporate bonds). The specific term of issuance shall be determined based on the relevant regulatory requirements, the funding needs of the Company and the market conditions at the time of issuance.
Interest rate:	The interest rate will be determined according to market conditions and the final results of book-building during the issue period.
Issue method:	Book building, targeted to the qualified institutional investors for public offering, and underwritten by qualified financial institutions engaged by the Company.

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## LETTER FROM THE BOARD

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Target subscribers:	Institutional investors in the Shanghai Stock Exchange (excluding those in respect of which subscription is prohibited under PRC laws and regulations).
Use of proceeds:	The proceeds will be primarily used for the repayment of interest-bearing loans, to supplement liquidity and investment expenditures of the Company.
Term of validity of the resolution:	The resolutions in relation to the Proposed Issuance of Corporate Bonds shall become effective from the date of passing of such resolution by the Shareholders at the EGM, and shall remain valid for 24 months from the date of the approval of registration of the Proposed Issuance of Corporate Bonds by the CSRC.

The Board resolved that a resolution will be proposed at the EGM to authorize the Board or persons authorized by the Board to deal with in accordance with the provisions of the relevant laws and regulations, advices and recommendations of the regulatory authorities and the market conditions, with a view to safeguard the best interests of the Company, including but not limited to:

- (a) to formulate and adjust the specific issuance plan of the Proposed Issuance, formulate and adjust the specific terms, conditions and other matters in relation to the Proposed Issuance, including but not limited to all matters relating to the specific size of issuance, maturity period, type, interest rate, or its way of determination, timing of the issue, issue arrangement (including whether the Corporate Bonds will be issued in tranches, and issue size for each tranche), guarantee arrangement and other credit enhancement mechanisms, periods and ways of repayment of principal and payment of interest, rating arrangement, specific subscription method, specific placing arrangement, whether the repurchase terms or redemption terms will be set and the specific contents thereof, use of proceeds and proportion of proceeds thereof, guarantee measures arrangement and all matters about the listing of the bonds that is related to the Proposed Issuance, if appropriate;
- (b) to deal with other matters in relation to the Proposed Issuance, including but not limited to engage intermediaries, to deal with the approval of the Proposed Issuance, to deal with the registration, issuance, registration of creditor's rights and debts, trade and transactions, repayment of principal and interests and other matters, including but not limited to the formulation, approval, authorization, execution, implementation, amendment and completion of all necessary documents, contracts, agreements, amendments to contracts and signatures in connection with the registration, issuance and listing in relation to the Proposed Issuance (including but not limited to the registration report, prospectus, underwriting agreement, bond trustee agreement, various announcements and other discloseable documents), and information disclosure in accordance with the relevant regulatory rules, if appropriate; and

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## LETTER FROM THE BOARD

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- (c) to make relevant adjustments to matters relating to the Proposed Issuance based on the capital and debt situation of the Company, the advice of the regulatory authorities or the changes in policies or market conditions, or to determine whether to continue with all or part of the work in respect of the Proposed Issuance in accordance with the prevailing circumstances (except where the matter concerned would require re-voting at the general meeting pursuant to the relevant laws and regulations and the Articles of Association).

It is agreed that the operating management shall be the authorized person of the Board. The operating management may exercise the above authorization from the date of such consideration and approval at the EGM, and the above authorization shall remain valid during the validity period of the registration of the Proposed Issuance or the duration of the relevant matters.

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

### **3. RE-ELECTION AND ELECTION OF DIRECTORS AND SUPERVISORS FOR THE FORTHCOMING SESSION**

#### **Re-election and Election of Directors**

The Board currently consists of seven Directors, namely Mr. Xu Lirong, Mr. Yang Zhijian, Mr. Feng Boming, Mr. Yang, Liang Yee Philip, Mr. Wu Dawei, Mr. Zhou Zhonghui and Mr. Teo Siong Seng.

According to article 108 of the Articles of Association, the term of office of each of the Directors is three years, and upon expiry of such term, the Directors being eligible, may offer themselves for re-election. However, pursuant to the relevant requirements of the Articles of Association, the China Securities Regulatory Commission and the Shanghai Stock Exchange, the term of appointment of independent non-executive Directors shall be subject to a maximum of six years.

Mr. Xu Lirong (許立榮) has been nominated for re-election as an executive Director and chairman of the Board. Mr. Huang Xiaowen (黃小文) has been nominated for election as an executive Director and vice-chairman of the Board. Mr. Yang Zhijian (楊志堅) and Mr. Feng Boming (馮波鳴) have been nominated for re-election as executive Directors. Mr. Wu Dawei (吳大衛), Mr. Zhou Zhonghui (周忠惠) and Mr. Teo Siong Seng (張松聲) have been nominated for re-election as independent non-executive Directors. Prof. Frederick Si-hang Ma (馬時亨) has been nominated for election as an independent non-executive Director.

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## LETTER FROM THE BOARD

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The Nomination Committee had assessed and reviewed the written confirmation of independence of each of Mr. Wu Dawei, Mr. Zhou Zhonghui, Mr. Teo Siong Seng and Prof. Frederick Si-hang Ma, based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and is satisfied that as at the Latest Practicable Date, each of Mr. Wu Dawei, Mr. Zhou Zhonghui, Mr. Teo Siong Seng and Prof. Frederick Si-hang Ma remained independent in accordance with Rule 3.13 of the Listing Rules.

In addition, the Nomination Committee had evaluated the performance and/or the qualifications of each of Mr. Wu Dawei, Mr. Zhou Zhonghui, Mr. Teo Siong Seng and Prof. Frederick Si-hang Ma and is of the view that they have provided and/or will provide valuable contributions to the Company and have demonstrated their abilities to provide independence, balanced and objective view to the Company's affairs. The Nomination Committee is also of the view that each of Mr. Wu Dawei, Mr. Zhou Zhonghui, Mr. Teo Siong Seng and Prof. Frederick Si-hang Ma would bring to the Board their own perspective, skills and experience, as further described in their biographies in Appendix V to this circular, and can contribute to the diversity of the Board taking into account their diversified educational background and professional experience.

Ordinary resolutions in relation to the aforementioned proposed appointments of Directors will be proposed at the EGM for the Shareholders' consideration. The term of office of the newly elected Directors will be for a period of three years which is proposed to commence from date of the passing of the relevant resolution at the EGM and will expire on the date of expiration of the term of the sixth session of the Board.

In light of the abovementioned six-year restriction in respect of independent non-executive Directors, Mr. Yang, Liang Yee Philip will not offer himself for re-election as an independent non-executive Director. The Board would like to take this opportunity to express its sincere gratitude to Mr. Yang, Liang Yee Philip for his significant contribution towards the Company in the past. Mr. Yang, Liang Yee Philip confirmed that he has no disagreement with the Board and the Company and there is no other matter in relation to his retirement that needs to be brought to the attention of the Shareholders.

The biographical details of the candidates proposed to be re-elected or elected as Directors at the EGM are set out in the Appendix V to this circular.

### **Re-election and Election of Supervisors**

The Supervisory Committee currently consists of three Supervisors, being Mr. Deng Huangjun, the Supervisor representing the staff and workers of the Company, and Mr. Meng Yan and Mr. Zhang Jianping, the independent Supervisors.

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## LETTER FROM THE BOARD

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According to article 138 of the Articles of Association, the term of the office of each of the Supervisors is three years and the appointment of the chairman of the Supervisory Committee requires the approval by two-thirds of the members of the Supervisory Committee. Each of the Supervisors shall be eligible for re-election upon the end of term by the Shareholders or by staff and workers of the Company through democratic election where appropriate.

Mr. Yang Shicheng (楊世成) has offered himself for election as a Supervisor representing the Shareholders and the chairman of the Supervisory Committee. Mr. Meng Yan (孟焰) and Mr. Zhang Jianping (張建平) has offered themselves for re-election as independent Supervisors.

Ordinary resolutions in relation to the abovementioned proposed appointments of Supervisors will be proposed at the EGM for the Shareholders' consideration. The term of office of the newly elected Supervisors will be for a period of three years commencing from the date of passing of the relevant resolution at the EGM and will expire on the date of expiration of the sixth session of the Supervisory Committee.

The biological details of the candidates proposed to be elected as Supervisors at the EGM are set out in the Appendix V to this circular.

### **Remuneration of Members of the Sixth Session of the Board and Supervisory Committee and Liability Insurance**

Based on the industry conditions and the scale and actual conditions of the Company, the remuneration of members of the sixth session of the Board and Supervisory Committee is proposed to be as follows (on a tax-inclusive basis):

- (1) Directors and Supervisors nominated by controlling shareholders shall receive no remuneration from the Company.
- (2) Independent non-executive Directors and independent Supervisors:
  - (i) Onshore independent non-executive Directors who act as chairman of Board professional committees: RMB150,000 per year; other onshore independent non-executive Directors: RMB120,000 per year; offshore independent non-executive Directors who act as chairman of Board professional committees: RMB450,000 per year; other offshore independent non-executive Directors: RMB350,000 per year.
  - (ii) Independent Supervisors: unchanged from the fifth session (being RMB280,000 per year)



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## LETTER FROM THE BOARD

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(iii) Subsidies for meetings:

- (a) RMB3,000 per meeting for meetings of the Board and Supervisory Committee; and
- (b) RMB2,000 per meeting for meetings of Board professional committees.

The Board also resolved that an ordinary resolution will be proposed at the EGM to purchase liability insurance for the Directors, Supervisors and senior management of the Company to cover the risk exposure of all Directors, Supervisors and senior management in the course of discharging their duties, and to authorize the Board and person(s) authorized by the Board, being the operating management of the Company, to do all such further acts and things, to execute such further documents and to take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such purchase.

An ordinary resolution will be proposed at the EGM for the Shareholders to consider and approve the above remuneration standard, the purchase of liability insurance and the relevant authorization.

#### **4. SHAREHOLDERS' RETURN PLAN FOR THE YEARS 2020-2022**

Pursuant to the Circular on Further Settling the Issues Concerning the Payment of Cash Dividends by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and No. 3 Guidelines for the Supervision of Listed Companies – Cash Dividends of Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》) both issued by the CSRC, the Guidelines of Shanghai Stock Exchange on Cash Dividends of Listed Companies (《上海證券交易所上市公司現金分紅指引》) issued by the Shanghai Stock Exchange and the Articles of Association, the Board has formulated and proposes to adopt the “Shareholders’ Return Plan for the Years 2020-2022”.

The “Shareholders’ Return Plan for the Years 2020-2022”, which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 28 September 2020. The full text of the English translation of the “Shareholders’ Return Plan for the Years 2020-2022” is set out in Appendix VII of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the “Shareholders’ Return Plan for the Years 2020-2022” will be submitted, by way of ordinary resolution, for the Shareholders’ consideration and approval at the EGM.

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## LETTER FROM THE BOARD

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### 5. SHIPBUILDING TRANSACTION

On 30 October 2020, the Buyers respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of seven Vessels for an aggregate consideration of US\$1,103.876 million (equivalent to approximately HK\$8,610.23 million). Among the Shipbuilding Contracts, (i) three of which were entered into with Nantong KHI for the construction of the related three Vessels for a consideration of US\$157.68 million (equivalent to approximately HK\$1,229.90 million) for each Vessel; and (ii) four of which were entered into with Dalian KHI for the construction of the related four Vessels for a consideration of US\$157.709 million (equivalent to approximately HK\$1,230.13 million) for each Vessel.

#### Finance Terms

OOIL, a non-wholly owned subsidiary of the Company, currently envisages that bank financing will be arranged for the Shipbuilding Transaction and expects to finance for not less than 60% of the contract price of each Vessel with the financing guaranteed by OOIL, which will be finalised before the delivery of the Vessels, with the balance of the contract price to be funded from internal resources. If the bank financing arrangement could not be arranged, the full contract price of each Vessel would come from the internal resources of the OOIL Group, which is expected to be sufficient for this purpose.

#### Contract Terms

The terms of the Shipbuilding Contracts (including the consideration for each Vessel) were determined on an arm's length basis and on normal commercial terms (based on price comparable to market price agreed between a willing buyer and a willing seller, payment terms, technical terms and delivery dates that meet OOIL's requirements), pursuant to the tender process referred to in "Reasons for and benefits of the Shipbuilding Transaction" below.

Under each of the Shipbuilding Contracts, the relevant Buyer shall pay the respective consideration of US\$157.68 million or US\$157.709 million (as the case may be) in cash in five instalments based on progress intervals on the construction of each Vessel with a smaller proportion of contract price payable in the first four instalments and the majority of the payment payable upon delivery of the Vessel.

The Vessels are expected to be delivered between the third quarter of year 2023 and the third quarter of 2024 subject to any early delivery or delay in delivery (subject to a maximum liquidated damages of appropriately US\$9.63 million) as provided in each of the Shipbuilding Contracts.

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of the Shipbuilding Transaction**

It is the view of the Directors that the OOIL Group should order the Vessels, following the entering of the shipbuilding contracts for the March Vessels as part of the OOIL Group's long-term strategic development and growth plan, to build and deploy mega-sized vessels that bring optimal fleet structure and capacity, economy of scale to the OOIL Group that would enhance the OOIL Group's cost competitiveness and improve operation efficiency; it would also consolidate the OOIL Group's position at the top echelon in the industry and leading market share position in strategic trades.

Based on the OOIL Group's evaluation on price, technical competency and delivery schedule, Nantong KHI's and Dalian KHI's offer is optimal amongst the bidders (including the independent-third-party shipbuilders) in the tender process in that they meet the above factors.

It is in the commercial interests of and to the corporate benefit for the OOIL Group to enter into the Shipbuilding Contracts with the Builders, being builders for the March Vessels, as the Vessels are a repeat of the March Vessels and engaging the same Builders will provide synergy in construction. After being engaged to construct the March Vessels, the Builders have an improved understanding of the OOIL Group's operational and technical requirements and standard for its newbuildings. OOIL understood that the Builders have open docks and capacity for new orders of mega-sized vessels such as the Vessels.

Following delivery of the Vessels, the OOIL Group's fixed assets will increase whilst current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance; and there is no immediate material impact on earnings of the OOIL Group by reason only of the Shipbuilding Transaction.

### **Listing Rules Implications**

As at the Latest Practicable Date, COSCO SHIPPING and its associates controlled or were entitled to exercise control over the voting rights in respect of 5,579,222,079 A shares and 87,635,000 H shares of the Company, representing approximately 46.22% of the entire issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong KHI. Dalian KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong directly holds 30% equity interest, respectively, in Dalian KHI. Accordingly, both Nantong KHI and Dalian KHI are connected persons of the Company under Chapter 14A of the Listing Rules, and the Shipbuilding Transaction constitutes a connected transaction of the Company.

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## LETTER FROM THE BOARD

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The Shipbuilding Transaction and the March Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Shipbuilding Transaction (both on a standalone basis and when aggregated with the March Transaction) exceeds 5% but all are less than 25%, the Shipbuilding Transaction constitutes a discloseable transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **Directors Confirmation**

The Board (including the independent non-executive Directors after taking into account the advice from the Independent Financial Adviser) considers that the terms of the Shipbuilding Contracts are fair and reasonable, and the Shipbuilding Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

The executive Directors, namely, Mr. Xu Lirong, Mr. Yang Zhijian and Mr. Feng Boming, as Directors nominated by COSCO (a controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING), have abstained from voting on the resolution for the approval of the Shipbuilding Transaction by the Board according to the Company's articles of association. Other than the abovementioned Directors, the remaining Directors are independent non-executive Directors. Mr. Yang Liang Yee Philip, an independent non-executive Director, has voluntarily abstained from voting on the Shipbuilding Transaction as he is an independent non-executive director of OOIL.

Save as disclosed above, none of the Directors has a material interest in the Shipbuilding Transaction and was required to abstain from voting on the relevant resolution.

An Independent Board Committee comprising all the independent non-executive Directors (except Mr. Yang Liang Yee Philip) has been established to advise the independent Shareholders on the terms of the Shipbuilding Transaction and on how to vote on the resolutions in respect of the Shipbuilding Transaction at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

### **Information on the Group and the Builders**

OOIL Group is principally engaged in the provision of container transport and logistics services.

The Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, Nantong KHI is a company established in the PRC and is an associate of COSCO SHIPPING, and in which each of COSCO SHIPPING and Kawasaki Heavy Industries Ltd. ("**Kawasaki**", a heavy industrial manufacturer whose shares are listed on the Tokyo Stock Exchange) indirectly or directly holds 50% equity interest respectively. Nantong KHI is principally engaged in the business of manufacturing, sales and repairing of ships (including trial-run for self-built ships).

To the best of the Directors' knowledge, information and belief, Dalian KHI is a company established in the PRC and is an indirect subsidiary of COSCO SHIPPING, and Dalian KHI's other shareholders are Nantong KHI and Kawasaki. Dalian KHI is principally engaged in the business of design, manufacturing, sales and repairing of ships (excluding military ships).

To the best of the Directors' knowledge, information and belief, the scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sale of vessels, containers and steel, and maritime engineering.

### EGM

The EGM will be held at Conference Room, 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong and Ocean Hall, 5th Floor, Shanghai Ocean Hotel, No. 1171, Dong Da Ming Road, Shanghai, the PRC on Monday, 30 November 2020 at 10 a.m. for the Shareholders to consider, and if thought fit, approve, among other things, (i) the proposed amendments to the Articles of Association, the rules of procedures of the General Meeting, the rules of procedures of the Board and the rules of procedures of the Supervisory Committee; (ii) the Proposed Issuance; (iii) the proposed re-election and elections of Directors and Supervisors and (iv) the Shipbuilding Transaction. A revised notice convening the EGM, together with the revised form of proxy, are enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the revised proxy form in accordance with the instructions printed on it. The revised proxy form should be returned to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or any adjournment of it. Completion and return of the revised proxy form will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders to be taken at the EGM shall be taken by poll. An announcement of the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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COSCO SHIPPING and its associates, being connected persons of the Company and having a material interest in the Shipbuilding Transaction, controlled or were entitled to exercise control over the voting rights in respect of 5,579,222,079 A Shares and 87,635,000 H Shares, representing approximately 46.22% of the total issued share capital of the Company as at the Latest Practicable Date. In accordance with the Listing Rules, they will abstain from voting at the EGM on the resolution to approve the Shipbuilding Transaction.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, none of the Shareholders has any material interest in the matters to be approved at the EGM and accordingly, none of the Shareholders is required to abstain from voting on the resolutions to be proposed at the EGM.

### **Recommendations**

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 38 of this circular in connection with the Shipbuilding Transaction, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the terms of the Shipbuilding Transaction and the advice of the Independent Financial Adviser, is of the opinion that the Shipbuilding Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the Shipbuilding Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Shipbuilding Transaction.

The Board recommends the Independent Shareholders to vote in favour of the resolution to approve the Shipbuilding Transaction at the EGM.

In addition, the Directors (including the independent non-executive Directors) believe that (i) the proposed amendments to the Articles of Association, the rules of procedures of the General Meeting, the rules of procedures of the Board and the rules of procedures of the Supervisory Committee; (ii) the Proposed Issuance; (iii) the proposed re-election and elections of Directors and Supervisors and (iv) the proposal in relation to the Shareholders' return plan for the years 2020-2022 are in the best interests of the Company and the Shareholders as a whole, and therefore recommend the Shareholders to vote in favor of the relevant resolutions set out in the revised notice of the EGM.

### **Additional Information**

Your attention is drawn to the information set out in Appendices to this circular.

Yours faithfully,  
For and on behalf of  
**COSCO SHIPPING Holdings Co., Ltd.\***  
**Guo Huawei**  
*Company Secretary*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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中遠海運控股股份有限公司  
**COSCO SHIPPING Holdings Co., Ltd.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1919)**

16 November 2020

*To the Independent Shareholders of the Company*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
CONSTRUCTION OF SEVEN VESSELS**

We refer to the circular issued by the Company dated 16 November 2020 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders as to whether (i) the Shipbuilding Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (ii) the terms of Shipbuilding Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

First Shanghai Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Transaction. The text of the letter of advice from the Independent Financial Adviser containing their recommendations and the principal factors they have taken into account in arriving at their recommendations are set out from pages 22 to 38 of the Circular.

Having taken into account the terms of the Shipbuilding Transaction and the advice of the Independent Financial Adviser, we are of the opinion that (i) the Shipbuilding Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that (ii) the terms of the Shipbuilding Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Shipbuilding Transaction.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. WU Dawei**

**Mr. ZHOU Zhonghui**

**Mr. TEO Siong Seng**

*Independent non-executive Directors*

\* For identification purpose only



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser setting out its opinion and recommendation regarding the Shipbuilding Transaction for the purpose of inclusion in the Circular.*



**First Shanghai Capital Limited**

19th Floor

Wing On House

71 Des Voeux Road Central

Hong Kong

16 November 2020

*To the Independent Board Committee and  
the Independent Shareholders*

COSCO SHIPPING Holdings Co., Ltd\*  
2nd Floor, 12 Yuanhang Business Centre  
Central Boulevard and East Seven Road Junction  
Tianjin Port Free Trade Zone  
Tianjin  
The PRC

Dear Sirs,

### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION CONSTRUCTION OF SEVEN VESSELS**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Transaction pursuant to the Shipbuilding Contracts, details of which are contained in the circular to the Shareholders dated 16 November 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as those defined in the Circular. For illustration purposes only, amounts denominated in US\$ and RMB in this letter have been translated into Hong Kong dollars at an exchange rate of US\$1.00 = HK\$7.8 and RMB1.00 = HK\$1.1.

On 30 October 2020, the Buyers (seven indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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construction of seven Vessels for an aggregate consideration of US\$1,103.876 million (equivalent to approximately HK\$8,610.23 million). Among the Shipbuilding Contracts, (i) three of which were entered into with Nantong KHI for the construction of the related three Vessels for a consideration of US\$157.68 million (equivalent to approximately HK\$1,229.90 million) for each Vessel; and (ii) four of which were entered into with Dalian KHI for the construction of the related four Vessels for a consideration of US\$157.709 million (equivalent to approximately HK\$1,230.13 million) for each Vessel.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, COSCO SHIPPING and its associates controlled or were entitled exercise control over the voting rights in respect of 5,579,222,079 A Shares and 87,635,000 H Shares, representing approximately 46.22% of the entire issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong. Dalian KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong KHI directly holds 30% equity interest, respectively, in Dalian KHI. Accordingly, both Nantong KHI and Dalian KHI are connected persons of the Company under Chapter 14A of the Listing Rules, and the Shipbuilding Transaction constitutes a connected transaction of the Company.

The Shipbuilding Transaction and the March Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Shipbuilding Transaction (both on a standalone basis and when aggregated with the March Transaction) exceeds 5%, but all are less than 25%, the Shipbuilding Transaction constitutes a discloseable transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors (except Mr. Yang Liang Yee Philip), i.e. namely Mr. Wu Dawei, Mr. Zhou Zhonghui and Mr. Teo Siong Seng, has been established to consider the Shipbuilding Transaction, and to advise the Independent Shareholders on the fairness and reasonableness in relation to the terms of the Shipbuilding Transaction.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Shipbuilding Transaction pursuant to the Shipbuilding Contracts is conducted in the ordinary and usual course of business of the Group; (ii) whether or not the Shipbuilding Transaction is on normal commercial terms or better, 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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and the terms of the Shipbuilding Transaction are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in relation to the ordinary resolution(s) to be proposed for approving the Shipbuilding Transaction at the EGM.

### OUR INDEPENDENCE

We are not connected with the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or associates, nor any party acting, or presumed to be acting, in concert with any of them, and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

The Independent Shareholders should note that, within the past two years prior to the Latest Practicable Date, we were engaged as the independent financial adviser by the Company for two occasions including (i) the provision of financial advice to its then independent board committee and independent shareholders for the discloseable transaction and connected transaction in respect of construction of five vessels conducted with COSCO SHIPPING Group as detailed in the circular of the Company dated 27 April 2020, i.e. the March Transaction; and (ii) the provision of financial advice to its then independent board committee and independent shareholders for the major and connected transaction in respect of leasing agreements of vessels as detailed in the announcement of the Company dated 30 October 2020. Other than the two previous engagements with the Company as an independent financial adviser, we were engaged as the independent financial adviser by OOIL, a non-wholly owned subsidiary of the Company, for three occasions including (i) the provision of independent financial advice to the then independent board committee and independent shareholders of OOIL for the continuing connected transactions conducted with the Group as detailed in the circular of OOIL dated 28 November 2019; (ii) the provision of independent financial advice to the then independent board committee and independent shareholders of OOIL for the major transaction and connected transaction regarding construction of five vessels conducted with COSCO SHIPPING Group as detailed in the circular of OOIL dated 9 April 2020, i.e. the March Transaction; and (iii) the provision of independent financial advice to the independent board committee and independent shareholders of OOIL for the Shipbuilding Transaction as detailed in the announcement of OOIL dated 30 October 2020. Apart from normal professional fees paid or payable to us in connection with the aforesaid appointments (the “**Previous Engagements**”), no arrangements exist whereby we had received any fees or benefits from the Company, OOIL, COSCO SHIPPING and their respective subsidiaries and/or associates.

Given (i) our independent roles in the Previous Engagements; (ii) none of the members of our parent group is a direct party to the Shipbuilding Contracts; and (iii) our fee for this present engagement with the Company, in addition to those for the Previous Engagements, represented an insignificant percentage of revenue of our parent group, we consider that the Previous Engagements would not affect our independence and objectivity to provide our advice and form our opinion in respect of the Shipbuilding Transaction.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Save as the aforesaid, as at the Latest Practicable Date, we did not have any other relationships or interests with the Company, OOIL, COSCO SHIPPING and their respective subsidiaries and/or associates, nor any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules, and are qualified to give independent advice in respect of the Shipbuilding Transaction.

### BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and the management of the Group (the “**Management**”). We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular.

We consider that we have (i) obtained and reviewed all information and documents of the Group relevant to an assessment of the fairness and reasonableness of the terms of the Shipbuilding Transaction, including but not limited to (a) the Shipbuilding Contracts, (b) the previous five shipbuilding contracts for the March Transaction (the “**March Shipbuilding Contracts**”), (c) the Company’s annual reports for each of the financial years ended 2018 (the “**2018 Annual Report**”) and 2019 (the “**2019 Annual Report**”), (d) the Company’s interim report for the six months ended 30 June 2020 (the “**Interim Report**”), (e) the Company’s circular dated 27 April 2020 in respect of the March Transaction, (f) the OOIL’s circulars dated 27 May 2011, 23 April 2015 and 9 April 2020 in respect of construction of vessels and (g) the Company’s feasibility study reports in respect of this Shipbuilding Transaction and the March Transaction; (ii) researched the relevant market and other conditions and trends relevant to the pricing of the Shipbuilding Transaction; and (iii) reviewed the fairness, reasonableness and completeness of any assumptions or projections relevant to the Shipbuilding Transaction. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Shipbuilding Transaction, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group, COSCO SHIPPING Holdings, the Builders and COSCO SHIPPING Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Shipbuilding Transaction to be conducted pursuant to the Shipbuilding Contracts, we have taken into consideration the following principal factors and reasons:

#### 1. Information of the Group and the OOIL Group

##### *The Group*

The Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

##### *OOIL Group*

OOIL is a non-wholly owned subsidiary of the Company. The OOIL Group is principally engaged in the provision of container transport and logistics services. According to the 2019 annual report and the 2020 interim report of OOIL, almost all (i.e. over 96%) of the revenue of the OOIL Group for each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 were generated from container transport and logistics service business.

#### 2. Information of the COSCO SHIPPING Group

##### *COSCO SHIPPING*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, COSCO SHIPPING is a state-owned enterprise established in the PRC. To the best of the Directors' knowledge, information and belief, the scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sale of vessels, containers and steel, and maritime engineering.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Nantong KHI*

To the best of the Directors' knowledge, information and belief, Nantong KHI is a company established in the PRC and is an associate of COSCO SHIPPING, and in which each of COSCO SHIPPING and Kawasaki Heavy Industries Ltd. ("**Kawasaki**", a heavy industrial manufacturer whose shares are listed on the Tokyo Stock Exchange) indirectly or directly holds 50% equity interest respectively. Nantong KHI is principally engaged in the business of manufacturing, sales and repairing of ships (including trial-run for self-built ships).

Based on our independent research from the website of Nantong KHI at <http://www.nacks.com>, we noted that Nantong KHI is a large-scale shipbuilding joint venture between COSCO SHIPPING Group and Kawasaki. The total fleet of COSCO SHIPPING comprises 1,114 vessels with a capacity of 85.32 million deadweight tons, ranking No. 1 in the world. Kawasaki has two world-class shipyards at Kobe and Sakaide, Japan. COSCO SHIPPING and Kawasaki have been enjoying a good cooperation for several decades. In order to take the full advantage of both sides in capital, shipbuilding technology, ship market and management experience, COSCO SHIPPING and Kawasaki jointly invested RMB5 billion to establish Nantong KHI in the PRC. Nantong KHI mainly engages in the construction of various kinds of bulk carriers, oil tankers, super-panamax container ship and large-scale car carrier and special ship etc..

### *Dalian KHI*

To the best of the Directors' knowledge, information and belief, Dalian KHI is a company established in the PRC and is an indirect subsidiary of COSCO SHIPPING, and Dalian KHI's other shareholders are Nantong KHI and Kawasaki. Dalian KHI is principally engaged in the business of design, manufacturing, sales and repairing of ships (excluding military ships).

Further according to our independent research from the website of Dalian KHI at <http://www.dacks.com.cn>, Dalian KHI was established in July 2007 and was jointly invested by COSCO SHIPPING and Kawasaki with an initial investment of RMB2.62 billion, and is a second modernized large-scale shipbuilding joint venture, following the success of Nantong KHI. Dalian KHI mainly constructs 20,000 TEU containership, large size bulk carriers, very large crude carrier, very large ore carrier, large size container ships with capacity over 15,000 TEU, pure car carrier, liquefied natural gas carriers and other large-scale high-performance merchant vessels.

Based on the above findings and observation, we concur with the Management's view that both Nantong KHI and Dalian KHI can be regarded as world-class shipyards in the shipbuilding industry, and are technically capable to produce such larger containerships (i.e. the seven new Vessels of 23,000 TEU per vessel).

### 3. Reasons for and benefits of for the Shipbuilding Transaction

As mentioned in the “Letter from the Board” of the Circular (the “**Board Letter**”), it is the view of the Directors that the OOIL Group should order the Vessels, following the entering of the March Shipbuilding Contracts as part of the OOIL Group’s long-term strategic development and growth plan, to build and deploy mega-sized vessels that bring optimal fleet structure and capacity, economy of scale to the OOIL Group that would enhance the OOIL Group’s cost competitiveness and improve operation efficiency; it would also consolidate the OOIL Group’s position at the top echelon in the industry and leading market share position in strategic trades.

Based on the OOIL Group’s evaluation on price, technical competency and delivery schedule, Nantong KHI’s and Dalian KHI’s offer is optimal amongst the bidders (including the independent third party shipbuilders) in the tender process in that they meet the above factors.

It is in the commercial interests of and to the corporate benefit for the OOIL Group to enter into the Shipbuilding Contracts with the Builders, being builders for the March Vessels, as the Vessels are a repeat of the March Vessels and engaging the same Builders will provide synergy in construction. After being engaged to construct the March Vessels, the Builders have an improved understanding of the OOIL Group’s operational and technical requirements and standard for its newbuildings. OOIL understood that the Builders have open docks and capacity for new orders of mega-sized vessels such as the Vessels.

Following delivery of the Vessels, the OOIL Group’s fixed assets will increase whilst current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance; and there is no immediate material impact on earnings of the OOIL Group by reason only of the Shipbuilding Transaction.

The Board (including the Independent Non-Executive Directors after taking into account the advice from us) considers that the terms of the Shipbuilding Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

According to the 2018 Annual Report, the Board was cautiously optimistic about the shipping environment in the future mainly due to the favourable conditions and positive factors that: (1) the growth drivers of China economy remain stable and strong; (2) a more open China provides new driving forces for the development of the global free trade; (3) the Belt and Road Initiative creates significant opportunities for the development of the world economy, and with the construction of the Belt and Road being further deepened worldwide, emerging markets represented by Southeast Asia, Middle East, Central and South America and West Africa could be further developed, thereby driving the global economic growth; and (4) the capacity growth of container shipping tends to slow down, thus may help alleviate the pressure on supply side in the shipping industry.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the 2019 Annual Report, the global economic and trade situation in 2019 faced severe challenges. Economic growth had hit a new low since the financial crisis, and the demand growth in container shipping had slowed year-on-year. Through the collaboration of the dual-brand fleets and the cooperation between port and shipping operations, the Company continued to improve quality and efficiency, and realized synergies in various aspects, which significantly improved the Company's operating performance. In 2019, the Company adhered to the globalization strategy and continued to increase its shipping capacity in emerging markets, non-China markets and regional markets, on the basis of maintaining the competitive advantages of the major east-west services, which was in line with the changes in the global economic and trade pattern. The optimization and adjustment of its capacity allocation structure and cargo structure effectively helped to deal with the uncertainty brought about by the China-U.S. trade friction.

In the first half of 2020, facing the severe challenges brought by the spread of the COVID-19 pandemic and the global economy recession, the Company proactively prevented and mitigated the risk of pandemic, promoted the resumption of work and production while striving to secure a balanced operation of global logistics container supply chain, and achieved hard-won during the period. The Company proactively optimized the dual-brand fleet network and strengthened the synergies of dual-brand business sector, focusing on the optimization of synergies in various sectors, including fleet network, container management, procurement of supply chain and vessel operation, as well as consolidation of competition base and promotion of risk-resistance capacity.

Looking forward into the second half of the year, the COVID-19 pandemic prevention and control will gradually become normal. The Group believed that with the accelerated resumption of work and production in various countries and the emerging effect of economic stimulus policies, the global economy is to recover slowly from bottom line in the second half of the year. The Company will continue to maintain its strategic determination, actively embrace changes, nurture new opportunities in crises, explore new opportunities amidst changes, forge ahead and run against the tide, promote the healthy, stable and sustainable development of its principal businesses and strive to build the Company into a world-class integrated container shipping service provider to provide customers with better services and create greater value for the Shareholders.

In fact, according to the Interim Report, the Group's operating performance in terms of revenue for the six months ended 30 June 2020 had increased by approximately 3.2% on year-on-year basis, despite the COVID-19 pandemic widespread all over the world during the first half of 2020.

Based on our understanding from the Management, it has been the Group's procurement strategy to build and buy new vessels at the time of relatively sluggish global trade and economic environment, when the Management considers that the Group shall have a stronger position to bargain with shipbuilders for a more reasonable contract price for building new vessels. In evidence, the aggregate of 12 new vessels each with capacity of 23,000 TEU being constructed/to be built pursuant to the March Shipbuilding Contracts and the Shipbuilding

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Contracts are at lower price of US\$155.68 million or US\$157.68 million or US\$157.709 million per vessel comparing with the price for a smaller one of 20,000 TEU at US\$158.6 million incurred in 2015 pursuant to the 2015 Samsung Shipbuilding Contracts (defined below), further details of which are analysed hereinafter. Given the 12 new vessels (being the March Vessels and the Vessels) will take a longer time of almost three years to be built and completed until delivery, whilst the Vessels will be used for operation for over 20 years thereafter, the Board has considered that the temporary cyclical fluctuation in the global economic environment due to the China-U.S. trade friction coupled with the COVID-19 pandemic would not affect the Group's long-term business planning and development for over 20 years. On such basis, we consider that the entering into the Shipbuilding Contracts at this time in addition to the March Shipbuilding Contracts may be strategically beneficial to, and in the interests of, the Group and the Shareholders as a whole for its long-term business development.

Having considered that entering into the Shipbuilding Contracts in addition to the March Shipbuilding Contracts (i) is in line with the Group's business development strategy; (ii) can improve its quality of service, operational efficiency and profitability; and (iii) can enhance its competitiveness in the overall route arrangements for wider geographical coverage, we are of the view that the entering into of the Shipbuilding Transaction, in addition to the March Transaction, is an investing activity ancillary and incidental to the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

#### **4. Principal terms of the Shipbuilding Transaction**

On 30 October 2020, the Buyers (seven indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of seven Vessels for an aggregate consideration of US\$1,103.876 million (equivalent to approximately HK\$8,610.23 million). Among the Shipbuilding Contracts, (i) three of which were entered into with Nantong KHI for the construction of the related three Vessels for a consideration of US\$157.68 million (equivalent to approximately HK\$1,229.90 million) for each Vessel; and (ii) four of which were entered into with Dalian KHI for the construction of the related four Vessels for a consideration of US\$157.709 million (equivalent to approximately HK\$1,230.13 million) for each Vessel.

#### ***Finance terms***

OOIL, a non-wholly owned subsidiary of the Company, currently envisages that bank financing will be arranged for the Shipbuilding Transaction and expects to finance for not less than 60% of the contract price of each Vessel with the financing guaranteed by OOIL, which will be finalised before the delivery of the Vessels, with the balance of the contract price to be funded from internal resources. If the bank financing arrangement could not be arranged, the full contract price of each Vessel would come from the internal resources, which is expected to be sufficient for this purpose.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Contract terms*

The terms of the Shipbuilding Contracts (including the consideration for each Vessel) were determined on an arm's length basis and on normal commercial terms (based on price comparable to market price agreed between a willing buyer and a willing seller, payment terms, technical terms and delivery dates that meet the OOIL's capacity requirement), pursuant to the tender process as disclosed in details in the Board Letter.

Under each of the Shipbuilding Contracts, the relevant Buyer shall pay the respective consideration of US\$157.68 million or 157.709 million (as the case maybe) in cash in five instalments based on progress intervals on the construction of each Vessel, hence with a smaller proportion of the contract price payable in the first four instalment and the majority of the payment payable upon delivery of the Vessel.

The Vessels are expected to be delivered between the third quarter of year 2023 and the third quarter of year 2024 subject to any early delivery or delay in delivery (subject to a maximum liquidated damages of appropriately US\$9.63 million) as provided in each of the Shipbuilding Contracts.

### *Assessment on the fairness and reasonableness of the Shipbuilding Transaction*

As advised by the Management, other than the March Shipbuilding Contracts, the OOIL Group had previously entered into similar shipbuilding contracts for construction of an aggregate of 16 new container vessels from an independent third party shipbuilder from the OOIL Group (the "**Independent Shipbuilder(s)**") in 2011 and 2015, which were the most recent internal sample contracts for construction of new container vessels available for our reference.

On 23rd March and 9th May 2011, the OOIL Group entered into an aggregate of 10 shipbuilding contracts (the "**2011 Samsung Shipbuilding Contracts**") with an Independent Shipbuilder, namely Samsung Heavy Industries Co., Ltd. ("**Samsung**"), which has been a listed company in South Korea with principal business activities of shipbuilding, offshore facilities construction, wind power facilities construction, engineering and construction. The 2011 Samsung Shipbuilding Contracts were for the construction of 10 new container vessels of 13,000 TEU each at an aggregate contract price of US\$1,360 million (i.e. US\$136 million each). The terms of the 2011 Samsung Shipbuilding Contracts (including the consideration, payment terms, and delivery dates for each of the 10 container vessels) were determined on an arm's length basis and on normal commercial terms. The contract price of each of the 10 container vessels was payable in cash in five equal instalments. The first instalment was payable within five business days after signing of the respective 2011 Samsung Shipbuilding Contracts and receipt of the respective refundment guarantees; and the last instalment was payable upon delivery of each of the 10 container vessels, the other instalments are based on progress intervals on the construction of each of the 10 container vessels.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On 31st March 2015, the OOIL Group entered into an aggregate of six shipbuilding contracts (the “**2015 Samsung Shipbuilding Contracts**”) with Samsung. The 2015 Samsung Shipbuilding Contracts were for the construction of six new container vessels of 20,000 TEU each at an aggregate contract price of US\$951.6 million (i.e. US\$158.6 million each). The terms of the 2015 Samsung Shipbuilding Contracts (including the consideration, payment terms, and delivery dates for each of the six container vessels) were determined on an arm’s length basis and on normal commercial terms. The contract price of each of the six container vessels was payable in cash in five equal instalments. The first instalment was payable within five business days after signing of the respective 2015 Samsung Shipbuilding Contracts and receipt of the respective refundment guarantees; and the last instalment was payable upon delivery of each of the six container vessels. The other instalments are based on progress intervals on the construction of each of the six container vessels.

Independent Shareholders should note that the Group’s construction or purchase of new vessels for its operation had not frequently taken place, because which would cause the Group to incur heavy capital expenditure and cash outlay. It has been the Group’s procurement strategy to build or buy new vessels at the time of relatively sluggish global trade/economic environment, when the Management considers that the Group shall have a stronger position to bargain with shipbuilders for a more reasonable contract price for building new vessels. Apart from the March Transaction, the OOIL Group did not enter into similar shipbuilding contract(s) with shipbuilders over the recent past four years. However, we would rather consider still meaningful for the Independent Shareholders to make reference to the above 2011 Samsung Shipbuilding Contracts and the 2015 Samsung Shipbuilding Contracts (collectively, the “**Two Samsung Shipbuilding Contracts**”) to understand the Group’s general and industry practices in dealing with typical shipbuilding contractual arrangement(s) with Independent Shipbuilders, in particular of the pricing and payment terms thereof. In fact, the Group has negotiated the principal terms and conditions of the Shipbuilding Contracts with each of Nantong KHI and Dalian KHI, based on the comparable terms and conditions of the 2015 Samsung Shipbuilding Contracts.

Other than the Group’s internal records, we have further researched from public websites to ascertain/understand the usual payment terms in the shipbuilding industry. We have noted from the circular of COSCO SHIPPING Energy Transportation Company Limited (Stock Code: 1138) dated 26th January 2018 (the “**COSCO Energy Circular**”) regarding a discloseable transaction and a connected transaction of construction of new vessels, where the payment terms offered by the vendor, namely Dalian KHI, for constructing two motor oil tankers of 308,000 deadweight tons each under the relevant agreements were payable in five instalments at various stages of construction of the relevant tankers, in the proportion of 5%, 10%, 10%, 10% and 65% of the aggregate price of the relevant agreements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on our independent review of the Two Samsung Shipbuilding Contracts and the COSCO Energy Circular as analysed in details above, we noted that it shall be the general practice in the shipbuilding industry to settle shipbuilding contract price in five instalments depending on the progress on construction thereunder, and the first four instalments generally account for 35% to 80% of the contract price, whilst the last instalment to be paid upon delivery of the vessel(s) usually account for 20% to 65% thereof, irrespective of whether the contracting parties are independent third parties or connected persons. Based on such understanding, we concur with the Management's view that the payment terms under the Shipbuilding Contracts are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole.

We have reviewed the Group's feasibility study report for acquiring the seven Vessels, internal control and approval procedures for the procurement of the Vessels from shipbuilders, and noted that there were three shipbuilders with headquarters in South Korea and the PRC (as the case may be) under consideration. These three shipbuilders were approached for closer negotiations of technical requirements and contract terms and then further invited for tenders. The Builders were member companies of COSCO SHIPPING Group whilst the other two were Independent Shipbuilders providing their quotations for consideration, review and approval by different functional departments of the Group during the review process. Following a series of examinations and reviews by the Group in terms of technical expertise, technological capability, experience, industry reputation, quotations, production capacity and quality of services etc., the Builders (being members of the COSCO SHIPPING Group) were finally selected for constructing the seven new Vessels and then entering into the Shipbuilding Contracts, where we also noted that the contract price thereof was the lowest quotation received by the Group for constructing the seven Vessels during the tendering process. Based on the Group's evaluation on price, technical terms and delivery schedule, Nantong KHI's (together with Dalian KHI's) offer is the optimal amongst the bidders.

Regarding the pricing terms for the respective seven new Vessels, we noted that the contract price of US\$157.68 million or US\$157.709 million for each Vessel under the Shipbuilding Contracts was the lowest of the three quotations obtained by the Group. As advised by the Management, the Group finally selected the lowest price quotation, mainly because, other than the cost concern, the Builders could also fully satisfy the Group's technical specifications for the respective seven new Vessels; while the highest quotation provided by another Independent Shipbuilder was much higher than the contract price of US\$157.68 million or US\$157.709 million for each Vessel under the Shipbuilding Contracts.

We have also noted that the contract price of US\$157.68 million or US\$157.709 million for each Vessel pursuant to the Shipbuilding Contracts is slightly higher than that of US\$155.68 million for each March Vessel under the March Transaction entered into in March 2020. As advised by the Management, the slight upward adjustment of the contract price by a maximum of US\$2.029 million (i.e. 1.3%) per Vessel between March and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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October 2020 is mainly due to the increase in steel price transacted in the international market during the past few months. We have independently researched from the Bloomberg data portal, and noted that international steel price had increased by approximately 43.3% over the past seven months from April to October 2020. Based on such observation and understanding that steel is a key material for constructing container vessels, we consider that the slight increase in the contract price by 1.3% under the Shipbuilding Contracts to reflect Builders' anticipated increase in construction cost burden is commercially justifiable, and therefore fair and reasonable.

Based on our independent research from public websites, we found two recent transactions in respect of newbuildings of 23,000 TEU containerships in the world. In September 2018, Mediterranean Shipping Company had ordered newbuildings of 11 container vessels with capacity of 23,000 TEU per vessel, Samsung would construct six of the 11 container vessels whilst Daewoo Shipping & Marine Engineering would construct the remaining five of them, the total value of the 11 new container vessels would be around US\$1.8 billion with an average of approximately US\$163.6 million per vessel of that orders. In August 2019, a Taiwanese shipping company, namely Evergreen Marine Corporation, had ordered newbuildings of 10 container vessels with capacity of 23,000 TEU per vessel, six of which would be built by Samsung in South Korea, while two each would be constructed by two separate shipbuilding yards in Shanghai and Jiangnan, the PRC, with an average of approximately US\$160.0 million per vessel of that order.

In respect of the Group's internal control measures for the pricing basis of the Shipbuilding Transaction, we were advised by the Management that the Group's relevant designated departments are responsible for, (i) the collection of applicable data and market information (including quotes from independent third parties) and the preparation of draft proposal to the Management; (ii) the review and revision of draft proposal based on, among other things, different types of equipment, facilities and/or services to be provided, and through advice from relevant department(s) and agents; and (iii) the review of contemporaneous prices and other relevant terms offered by at least three independent third parties providing the comparable asset type before the commencement of the relevant transaction in order to ensure the terms offered by the relevant connected persons are fair and reasonable and no less favorable than those offered by independent third parties.

As advised by the Management, it has been the Group's practice to select shipbuilders in a cost-effective alternative, hence, high vessel quality with reasonable contract price must always be considered. Having considered the contract price offered by the Builders was the lowest quotation received by the Group for constructing the seven Vessels whilst the Builders' Japanese equity partner, namely Kawasaki, whose management and engineering team have always maintained higher technical level, safety standard and quality services which are particularly more essential for the Vessels operating at ocean with longer operational life of over 20 years than other types of assets

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of the Group, the Builders' quotation was finally accepted by the Group. According to the Group's accounting policy, the Directors attribute the estimated economic useful lives for container vessels with 25 years.

Based on such review and understanding, we consider that the Group currently has adequate internal control measures and procedures in governing the Shipbuilding Transaction and selecting well-qualified shipbuilders irrespective of whether or not they are Independent Shipbuilders, so the Company and Independent Shareholders' interests can be properly safeguarded during the term of the Shipbuilding Contracts.

Independent Shareholders should note that (i) the then prevailing economic environment at different time; and (ii) the size, technical requirements and specifications of container vessels may largely affect the contract price of the vessels, the above analyses may only be used to provide a general reference. Taking an example, as mentioned above, the contract price for construction of six new container vessels of 20,000 TEU per vessel was at US\$158.6 million per vessel pursuant to the 2015 Samsung Shipbuilding Contracts, whilst this Shipbuilding Transaction for constructing seven new Vessels each with capacity of 23,000 TEU would have a lower cost of US\$157.68 million or US\$157.709 million each. This shows that the construction cost for a smaller (i.e. 20,000 TEU) container vessel in 2015 was even higher than that for a larger one with 23,000 TEU to be incurred in 2020.

Based on the above observation and analysis, we are of the view that the terms of the Shipbuilding Transaction are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

### **5. Possible financial effects of the Shipbuilding Transaction on the Group**

#### ***Earnings***

There is no immediate material impact on earnings of the Group by reason only of the Shipbuilding Transaction. The Directors expect that the delivery of the Vessels will considerably enhance the operational efficiency and capability and business development of the Group, and then further contribute to its earnings base in the long run. However, the quantification of such impact will depend on the future operating performance of the Group after delivery of the Vessels between 2023 and 2024, subject to any early delivery or delay in delivery as provided in each of the Shipbuilding Contracts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Working capital*

According to the Interim Report, despite the Group had a negative current working capital position (i.e. total current assets of approximately RMB65,776.2 million, less total current liabilities of approximately RMB69,228.1 million) of approximately RMB3,451.9 million, the Group had (i) a current ratio of approximately 1.0 times; (ii) net assets attributable to equity holders of the company of approximately RMB36,910.9 million; and (iii) cash and bank balances of approximately RMB45,402.7 million as at 30 June 2020.

According to the current construction and delivery schedules under the Shipbuilding Contracts as well as the March Shipbuilding Contracts, the aggregate consideration for the 12 new vessels of approximately US\$1,882.3 million shall be payable by the Buyers to the Builders in cash in five instalments depending on the various stages of construction of the vessels during the coming four years from 2020 to 2024. In the meanwhile, the 60% final payment amounted to approximately US\$1,129.4 million in aggregate shall only be settled in 2023 for the March Vessels, and between 2023 and 2024 for the seven new Vessels, which is three years after the Latest Practicable Date.

Based on our independent review of the 2018 Annual Report and the 2019 Annual Report, we noted that the Group had generated net operating cash inflow approximately RMB7,092.0 million, RMB8,130.8 million and RMB21,202.4 million for each of the past three financial years from 2017 to 2019, respectively, which had demonstrated that the Group has strong and persistent capability to generate sufficient operating cash inflow to finance its operations and future payment for the total consideration. Subsequent to delivery of the 12 new vessels under the March Transaction and this Shipbuilding Transaction, it is currently anticipated that the Group's operating capability could be enhanced which could in turn generate meaningful operating cash inflow in the long-term future.

In view of (i) the aggregate consideration amount as compared to the scale of the Group; (ii) the consideration will be settled in five instalments up to 2024, where the Group shall have sufficient time to arrange funding (where necessary); and (iii) the track record of the Group in generating cash from operating activities, the consideration is not expected to exert considerable pressure to the working capital of the Group and the Group's present working capital position would not be adversely affected.

### *Net asset value*

According to the Interim Report, the Group's net asset value (also known as shareholders' equity) amounted to approximately RMB70,902.5 million as at 30 June 2020. The increase in the Group's fixed asset value of approximately US\$1,882.3 million attributable to such vessels would be offset by decrease in its current assets of cash and bank balances and increase in some long-term liabilities in amounts of approximately US\$752.9 million and approximately US\$1,129.4 million, respectively. As such, it is



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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currently anticipated that there will not be any significant impact on the net asset value of the Group following delivery of the 12 new vessels under the March Transaction and this Shipbuilding Transaction. There will also be no material impact on the income statement and reserves of the Group, so it could be inferred that the consolidated net asset value of the Group would not adversely change upon delivery of the 12 new vessels.

### *Gearing position*

As at 30 June 2020, the Group had aggregate interest-bearing borrowings and lease liabilities and total equity of approximately RMB143,569.7 million and RMB70,902.5 million, respectively, representing a gearing ratio (which is calculated as total interest-bearing borrowings divided by the total equity of the Group) of approximately 202.5%.

Upon delivery of the 12 new vessels, it is currently anticipated that the Group's interest-bearing borrowings or liabilities will increase by approximately US\$1,129.4 million (i.e. by assuming about 60% of the aggregate contract price of the respective 12 new vessels under the March Transaction and this Shipbuilding Transaction will be financed by external bank borrowings). The total equity will remain unchanged at RMB70,902.5 million, representing a gearing ratio of approximately 213.8%. Thus, the Group's gearing ratio will increase by about 11.3 percentage points. We consider that the increase in the gearing ratio upon the delivery of the 12 new vessels would not materially deteriorate the Group's existing overall financial position. Subsequent to delivery of the Vessels, the Group's operating capability could be enhanced, and it is currently anticipated that such gearing position could gradually decrease in the longer-term future.

### *Conclusion*

In light of the foregoing financial effects of the Shipbuilding Transaction as well as the March Transaction, as the case may be, on the earnings, working capital, net asset value and gearing position of the Group as a whole, we are of the view that the Shipbuilding Transaction would have no material adverse impact on the Group's financial performance and position. Therefore, we are of the view that the Shipbuilding Transaction is an effective utilisation of its cash resources which is aimed at positioning the Group for a better business growth and development in the future which, in the long run, is expected to benefit the Group and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the Shipbuilding Transaction is an investing activity ancillary and incidental to the ordinary and usual course of business of the Group for improving its operational efficiency and capability and competitiveness in its overall route arrangements for long-term business development whilst the Shipbuilding Transaction is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to approve the Shipbuilding Transaction at the EGM.

Yours faithfully,  
For and on behalf of  
**First Shanghai Capital Limited**  
**Nicholas Cheng**  
*Director*

*Note:*

Mr. Nicholas Cheng has been the Responsible Officer of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and has extensive experience in corporate finance industry. He has been participating in the provision of independent financial advisory services for, and completed, numerous connected transactions involving listed companies in Hong Kong.



**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 OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

- (a) As at the Latest Practicable Date, the interests of the Directors, supervisors and the 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which 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 to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

**(i) Long position in the shares, underlying Shares and debentures of the Company**

Name of Director	Capacity	Number of Shares held as at the Latest Practicable Date	Percentage of total number of the relevant class of Shares	Percentage of total number of issued Shares
Mr. YANG Zhijian <sup>1</sup>	Beneficial owner	100,000 H Shares 936,000 A Shares	0.00388% 0.00967%	0.00082% 0.00763%
Mr. FENG Boming <sup>2,3</sup>	Beneficial owner	936,000 A Shares	0.00967%	0.00763%
	Interest of spouse	530,000 A Shares	0.00548%	0.00432%
Mr. TEO Siong Seng	Beneficial owner	150,000 H Shares	0.00581%	0.00122%

*Note:*

1. As at the Latest Practicable Date, Mr. Yang Zhijian held 936,000 A share options under the A share option incentive scheme of the Company.

2. As at the Latest Practicable Date, Mr. Feng Boming held 936,000 A share options under the A share option incentive scheme of the Company.
3. As at the Latest Practicable Date, the spouse of Mr. Feng Boming held 530,000 A share options under the A share option incentive scheme of the Company. Mr. Feng Boming is therefore deemed to be interested in such share options of the Company.

**(ii) Long positions in the shares, underlying shares and debentures of associated corporations of the Company**

				Percentage of total number of issued shares of the relevant class of the relevant associated corporation
Name of associated corporation	Name of Director/ Supervisor	Capacity	Number of shares held	
COSCO SHIPPING Development Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	400,000 H shares	0.01088%
	Mr. FENG Boming	Beneficial owner	29,100 A shares	0.00037%
	Mr. DENG Huangjun	Interest of spouse	38,000 A shares	0.00048%
COSCO SHIPPING Ports Limited	Mr. FENG Boming	Beneficial owner	32,379 ordinary shares	0.00100%
	Mr. DENG Huangjun <sup>1</sup>	Beneficial owner	1,253,154 ordinary shares	0.03860%

*Note:*

1. As at the Latest Practicable Date, Mr. Deng Huangjun was interested in 53,154 shares and 1,200,000 share options of COSCO SHIPPING Ports Limited.

- (b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Position held in COSCO SHIPPING
XU Lirong	Chairman of the board of directors and party secretary
YANG Zhijian	Employee representative director

- (c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors, supervisors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company 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' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder of the Company under Rule 8.10 of the Listing Rules.

### **4. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any direct or indirect interest in any asset which had been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

### **5. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

### **6. DIRECTORS' AND SUPERVISORS' INTERESTS IN SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given an opinion or advice, which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
First Shanghai Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, First Shanghai Capital Limited 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.

As at the Latest Practicable Date, First Shanghai Capital Limited did not have any direct or indirect interest in any assets which have been, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

First Shanghai Capital Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of their letter dated 16 November 2020 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and/or references to their name and logo in the form and context in which they appear.

**8. LITIGATION**

There was no litigation or claim of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

**9. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were 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 Company were made up.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the following documents will be made available for inspection during normal business hours at the Company's principal place of business at 48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Articles of Association;

- (b) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (c) the letter from the Independent Financial Adviser in respect of their advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (d) the annual reports of the Company for each of the two financial years ended 31 December 2018 and 2019;
- (e) the interim report of the Company for the six months ended 30 June 2020;
- (f) the Shipbuilding Contracts;
- (g) the written consent from First Shanghai referred to in the section headed “7. Expert and Consent” in this Appendix;
- (h) the circular of the Company dated 27 April 2020 in relation to the discloseable and connected transaction; and
- (i) this circular.

## **11. MISCELLANEOUS**

- (a) The company secretary of the Company is Dr. GUO Huawei, who is a senior economist.
- (b) The registered office of the Company is located at 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC. The head office and principal place of business of the Company in Hong Kong is located at 48/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712 to 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “<http://hold.coscoshipping.com>” and Hong Kong Exchanges and Clearing Limited at “<http://www.hkexnews.hk>”. To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

## APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

*This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.*

*The full text of the proposed amendments to the Articles of Association is set out as follows:*

Existing articles		Amended articles	
Article 6	Pursuant to the Company Law, Special Provisions, Mandatory Provisions, Guidelines for the Articles, Code of Corporate Governance and other relevant state laws and administrative regulations, amendments were made to the company's former Articles of Association, and these Articles of Association (The "Articles" or the "Articles of Association") were formulated, which had been authorized at the Fourth Extraordinary General Meeting, the First A Share Class Meeting and the First H Share Class Meeting of the Company in 2018, and approved at the twenty-third meeting of the fifth session of the Board of Directors.	Article 6	Pursuant to the Company Law, Special Provisions, Mandatory Provisions, Guidelines for the Articles, Code of Corporate Governance and other relevant state laws and administrative regulations, amendments were made to the company's former Articles of Association, and these Articles of Association (The "Articles" or the "Articles of Association") were formulated, which had been approved and authorized at [●] General Meeting of the Company.
Article 29	<p>The Company may, in the following circumstances, repurchase its own issued and outstanding shares following the adoption of a pertinent resolution in accordance with the procedure provided for under its Articles of Association, and submission to and approval by the relevant state authorities:</p> <p>(1) cancellation of shares in order to reduce its capital;</p> <p>(2) merger with other companies holding shares of the Company;</p> <p>(3) incentive shares granted to the staff of the Company;</p> <p>(4) circumstances where any shareholder holds different opinion with regard to the resolution of the general meeting on merger or division of the Company and requests the Company to purchase his shares;</p> <p>(5) other circumstances which laws or administrative regulations so permit.</p>	Article 29	<p>The Company may, in the following circumstances, in accordance with the provisions of laws, administrative regulations, departmental regulations, other normative documents and the Articles, repurchase its own issued and outstanding shares following legal procedures:</p> <p>(1) reduction of registered capital of the Company;</p> <p>(2) merger with other companies holding shares of the Company;</p> <p>(3) grant of shares under employee stock ownership plans or as share incentive;</p> <p>(4) circumstances where any shareholder holds different opinion with regard to the resolution of the general meeting on merger or division of the Company and requests the Company to purchase his shares;</p> <p>(5) conversion of the convertible corporate bonds issued by the Company into its shares;</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
	<p>Saving for the foregoing situations, the Company shall not engage in the sale and purchase of the Company's shares.</p> <p>The Company shall repurchase its own issued and outstanding shares in accordance with relevant laws, administrative regulations and provisions of Articles 30 to 33 hereof.</p>		<p>(6) when it is necessary for the Company to safeguard the corporate value and the interests of its shareholders;</p> <p>(7) other circumstances which laws or administrative regulations so permit.</p> <p>Save for the foregoing situations, the Company shall not purchase its shares.</p> <p>The Company shall repurchase its own issued and outstanding shares in accordance with relevant laws, administrative regulations and provisions of Articles 30 to 33 hereof.</p>
Article 30	<p>If the Company is to repurchase its own shares upon the approval by the relevant state authorities, it may proceed in any of the following manners:</p> <p>(1) issue a repurchase offer, on a pro rata basis, to all the shareholders of the Company;</p> <p>(2) repurchase through open transactions on a securities exchange;</p> <p>(3) repurchase by agreement outside a securities exchange;</p> <p>(4) other manners which laws, administrative regulations or the securities administration authority of the State Council so permits.</p>	Article 30	<p>If the Company is to repurchase its own shares upon the approval by the relevant state authorities, it may proceed in any of the following manners:</p> <p>(1) issue a repurchase offer, on a pro rata basis, to all the shareholders of the Company;</p> <p>(2) repurchase through open transactions on a securities exchange;</p> <p>(3) repurchase by agreement outside a securities exchange;</p> <p>(4) other manners which laws, administrative regulations or the securities administration authority of the State Council so permits.</p> <p>If the Company repurchases its shares due to the circumstances specified in Article 29 (3), (5) and (6) of the Articles, it shall do so by means of public centralized trading or other ways as permitted by laws and regulations or rules of the stock exchanges.</p>



Existing articles		Amended articles	
Article 32	<p>After the Company repurchases its shares in accordance with the laws, it shall write off or transfer the shares within the period specified by law and administrative regulations. After the Company purchases the shares in accordance with laws, it shall write off the shares within 10 days after the repurchase if the purchase falls within Article 29 (1) of the Articles; it shall transfer or write off the shares within six months if the purchase falls within Article 29 (2) and (4) of the Articles; it shall transfer to employees within 1 year if it falls within Article 29 (3) of the Articles.</p> <p>The amount of the Company's registered capital shall be reduced by the total par value of the shares canceled.</p>	Article 32	<p>If the Company purchases its shares due to the circumstances specified in paragraph 1 (1) and (2) of Article 29 of the Articles, resolutions related thereto shall be passed at the shareholders' general meeting; if the Company purchases its shares due to the circumstances specified in paragraph 1 (3), (5) and (6) of Article 29 of the Articles, resolutions related thereto shall be passed at the meeting of Board of Directors which is attended by more than two-thirds of the Directors subject to a mandate granted at the shareholders' general meeting.</p> <p>After the Company repurchases its shares in accordance with the laws, it shall write off or transfer the shares within the period specified by law and administrative regulations. After the Company purchases the shares in accordance with laws, it shall write off the shares within 10 days after the repurchase if the purchase falls within Article 29 (1) of the Articles; it shall transfer or write off the shares within six months if the purchase falls within Article 29 (2) and (4) of the Articles; the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and such shares shall be transferred or canceled within 3 years if it falls within Article 29(3), (5) and (6) of the Articles.</p> <p>The amount of the Company's registered capital shall be reduced by the total par value of the shares canceled.</p> <p>Notwithstanding the aforesaid provisions, if the relevant laws, administrative regulations and the laws of the place where the shares are listed or the securities regulatory authority have other requirements on the aforesaid matters related to the acquisition of the Company's shares, the Company shall comply with such requirements.</p>
Article 47	<p>No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends. Such provisions shall apply to holders of H shares.</p>	Article 47	<p>With respect to the period of closure of register of members prior to a shareholders' general meeting or prior to the record date for the purpose of distribution of dividends by the Company, the relevant provisions of laws, regulations and the Listing Rules, if any, shall prevail.</p>

Existing articles		Amended articles	
Article 66	<p>Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once a year and shall be held within six (6) months of the end of the preceding fiscal year.</p> <p>Shareholders' general meetings shall be organized in physical venues and convened in the form of physical meetings, and shall provide convenience for shareholders to attend the general meetings by using safe, economical, convenient and fast network and other means in accordance with the laws, administrative regulations, requirements of the CSRC or Articles of Association. Shareholders who attend the general meeting through the aforesaid means are deemed to be present at the meeting.</p> <p>...</p>	Article 66	<p>Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once a year and shall be held within six (6) months of the end of the preceding fiscal year.</p> <p>The venue for the Company to hold the shareholders' general meeting is the place of domicile of the Company or any other place specified in the notice of the shareholders' general meeting.</p> <p>Shareholders' general meetings shall be organized in physical venues and convened in the form of physical meetings. The Company shall also provide convenient means for holders of A shares to attend the general meetings by online voting. Shareholders who attend the general meeting through the aforesaid means are deemed to be present at the meeting.</p> <p>...</p>
Article 67	<p>When the Company is to hold a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting (including the date of meeting) informing all the registered shareholders of matters to be considered, the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall 20 days prior to the day on which the meeting is to be held serve a written reply on the Company stating that they will attend the meeting.</p> <p>However, if the Company has only promoter shareholder(s), the provisions of the previous paragraph regarding the notice and reply deadlines can be waived with an agreement in writing by all the promoter shareholder(s).</p>	Article 67	<p>When the Company is to hold an annual general meeting, it shall issue a written notice 20 days prior to the meeting, and when the Company is to hold an extraordinary general meeting, it shall issue a written notice 10 business days or 15 days (whichever is longer) prior to the meeting, informing all the registered shareholders of matters to be considered, the time and place of the meeting. The date of the meeting shall not be counted for the purpose of determining the commencement date of such period.</p> <p>However, if the Company has only promoter shareholder(s), the provision of the previous paragraph regarding the deadline for notice can be waived with an agreement in writing by all the promoter shareholder(s).</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 68	<p>When the Company is to hold an annual general meeting, the Board of Directors, the Supervisory Board, shareholders alone or in concert with others holding more than 3 percent of the shares shall be entitled to propose motions to the Company.</p> <p>The shareholders alone or in concert with others holding 3 percent or more of the Company shares may propose provisional motions, which shall be submitted or delivered to the convenor in written form 16 days prior to the date of the shareholders' general meeting; within 2 days after the receipt of the motions and at least 10 business days before the date of the shareholder's general meeting, the convenor shall issue supplementary notice of the general meeting to announce the contents of the provisional motions to the public.</p> <p>In addition to the provisions of the preceding paragraph, the convenor shall not, after issuing the notice of the general meeting, modify the motions already specified in the notice of the general meeting or add new motions.</p>	Article 68	<p>When the Company is to hold an annual general meeting, the Board of Directors, the Supervisory Board, shareholders alone or in concert with others holding more than 3 percent of the shares shall be entitled to propose motions to the Company.</p> <p>The shareholders alone or in concert with others holding 3 percent or more of the Company shares may propose provisional motions, which shall be submitted or delivered to the convenor in written form 10 days prior to the date of the shareholders' general meeting; within 2 days after the receipt of the motions, the convenor shall issue supplementary notice of the general meeting to announce the contents of the provisional motions to the public.</p> <p>In addition to the provisions of the preceding paragraph, the convenor shall not, after issuing the notice of the general meeting, modify the motions already specified in the notice of the general meeting or add new motions.</p>
Article 69	<p>Based on the written replies received 20 days before the shareholders' general meeting is to be held, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be considered, the date and the place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the shareholders' general meeting.</p>		<p><del>Based on the written replies received 20 days before the shareholders' general meeting is to be held, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be considered, the date and the place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the shareholders' general meeting.</del></p>

**APPENDIX II                      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>Existing articles</b>		<b>Amended articles</b>	
Article 72	<p>The notice of a shareholders' general meeting shall meet the following requirements:</p> <p>...</p> <p>(9) state the time and place for serving the powers of attorney to vote at the meeting.</p>	Article 71	<p>The notice of a shareholders' general meeting shall meet the following requirements:</p> <p>...</p> <p>(9) state the time and place for serving the powers of attorney to vote at the meeting;</p> <p>(10) the names and the contact numbers (if necessary) of the contact persons of the shareholders' general meeting.</p>
Article 73	<p>Notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by personal delivery or pre-paid mail at the recipient's address shown in the register of shareholders. For holders of H shares (excluding the holders of H shares who have chosen to receive printed copies of the Company's corporate communications), such notice of meeting may also be given by publishing the electric version on the website of the Company. For holders of A shares, notice of a shareholders' general meeting may also be given by a public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by China Securities Regulatory Commission during the period between 45 and 50 days before the meeting is to be held. Once the announcement is made, all holders of A shares shall be deemed to have received notice of the relevant shareholders' meeting.</p>	Article 72	<p>Notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by personal delivery or pre-paid mail at the recipient's address shown in the register of shareholders. For holders of H shares (excluding the holders of H shares who have chosen to receive printed copies of the Company's corporate communications), such notice of meeting may also be given by publishing the electric version on the website of the Company. For holders of A shares, notice of a shareholders' general meeting may also be given by a public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by China Securities Regulatory Commission. Once the announcement is made, all holders of A shares shall be deemed to have received notice of the relevant shareholders' meeting.</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 99	If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with Articles 101 to 106 hereof.	Article 98	If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with Articles 100 to 105 hereof. Where any changes in domestic and foreign laws, regulations and the listing rules of the place where the shares of the Company are listed, as well as decisions of domestic and foreign regulatory authorities which lead to the variation or abrogation of the rights of class shareholders, approval of the shareholders' general meeting or class meeting shall not be required.
Article 103	When the Company is to hold a class shareholders' meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered, the date and place of the meeting. Shareholders who intend to attend the meeting shall, 20 days prior to the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.	Article 102	When the Company is to hold a class shareholders' meeting, it shall issue a written notice in accordance with the requirements regarding the notice of a shareholders' general meeting set out in Article 67 of the Articles, informing all the registered shareholders of the relevant class of the matters to be considered, the time and place of the meeting.
Article 104	<p>If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class shareholders' meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be considered at, the date and place of the meeting in the form of a public announcement. After such notification by a public announcement, the Company may hold the class shareholders' meeting.</p> <p>The quorum required for a class shareholders' meeting (not including adjourned meeting) held for the purpose of amending the right to the shares of any class shall be at least one third of the total shares of this class already issued.</p>	Article 103	The quorum required for a class shareholders' meeting (not including adjourned meeting) held for the purpose of amending the right to the shares of any class shall be at least one third of the total shares of this class already issued.

Existing articles		Amended articles	
Article 107	<p>The Company shall establish a board of directors. The Board of Directors shall be composed of 9 to 15 directors, subject to the composition of directors elected by the shareholders' general meeting. External directors (referred to as those who do not have a post at the Company, as below) shall account for more than half of the number of directors. There shall be at least 3 independent (non-executive) directors (referred to as directors who are independent from the shareholders of the Company and do not take a post in the Company, as below), who shall account for at least one-third of the number of directors, of which at least one independent director shall have appropriate professional qualification or have appropriate accounting or relevant financial management skills.</p> <p>The Board of Directors shall have one chairman and one vice chairman.</p> <p>The Board of Director may set up audit, remuneration and other special committees and each special committee may convene meetings from time to time when it is necessary.</p>	Article 106	<p>The Company shall establish a board of directors. The Board of Directors shall be composed of 9 to 15 directors, subject to the composition of directors elected by the shareholders' general meeting. External directors (referred to as those who do not have a post at the Company, as below) shall account for more than half of the number of directors. There shall be at least 3 independent (non-executive) directors (referred to as directors who are independent from the shareholders of the Company and do not take a post in the Company, as below), who shall account for at least one-third of the number of directors, of which at least one independent director shall have appropriate professional qualification or have appropriate accounting or relevant financial management skills.</p> <p>The Board of Directors shall have one chairman and one vice chairman.</p> <p>The Board of Directors of the Company shall set up an audit committee and remuneration committee, and set up special committees including strategic development, nomination, risk control committees. in light of its needs. Special committees shall be responsible to the Board of Directors, perform their duties in accordance with the Articles and the authorization of the Board of Directors, and the proposals of such committees shall be submitted to the Board of Directors for review and consideration. All members of the special committees shall be directors, of which all the members of the audit committee shall be non-executive directors. Independent directors shall account for the majority of members of the audit committee, the nomination committee and the remuneration committee, and shall serve as the chairmen. Independent directors shall account for the majority of members of the risk control committee. The chairman of the audit committee shall be an accounting professional. The Board shall be responsible in formulating the rules of procedures of the special committees to regulate their operation.</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 108	<p>The directors shall be elected at the shareholders' general meeting. The term of office of each of the directors is three years. They shall be eligible for re-election upon the end of term. However, the consecutive term of office of independent directors shall not exceed 6 years.</p> <p>The list of candidates for directors shall be proposed to the shareholders' general meeting for resolution in the form of proposal. The candidates for directors other than independent directors shall be nominated by Board of Directors, Supervisory Board, or by shareholder(s) who alone or jointly hold(s) more than 3% of total shares with voting rights and shall be elected in the shareholders' general meeting.</p> <p>The written notice of the directors' intention to nominate a candidate and the candidates' acceptance of such nomination shall be sent to the Company on the day after the circular of the shareholders' general meeting is despatched and no later than 10 business days before the meeting.</p> <p>...</p>	Article 107	<p>The directors shall be elected at the shareholders' general meeting. The term of office of each of the directors is three years, and may be removed from their office prior to the expiration of their term by the shareholders' general meeting. They shall be eligible for re-election upon the end of term. However, the consecutive term of office of independent directors shall not exceed 6 years.</p> <p>The list of candidates for directors shall be proposed to the shareholders' general meeting for resolution in the form of proposal. The candidates for directors other than independent directors shall be nominated by Board of Directors, Supervisory Board, or by shareholder(s) who alone or jointly hold(s) more than 3% of total shares with voting rights and shall be elected in the shareholders' general meeting.</p> <p>The written notice of the directors' intention to nominate a candidate and the candidates' acceptance of such nomination shall be submitted to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules.</p> <p>...</p>
Article 109	<p>The following procedures shall be observed in the election of non-independent directors:</p> <p>...</p> <p>(3) If the interim proposal on the election of non-independent directors is made by the shareholder(s) individually or jointly holding more than 3% of the total shares with voting rights of the Company, the written notice on the intention of the nomination of the director candidates and the nominees' expression of willingness to accept the nomination, as well as the written materials and commitments of the nominee mentioned in item (1) of this Article shall be delivered to the Company 20 days prior to the date of the general meeting. Such a notice shall not be delivered earlier than the day following the day on which the meeting notice on the election of directors is made, nor later than 10 clear business days before the day of the meeting.</p>	Article 108	<p>The following procedures shall be observed in the election of non-independent directors:</p> <p>...</p> <p>(3) If the interim proposal on the election of non-independent directors is made by the shareholder(s) individually or jointly holding more than 3% of the total shares with voting rights of the Company, the written notice on the intention of the nomination of the director candidates and the nominees' expression of willingness to accept the nomination, as well as the written materials and commitments of the nominee mentioned in item (1) of this Article shall be submitted to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules.</p>



## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 111	<p>The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:</p> <p>...</p> <p>(11) to engage or dismiss the general manager of the Company, to engage or dismiss vice general manager(s) and financial executive as proposed by the general manager, to engage or dismiss the secretary of the Board of Directors, and to decide on their remuneration: to assign or replace members of the Board of Directors and Supervisory Board of wholly-owned subsidiaries, assign, replace and recommend shareholder representatives, directors, supervisors of subsidiaries and associate companies.</p> <p>...</p> <p>(15) to formulate incentive share option schemes and implement incentive mechanism plans (including share options plans permitted by laws and regulations);</p> <p>(16) to decide on other material matters and executive matters and sign other principal agreements save and except those requiring resolutions of shareholders' general meetings as specified by Company Law and the Articles;</p> <p>...</p> <p>Resolutions by the Board of Directors on matters referred to in the preceding paragraph shall be passed by the affirmative votes from more than half of the directors with the exception of resolutions on matters referred to in items (6), (7) and (13) and external guarantees, which shall require the affirmative votes from more than two-thirds of the directors.</p>	Article 110	<p>The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:</p> <p>...</p> <p>(11) to engage or dismiss the general manager of the Company, to engage or dismiss vice general manager(s), chief accountant or financial executive, general counsel as proposed by the general manager, to engage or dismiss the secretary of the Board of Directors, and to decide on their remuneration: to assign or replace members of the Board of Directors and Supervisory Board of wholly-owned subsidiaries, assign, replace and recommend shareholder representatives, directors, supervisors of subsidiaries and associate companies.</p> <p>...</p> <p>(15) to formulate share option incentive schemes and implement share option incentive schemes (including share options plans permitted by laws and regulations);</p> <p>(16) to decide on other material matters and executive matters and sign other principal agreements save and except those requiring resolutions of shareholders' general meetings as specified by laws and regulations and the Articles;</p> <p>(17) to promote corporate governance and decision making in accordance with laws, to supervise the construction planning of legal corporate governance, to develop and implement the general counsel system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance, and to listen to the reports on the construction of corporate governance in accordance with laws by the Company;</p> <p>...</p> <p>Resolutions by the Board of Directors on matters referred to in the preceding paragraph shall be passed by the affirmative votes from more than half of the directors, among which, resolutions on matters referred to in items (6), (7) and (13) shall also require the affirmative votes from more than two-thirds of all the directors, and matters on external guarantees shall also require the affirmative votes from more than two-thirds of the directors present at the meeting.</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 115	<p>The chairman of the board shall exercise the following functions and powers:</p> <p>...</p> <p>(3) to sign bond certificates issued by the Company; and</p> <p>(4) other functions and powers granted by the Board of Directors.</p> <p>...</p>	Article 114	<p>The chairman of the board shall exercise the following functions and powers:</p> <p>...</p> <p>(3) to sign bond certificates issued by the Company;</p> <p>(4) to listen to the work report on the construction of legal corporate governance of the Company; and</p> <p>(5) other functions and powers granted by the Board of Directors.</p> <p>...</p>
Article 125	<p>...</p> <p>Except for such circumstances, the letter of resignation shall take effect when the same is served to the Board of Directors.</p>	Article 124	<p>...</p> <p>Except for the aforesaid circumstances, the letter of resignation shall take effect when the same is served to the Board of Directors.</p>
Article 126	<p>...</p> <p>(4) If an extempore motion is put forward at a general meeting for the election of any independent director by shareholder(s) who, individually or jointly, hold(s) more than 3% of the total number of shares of the Company carrying the voting right, or by the Supervisory Board, the following documents shall be submitted to the Company 20 days before the shareholders' general meeting: the written notice of the intent to nominate a director candidate and the nominee expressing his willingness to accept the nomination, and the written materials pertaining to the particulars of the nominee and the nominee's undertakings as mentioned in the preceding sub-paragraphs (1) and (2) of this Article;</p>	Article 125	<p>...</p> <p>(4) if an extempore motion is put forward at a general meeting for the election of any independent director by shareholder(s) who, individually or jointly, hold(s) more than 3% of the total number of shares of the Company carrying the voting right, the following documents shall be submitted to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules: the written notice of the intent to nominate a director candidate and the nominee expressing his willingness to accept the nomination, and the written materials pertaining to the particulars of the nominee and the nominee's undertakings as mentioned in the preceding sub-paragraphs (1) and (2) of this Article;</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 131	<p>In addition to exercising the above-mentioned functions and powers, the independent directors shall provide independent opinions to the Board of Directors or the shareholders' general meetings concerning the following issues:</p> <p>...</p> <p>(7) Other issues regulated by applicable laws, regulations and the Company's Articles of Association.</p> <p>...</p>	Article 130	<p>In addition to exercising the above-mentioned functions and powers, the independent directors shall provide independent opinions to the Board of Directors or the shareholders' general meetings concerning the following issues:</p> <p>...</p> <p>(7) Other issues regulated by applicable laws, regulations, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the Company's Articles of Association.</p> <p>...</p>
Article 137	The Company shall have a supervisory board. Supervisory Board is a permanent supervisory body of the Company, responsible for supervising the Board of Directors and its members, general manager, vice general manager, financial executive and other senior management staff to prevent the abuse of power and infringement of legal interests of shareholders, the Company and its employees.	Article 136	The Company shall have a supervisory board. Supervisory Board is a permanent supervisory body of the Company, responsible for supervising the Board of Directors and its members, general manager, vice general manager, chief accountant or financial executive, general counsel and other senior management staff to prevent the abuse of power and infringement of legal interests of shareholders, the Company and its employees.
Article 141	The Company's directors, general manager, vice general manager, financial executive and other senior management staff shall not serve concurrently as supervisors.	Article 140	The Company's directors, general manager, vice general manager, chief accountant or financial executive, general counsel and other senior management staff shall not serve concurrently as supervisors.
Article 145	<p>The Supervisory Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:</p> <p>...</p> <p>(8) to take an action against directors and senior management staff according to the regulations of the Company Law;</p> <p>...</p>	Article 144	<p>The Supervisory Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:</p> <p>...</p> <p>(8) to take an action against directors and senior management staff according to the requirements of laws and regulations;</p> <p>...</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 151	<p>...</p> <p>The Company shall have a number of vice general managers, one financial executive to assist the general manager in work. Vice general managers and the financial executive shall be nominated by the general manager and appointed or dismissed by the Board of Directors. Senior management staff hereunder include but not limited to the secretary to the board, general manager, vice general managers and financial executive.</p> <p>The controlling shareholders of the Company and actual controllers who hold positions other than directors shall not serve as a member of the Company's senior management staff.</p>	Article 150	<p>...</p> <p>The Company shall have a number of vice general managers, one chief accountant or financial executive, and one general counsel to assist the general manager in work. Vice general managers, the chief accountant or financial executive, general counsel and other senior management staff shall be nominated by the general manager and appointed or dismissed by the Board of Directors. Senior management staff hereunder include but not limited to the secretary to the board, general manager, vice general managers, chief accountant or financial executive and general counsel.</p> <p>The controlling shareholders of the Company who hold administrative positions other than directors and supervisors shall not serve as a member of the Company's senior management staff.</p>
Article 152	<p>The Company general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:</p> <p>...</p> <p>(7) to request the engagement and dismissal of the vice general manager (or vice general managers) of the Company and financial executive;</p> <p>...</p>	Article 151	<p>The Company general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:</p> <p>...</p> <p>(7) to request the engagement and dismissal of the vice general manager (or vice general managers), chief accountant or financial executive and general counsel of the Company;</p> <p>...</p>
Article 154	<p>The general manager, vice general manger(s) and financial executive shall not change any resolution adopted by shareholders' general meeting and the Board of Directors or go beyond their authority in performance of their functions and powers.</p>	Article 153	<p>The general manager, vice general manger(s), chief accountant or financial executive and general counsel shall not change any resolution adopted by shareholders' general meeting and the Board of Directors or go beyond their authority in performance of their functions and powers.</p>
Article 155	<p>In the exercise of their functions and powers, the general manager, vice general manager(s) and financial executive shall perform his duties of good faith and diligence in accordance with laws, administrative regulations and the Company's Articles of Association.</p>	Article 154	<p>In the exercise of their functions and powers, the general manager, vice general manager(s), chief accountant or financial executive and general counsel shall perform his duties of good faith and diligence in accordance with laws, administrative regulations and the Company's Articles of Association.</p>

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 156	When the general manager, vice general manager, financial executive or other senior management staff member resigns, he shall give a 3-month notice in writing to the Board of Directors. When a department manager resigns, he shall give a 2-month notice in writing to general manager.	Article 155	When the general manager, vice general manager, chief accountant or financial executive, general counsel or other senior management staff member resigns, he shall give a 3-month notice in writing to the Board of Directors. When a department manager resigns, he shall give a 2-month notice in writing to general manager.
Article 174	A loan guarantee provided by the Company in violation of the first paragraph of Article 172 shall be unenforceable against the Company, unless:  ...	Article 173	A loan guarantee provided by the Company in violation of the first paragraph of Article 171 shall be unenforceable against the Company, unless:  ...
Article 176	Subject to the approval of the shareholders' general meeting, the listed company may purchase liability insurance for its directors and supervisors, except for liabilities arising from the violation of laws, administrative regulations or the Articles of Association of the Company by directors or supervisors.	Article 175	Subject to the approval of the shareholders' general meeting, the listed company may purchase liability insurance for its directors and supervisors. The liability insurance coverage shall be agreed by contract, except for liabilities arising from the violation of laws, administrative regulations or the Articles of Association of the Company by directors or supervisors.
Article 179	The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, directors or supervisors of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other moneys obtainable for loss of office or retirement.  For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean either of the following:  ...	Article 178	The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, directors or supervisors of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other moneys obtainable for loss of office or retirement, such compensation shall conform to the principle of fairness and shall not impair the legitimate rights and interests of the Company nor involve any transfer of benefits. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean either of the following:  ...
Article 182	The Board of Directors of the Company shall place before the shareholders at each annual general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare, subject to verification.	Article 181	The Board of Directors of the Company shall place before the shareholders at each annual general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare, subject to verification.

## APPENDIX II      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles		Amended articles	
Article 183	<p>The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.</p> <p>The Company shall send copies of the said reports and directors' report to each holder of H shares at least 21 days prior to the date of an annual general meeting by delivery to or by prepaid mail at the recipient's address shown in the register of shareholders. The Company may also publish the said reports in electronic form on its website in accordance with Listing Rules in order to meet the requirement of dispatch (except for the holders of H shares who have chosen to receive printed copies of the Company's corporate communications).</p>	Article 182	<p>The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.</p> <p>The Company shall send copies of the said reports and directors' report to each holder of H shares at least 21 days prior to the date of an annual general meeting by delivery to or by prepaid mail at the recipient's address shown in the register of shareholders. The Company may also publish the said reports in electronic form on its website in accordance with Listing Rules in order to meet the requirement of dispatch (except for the holders of H shares who have chosen to receive printed copies of the Company's corporate communications).</p>
Article 202	<p>The Company shall engage an independent accounting firm that complies with relevant state regulations to audit the annual financial reports and other financial reports of the Company.</p> <p>The first accounting firm of the Company may be engaged by the incorporation meeting prior to the first annual general meeting. Such an accounting firm shall hold office until the conclusion of the first annual meeting.</p> <p>If the incorporation meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.</p>	Article 201	<p>The Company shall engage an independent accounting firm that complies with relevant state regulations to audit the annual financial reports and other financial reports of the Company.</p> <p>The first accounting firm of the Company may be engaged by the incorporation meeting prior to the first annual general meeting. Such an accounting firm shall hold office until the conclusion of the first annual general meeting.</p> <p>If the incorporation meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.</p>
Article 203	<p>The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which they were appointed until the conclusion of the next annual general meeting. At the expiry of the term, the relevant accounting firm may be re-appointed.</p>	Article 202	<p>The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which they were appointed until the conclusion of the next annual general meeting. At the expiry of the term, the relevant accounting firm may be re-appointed.</p>
/	/	Article 244	<p>If the applicable laws, administrative regulations and the laws of the place where the shares are listed or the securities regulatory authorities have other provisions on the relevant matters stipulated in the Articles, the Company shall comply with such provisions.</p>

*This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.*

*The proposed amendments to the Rules of Procedures of the General Meeting are set out as follows:*

Existing articles	Amended articles
The Rules of Procedures of The General Meeting of COSCO SHIPPING Holdings Co., Ltd. (Approved in the 2017 Annual General Meeting of the Company)	The Rules of Procedures of The General Meeting of COSCO SHIPPING Holdings Co., Ltd. (Approved in the [●] Meeting of the Company)
<b>Article 1</b> In order to protect the legitimate interests of COSCO SHIPPING Holdings Co., Ltd. (the “Company”) and its shareholders, to specify the duties and limits on powers of the general meetings, to ensure the proper, efficient and smooth operation of general meetings and to ensure the general meetings exercise their functions and powers legally, these rules of procedures are formulated in accordance with laws and regulations such as the “Company Law of the People’s Republic of China” (the “Company Law”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guide to Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies” and other provisions of relevant governing laws, rules and regulations of China and abroad together with provisions of the articles of association of COSCO SHIPPING Holdings Co., Ltd. (the “Articles of Association”). Should there be any inconsistency or conflict between these rules of procedures and any applicable laws, regulations or listing rules, the applicable laws, regulations and listing rules shall prevail.	<b>Article 1</b> In order to protect the legitimate interests of COSCO SHIPPING Holdings Co., Ltd. (the “Company”) and its shareholders, to specify the duties and limits on powers of the general meetings, to ensure the proper, efficient and smooth operation of general meetings and to ensure the general meetings exercise their functions and powers legally, these rules of procedures are formulated in accordance with laws and regulations such as the “Company Law of the People’s Republic of China” (the “Company Law”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guide to Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies”, “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” and other provisions of relevant governing laws, rules and regulations of China and abroad together with provisions of the articles of association of COSCO SHIPPING Holdings Co., Ltd. (the “Articles of Association”). Should there be any inconsistency or conflict between these rules of procedures and any applicable laws, regulations or listing rules, the applicable laws, regulations and listing rules shall prevail.
<b>Article 2</b> These Rules of Procedures apply to the general meetings of the Company and shall be binding on the Company, all the shareholders or their authorized proxy (“shareholder proxy”), directors of the Company, supervisors of the Company and senior management personnel including the general manager, deputy general manager, chief financial officer and secretary to the board and other relevant personnel present at the meeting.	<b>Article 2</b> These Rules of Procedures apply to the general meetings of the Company and shall be binding on the Company, all the shareholders or their authorized proxy (“shareholder proxy”), directors of the Company, supervisors of the Company and senior management personnel including the general manager, deputy general manager, chief accountant or chief financial officer and secretary to the board, chief legal counsel and other relevant personnel present at the meeting.
<b>Article 7</b> The general meeting is classified into annual general meetings (“AGM”) and extraordinary general meetings.	<b>Article 7</b> The general meeting is classified into annual general meetings and extraordinary general meetings.



Existing articles	Amended articles
<b>Article 8</b> All shareholders are entitled to attend the AGMs and extraordinary general meetings...	<b>Article 8</b> All shareholders are entitled to attend the annual general meetings and extraordinary general meetings...
<b>Article 9</b> AGMs shall be held by the board once every year and convened within six months from the end of the previous financial year.	<b>Article 9</b> Annual general meetings shall be held by the board once every year and convened within six months from the end of the previous financial year.
<b>Article 11</b> The general meetings convened in each year, except for AGMs, shall be extraordinary general meetings, which shall be sequenced on the basis of the year of convening.	<b>Article 11</b> The general meetings convened in each year, except for annual general meetings, shall be extraordinary general meetings, which shall be sequenced on the basis of the year of convening.
<b>Article 12</b> To vary or abrogate the rights of the class shareholders, the Company must approve it by a special resolution in a class meeting and it must also be approved by the affected holders of shares of that class at a separate meeting in accordance with the Articles of Association. Voting may be taken in such ways as permitted by laws at a general meeting when necessary.	<b>Article 12</b> To vary or abrogate the rights of the class shareholders, the Company must approve it by a special resolution in a class meeting and it must also be approved by the affected holders of shares of that class at a separate meeting in accordance with the Articles of Association. Voting may be taken in such ways as permitted by laws at a general meeting when necessary. Where any changes in domestic and foreign laws, regulations and the listing rules of the place where the shares of the Company are listed, as well as decisions of domestic and foreign regulatory authorities which lead to the variation or abrogation of the rights of class shareholders, approval of the shareholders' general meeting or class meeting shall not be required.
<p><b>Article 26</b> Motions in a general meeting refers to specific motions regarding issues which shall be discussed in a general meeting, and general meetings shall resolve on specific motions.</p> <p>Motions in a general meeting shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) contents of motions shall comply with provisions of the relevant laws, regulations and the Articles of Association and shall fall within the scope of business of the Company and terms of reference of a general meeting;</li> <li>(2) motions shall cover a specific subject with specific issues to be resolved;</li> <li>(3) motions shall be submitted or delivered to the board of directors or convenor in written form.</li> </ol>	<p><b>Article 26</b> Motions in a general meeting refers to specific motions regarding issues which shall be discussed in a general meeting, and general meetings shall resolve on specific motions.</p> <p>Motions in a general meeting shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) contents of motions shall comply with provisions of the relevant laws, regulations and the Articles of Association and shall fall within the scope of business of the Company and terms of reference of a general meeting;</li> <li>(2) motions shall cover a specific subject with specific issues to be resolved;</li> <li>(3) motions shall be submitted or delivered to the convenor in written form.</li> </ol>

Existing articles	Amended articles
<p><b>Article 30</b> After the issue of notice of the general meeting, the board shall not propose any new motion which is not included in the notice of general meeting. Any amendment to the original motions shall be announced fifteen days prior to the convention of the general meeting. Otherwise, the date of the general meeting shall be postponed for a period of no less than fifteen days.</p>	<p><b>Article 30</b> The board of directors, supervisory committee and the shareholders of the Company individually or jointly holding more than 3% of the total voting shares of the Company may propose provisional motions in a general meeting.</p> <p>The shareholders alone or in concert with others holding 3 percent or more of the Company shares may propose provisional motions, which shall be submitted or delivered to the convenor in written form 10 days prior to the date of the shareholders' general meeting; within 2 days after the receipt of the motions, the convenor shall issue supplementary notice of the general meeting to announce the contents of the provisional motions.</p> <p>In addition to the provisions of the preceding paragraph, the convenor shall not, after issuing the notice of the general meeting, modify the motions already specified in the notice of the general meeting or add new motions.</p> <p>The motions that are not specified in the notice of the general meeting or do not conform to the provisions of the Article 26 of this rules of procedures shall not be voted on at that shareholders' general meeting.</p>
<p><b>Article 31</b> The board of directors, supervisory committee and the shareholders of the Company individually or jointly holding more than 3% of the total voting shares of the Company may propose provisional motions in a general meeting.</p> <p>If a provisional motion represents a new item not listed in the notice of a Board meeting, the proposer shall submit the motion to the board twenty days prior to the general meeting, and the board shall issue a supplementary notice of the general meeting to announce the contents of the provisional motion to the public within two days upon receipt of the motion and at least ten business days before the date of the general meeting.</p>	<p>(Deleted)</p>

Existing articles	Amended articles
<p><b>Article 34</b> The AGM shall at least consider the following agenda:</p> <ol style="list-style-type: none"> <li>(1) consider the annual report of the board, including the investment plans and operating strategies of the following year;</li> <li>(2) consider the annual report of the supervisory committee;</li> <li>(3) consider the audited final financial account plan of the Company for the previous year;</li> <li>(4) consider the Company's plans on profit distribution for the previous year;</li> <li>(5) appointment, removal or non-reappointment of the Company's accounting firm.</li> </ol>	<p><b>Article 33</b> The annual general meetings shall at least consider the following agenda:</p> <ol style="list-style-type: none"> <li>(1) consider the annual report of the board, including the investment plans and operating strategies of the following year;</li> <li>(2) consider the annual report of the supervisory committee;</li> <li>(3) consider the audited final financial account plan of the Company for the previous year;</li> <li>(4) consider the Company's plans on profit distribution for the previous year;</li> <li>(5) appointment, removal or non-reappointment of the Company's accounting firm.</li> </ol>
<p><b>Article 35</b> The board shall review and approve provisional motions proposed by the supervisory committee and shareholders individually or jointly holding more than 3% of the Company's voting shares at a general meeting, and where issues involved in the motion are directly related to the Company and fall within the scope of the functions of a general meeting as stipulated by the relevant laws, regulations and the Articles of Association, the motion shall be submitted to the general meeting for discussion.</p>	(Deleted)
<p><b>Article 36</b> Where the board of directors decides not to include any of motions proposed to the shareholders' general meeting in the agenda thereof, the board of directors shall give an explanation at the meeting and announce the contents of such motion and explanation of the board, together with the resolutions of the shareholders' general meeting after the conclusion of the meeting. Any shareholder proposing a motion who disagrees with the exclusion by the board of directors of his motion from the agenda of the shareholders' general meeting may, according to the provisions in the Articles of Association and these Rules of Procedures, request the convening of an extraordinary general meeting.</p>	(Deleted)

Existing articles	Amended articles
<p><b>Article 39</b> Resolutions in relation to investment, disposal of assets, acquisition and merger shall be proposed with sufficient details, including the amount involved, consideration (or basis of calculation thereof), book value of assets, impact on the Company, status of approval and whether connected transactions are involved. The board shall announce the results of assets valuation, results of audit or independent financial report at least five business days prior to the date on which the shareholders' general meeting is to be held, if the conduct of asset valuation, audit or the preparation of independent financial reports are required in accordance with the applicable regulations.</p>	<p><b>Article 36</b> Resolutions in relation to investment, disposal of assets, acquisition and merger shall be proposed with sufficient details, including the amount involved, consideration (or basis of calculation thereof), book value of assets, impact on the Company, status of approval and whether connected transactions are involved. The board shall announce the results of assets valuation, results of audit or independent financial report at least 10 business days prior to the date on which the shareholders' general meeting is to be held, if the conduct of asset valuation, audit or the preparation of independent financial reports are required in accordance with the applicable regulations.</p>
<p><b>Article 42</b> The board, after approving an annual report, shall resolve on the proposal of profit distribution and make it a motion for AGM. When the board makes a motion of capitalizing the capital reserve, it shall state the reason in detail and disclose it in an announcement.</p> <p>The listed company shall accomplish the profit distribution and share capital increase within two months after the plan is considered and approved at the general meeting.</p>	<p><b>Article 39</b> The board, after approving an annual report, shall resolve on the proposal of profit distribution and make it a motion for annual general meetings. When the board makes a motion of capitalizing the capital reserve, it shall state the reason in detail and disclose it in an announcement.</p> <p>The listed company shall accomplish the profit distribution and share capital increase within two months after the plan is considered and approved at the general meeting.</p>
<p><b>Article 46</b> Procedures for nomination of independent directors are as follows:</p> <p>...</p> <p>(2) If the shareholder or the supervisory committee individually or jointly holding more than 3% of the total voting shares of the company proposes the interim proposal to elect individual directors, the written notice on the intention of the nomination of the director candidates and the nominees' expression of willingness to accept the nomination, as well as the written materials and statements of the nominee mentioned in the preceding paragraph of this Article shall be delivered to the Company twenty days prior to the date of the general meeting.</p> <p>(3) Before the shareholders' general meeting for the election of an independent director, the Company shall submit the relevant materials concerning the nominee to the regulatory securities authority of the State Council. If the board of directors disputes the particulars pertaining to the nominee, it shall also submit its written opinions to the relevant authorities, when required.</p> <p>...</p>	<p><b>Article 43</b> Procedures for nomination of independent directors are as follows:</p> <p>...</p> <p>(2) If the shareholder individually or jointly holding more than 3% of the total voting shares of the company proposes the interim proposal to elect individual directors, the written notice on the intention of the nomination of the director candidates and the nominees' expression of willingness to accept the nomination, as well as the written materials and statements of the nominee mentioned in the preceding paragraph of this Article shall be submitted to the Company within the time as specified by laws and regulations.</p> <p>(3) Before the shareholders' general meeting for the election of an independent director, subject to the requirements under the applicable laws, regulations and/or listing rules, the Company shall submit the relevant materials concerning the nominee to the regulatory securities authority of the State Council and/or its agencies and the stock exchanges on which the shares of the Company are listed. If the board of directors disputes the particulars pertaining to the nominee, it shall also submit its written opinions to the relevant authorities, when required.</p> <p>...</p>

Existing articles	Amended articles
<p><b>Article 48</b> Where the Company convenes a general meeting, a notice of the meeting shall be given forty five days prior to the date of the meeting to notify all the shareholders recorded in the register of shareholders of the agenda to be considered at the meeting, and the date and venue of the meeting.</p> <p>The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as shown in the register of shareholders. For holders of H shares, the notice of the meeting may also be issued by posting on the website of the Company, except for the holders of H shares who have chosen to receive printed form(s) of the Company's communications. For holders of A shares, the notice of a general meeting may also be given by public announcement.</p> <p>Public notices referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the China Securities Regulatory Commission during the period between forty five days and fifty days before the meeting. Once the announcement is made, holders of A shares shall be deemed to have received the notice of the relevant general meeting.</p> <p>Unless otherwise required by applicable laws, the aforesaid duration shall include the date upon which the notice is issued and exclusive of the date upon which the general meeting is convened.</p> <p>In the event the Company fails to issue the notice as scheduled, and thus resulting in the failure of the Company to convene the AGM within six months from the end of the previous financial year, the Company shall report the same to the stock exchanges on which the Company is listed at the earliest possible time to explain the reasons thereof and make a public announcement.</p>	<p><b>Article 45</b> Where the Company convenes an annual general meeting, a notice of the meeting shall be given twenty days prior to the date of the meeting, and where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given ten business days or fifteen days (whichever is longer) prior to the date of the meeting to notify all the shareholders recorded in the register of shareholders of the agenda to be considered at the meeting, and the time and venue of the meeting.</p> <p>The date of the meeting shall not be counted for the purpose of determining the commencement date of such period.</p> <p>When the Company convenes a class shareholders' meeting, the notice period and method of notice shall comply with Article 102 of the Company's articles of association.</p> <p>The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as shown in the register of shareholders. For holders of H shares, the notice of the meeting may also be issued by posting on the website of the Company, except for the holders of H shares who have chosen to receive printed form(s) of the Company's communications. For holders of A shares, the notice of a general meeting may also be given by public announcement.</p> <p>Public notices referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the China Securities Regulatory Commission. Once the announcement is made, holders of A shares shall be deemed to have received the notice of the relevant general meeting.</p> <p>Unless otherwise required by applicable laws, the aforesaid duration shall include the date upon which the notice is issued and exclusive of the date upon which the general meeting is convened.</p> <p>In the event the Company fails to issue the notice as scheduled, and thus resulting in the failure of the Company to convene the annual general meetings within six months from the end of the previous financial year, the Company shall report the same to the stock exchanges on which the Company is listed at the earliest possible time to explain the reasons thereof and make a public announcement.</p>

Existing articles	Amended articles
<p><b>Article 50</b> The notice of a general meeting shall meet the following requirements:</p> <p>...</p> <p>(5) containing a disclosure of the nature and extent of the material interests of any director, supervisor, general manager, deputy general manager, financial director and secretary to the board. in relation to the issue to be discussed. Where the effect of the issue to be discussed on any director, supervisor, general manager, deputy general manager, financial director and secretary to the board in their capacity as shareholders is different from the effect on other class shareholders, the difference shall be clearly explained;</p> <p>...</p>	<p><b>Article 47</b> The notice of a general meeting shall meet the following requirements:</p> <p>...</p> <p>(5) containing a disclosure of the nature and extent of the material interests of any director, supervisor, general manager, deputy general manager and other senior management in relation to the issue to be discussed. Where the effect of the issue to be discussed on any director, supervisor, general manager, deputy general manager and other senior management to the board in their capacity as shareholders is different from the effect on other class shareholders, the difference shall be clearly explained;</p> <p>...</p>
<p><b>Article 54</b> ... Where the supervisory committee or the shareholders convocate and convene the meeting at their own discretion as stipulated in Article 51 and Article 54 of these Rules of Procedures, they shall issue a written notice to the board of directors and file the record with the relevant competent authorities in accordance with appropriate provisions. The board of directors and the secretary to the board shall render assistance to the meeting, and the board of directors shall provide the roster of shareholders. The reasonable expenses incurred in connection with the meeting shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.</p>	<p><b>Article 51</b> ... Where the supervisory committee or the shareholders convocate and convene the meeting at their own discretion as stipulated in Article 48 and Article 51 of these Rules of Procedures, they shall issue a written notice to the board of directors and file the record with the relevant competent authorities in accordance with appropriate provisions. The board of directors and the secretary to the board shall render assistance to the meeting, and the board of directors shall provide the roster of shareholders. The reasonable expenses incurred in connection with the meeting shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.</p>
<p><b>Article 55</b> The proposers who are entitled to propose provisional motions in accordance with Article 31 shall submit or deliver provisional motions to the convenor in written form twenty days prior to the date of the general meeting. Within two days after the receipt of the motions, the convenor shall issue supplementary notice of the general meeting to announce the contents of the provisional motions to the public.</p> <p>In addition to the provisions of the preceding paragraph, the convenor shall not, after the issuing of the notice of the general meeting, modify the motions already specified in the notice of the general meeting or add new motions.</p>	<p>(Deleted)</p>

Existing articles	Amended articles
<p><b>Article 56</b> The contents of the motions shall fall within the functions and powers of the general meeting, cover a specific subject with specific issues to be resolved, and shall comply with the relevant laws and regulations and the Articles of Association.</p> <p>The motions that are not specified in the notice of the general meeting or do not conform to the provisions of the preceding paragraph shall not be voted on at that shareholders' general meeting.</p>	(Deleted)
<p><b>Article 57</b> The board shall specify in the notice issued to shareholders that shareholders and shareholders' representatives intending to attend a general meeting shall deliver to the Company their written replies concerning their attendance at such meeting twenty days prior to the date of the meeting. The Company shall, based on the written replies received from shareholders twenty days prior to the date of the general meeting, calculate the number of voting shares held by shareholders and shareholders' representatives intending to attend the meeting.</p> <p>Where the number of voting shares represented by shareholders intending to attend the meeting amounts to more than half of the Company's voting shares, the Company may convene the general meeting; if not, the Company shall, within five days, notify shareholders again of the issues to be reviewed, and date and venue of the meeting in the form of public notices. The Company may then convene the general meeting after the publication of such notices.</p>	(Deleted)
<p><b>Article 58</b> After a notice convening the general meeting is issued by the convener, the general meeting shall not be convened before the date announced, nor shall it postponed with no reason. If, for any special reason, the Company must delay the convening of the general meeting, the convener shall issue a notice postponement at least two working days prior to the original date of general meeting. The convener shall explain in the notice of postponement the reason and announce the new convening date.</p>	<p><b>Article 52</b> After a notice convening the general meeting is issued by the convener, the general meeting shall not be convened before the date announced, nor shall it postponed or cancelled with no reason. Resolutions as disclosed in the notice of the general meeting shall not be cancelled with no reason. If, for any special reason, the Company must delay or cancel the general meeting or cancel the resolutions, the convener shall publish an announcement at least two working days prior to the original date of general meeting. The convener shall explain in the announcement the reason for postponement or cancellation of the general meetings or cancellation of resolutions and announce the new convening date.</p>
<p><b>Article 60</b> The Company shall, as required by the stock exchanges on which the Company is listed, at least ten days prior to the date on which the shareholders' general meeting is to be held, publish all the meeting information on the website of the stock exchange.</p>	<p><b>Article 54</b> The Company shall, within the time as required by the listing rules of stock exchanges on which the Company are listed, publish all the meeting information on the website of the stock exchanges.</p>



Existing articles	Amended articles
<p><b>Article 64</b> The shareholders shall appoint proxies in written form, and the power of attorney shall specify the following contents:</p> <p>...</p> <p>(5) whether or not the proxy has any voting right(s) in respect of provisional motions which may be included in the agenda of the AGM; and, if the proxy has such voting right(s), specific instructions as to the exercise of those voting rights;</p> <p>(6) the date of issue and validity period of the proxy form;</p> <p>(7) the signatures (or seals) of the principal and the proxy appointed in writing. Where the principal is a corporate shareholder, the proxy form shall bear its corporate seal or be signed by its director or a proxy duly appointed. Where a shareholder appoints more than one proxy to attend and vote on his behalf, he shall specify the number of shares represented by each proxy in the proxy form;</p> <p>(8) the proxy form shall state clearly that the proxy shall be entitled to vote at his discretion in the absence of specific instructions from the shareholder.</p>	<p><b>Article 58</b> The shareholders shall appoint proxies in written form, and the power of attorney shall specify the following contents:</p> <p>...</p> <p>(5) the date of issue and validity period of the proxy form;</p> <p>(6) the signatures (or seals) of the principal and the proxy appointed in writing. Where the principal is a corporate shareholder, the proxy form shall bear its corporate seal or be signed by its director or a proxy duly appointed. Where a shareholder appoints more than one proxy to attend and vote on his behalf, he shall specify the number of shares represented by each proxy in the proxy form;</p> <p>(7) the proxy form shall state clearly that the proxy shall be entitled to vote at his discretion in the absence of specific instructions from the shareholder.</p>
<p><b>Article 70</b> The board shall take necessary measures to ensure the solemnity and proper order of the general meeting. The Company shall have the right to reject persons, other than shareholders (or shareholder proxies), directors, supervisors, secretary to the board, lawyer(s) engaged, the general manager, deputy general manager, financial director and persons invited by the board, to enter the meeting venue. The Company shall take actions to stop anyone from provoking a quarrel, making trouble or infringing the lawful interests of other shareholders and refer the case to relevant authorities for settlement in time.</p>	<p><b>Article 64</b> The board shall take necessary measures to ensure the solemnity and proper order of the general meeting. The Company shall have the right to reject persons, other than shareholders (or shareholder proxies), directors, supervisors, secretary to the board, lawyer(s) engaged, the general manager, deputy general manager, chief accountant or financial director, chief legal counsel and persons invited by the board, to enter the meeting venue. The Company shall take actions to stop anyone from provoking a quarrel, making trouble or infringing the lawful interests of other shareholders and refer the case to relevant authorities for settlement in time.</p>
<p><b>Article 72</b> The Company shall hold shareholders' general meeting in the Company's domicile or the place specified in the Articles of Association.</p> <p>Shareholders' general meeting should be set up at a venue and should be held by way of a physical meeting. Shareholders' general meeting should adopt safe, economic and convenient network and other methods to enable shareholders to attend general meeting conveniently in accordance with the law, administrative regulations or regulations stipulated by China Securities Regulatory Commission or the Articles of Association. Shareholders attending the general meeting by the abovementioned methods will be regarded as attending the general meeting.</p>	<p><b>Article 66</b> The Company shall hold shareholders' general meeting in the Company's domicile or the place specified in the Articles of Association.</p> <p>Shareholders' general meeting should be set up at a venue and should be held by way of a physical meeting. The Company will also provide online voting to facilitate the participation of holders of A shares at the general meetings. Shareholders attending the general meeting by the abovementioned methods will be regarded as attending the general meeting.</p>

Existing articles	Amended articles
<p><b>Article 77</b> After announcing the formal commencement of the meeting, the chairman of the meeting shall first declare that the number of the shareholders present at the meeting and the number of shares they represent comply with the statutory requirements and provisions of the Articles of Association of the Company, and then announce the meeting agenda stated in the notice, and inquire whether the people who are present at the meeting have objections over the sequence of voting on motions. Where the Board or the chairman of the meeting does not include the temporary proposal of the supervisory committee or shareholders in the meeting agenda, explanations and statements should be made at the general meeting.</p>	<p><b>Article 71</b> After announcing the formal commencement of the meeting, the chairman of the meeting shall first declare that the number of the shareholders present at the meeting and the number of shares they represent comply with the statutory requirements and provisions of the Articles of Association of the Company, and then announce the meeting agenda stated in the notice, and inquire whether the people who are present at the meeting have objections over the sequence of voting on motions.</p>
<p><b>Article 80</b> At an AGM, the supervisory committee shall deliver special reports relating to supervision in the previous year, including:</p> <ul style="list-style-type: none"> <li>(1) review results of the financial information of the Company;</li> <li>(2) performance of duties by directors and senior officers of the Company and implementation of the relevant laws, regulations, the Articles of Association and resolutions of the general meeting;</li> <li>(3) other events to be reported to the general meeting as deemed necessary by the supervisory committee.</li> </ul>	<p>(Deleted)</p>
<p><b>Article 81</b> Pursuant to the relevant laws and regulations, the Articles of Association or other system of the Company, independent directors shall express their opinions on matters requiring their views. If it is required under applicable laws and regulations, independent directors shall submit their yearly work reports at the AGM and make a statement on their fulfillment of duties.</p>	<p><b>Article 74</b> Pursuant to the relevant laws and regulations, the Articles of Association or other system of the Company, independent directors shall express their opinions on matters requiring their views. If it is required under applicable laws and regulations, independent directors shall submit their yearly work reports at the annual general meetings and make a statement on their fulfillment of duties.</p>
<p><b>Article 82</b> Where a certified public accountant includes explanatory statements, qualified opinion, disclaimer of opinion or adverse opinion on the financial statement of the Company in its audit report, the board shall make an explanation to the general meeting for relevant issues which led the accountant to express the aforesaid opinions and the effect on the financial and operating condition of the Company. Where such issues have direct impact on the profit for the current accounting period, the board shall determine the plans on profit distribution or shareholder reserve funds on a “whichever-is-lower” basis.</p>	<p><b>Article 75</b> Where a certified public accountant includes explanatory statements, qualified opinion, disclaimer of opinion or adverse opinion on the financial statement of the Company in its audit report, the board shall make an explanation to the general meeting for relevant issues which led the accountant to express the aforesaid opinions and the effect on the financial and operating condition of the Company. Where such issues have direct impact on the profit for the current accounting period, the board shall determine the plans on profit distribution or shareholder reserve funds on a “whichever-is-lower” basis.</p>

Existing articles	Amended articles
<p><b>Article 89</b> In reviewing the motions included in the notice of an extraordinary general meeting, no alteration shall be made to the relevant motions in respect of the following matters:</p> <ul style="list-style-type: none"> <li>(1) increase or reduction of the registered capital of the Company;</li> <li>(2) issue of debt securities of the Company;</li> <li>(3) demerger, merger, dissolution and liquidation of the Company;</li> <li>(4) amendment to the Articles of Association;</li> <li>(5) profits distribution plans and loss recovery plans of the Company;</li> <li>(6) appointment and removal of a member of the board of directors and the supervisory committee;</li> <li>(7) change of the use of proceeds from a share offer;</li> <li>(8) connected transaction which requires the approval of the shareholders in general meetings;</li> <li>(9) acquisition or sale of assets which requires the approval of the shareholders in general meetings;</li> <li>(10) change of the accounting firm engaged.</li> </ul> <p>Any alteration in respect of the contents of the above motions shall be deemed to be a new motion and shall not be voted on at that shareholders' general meeting.</p>	<p>(Deleted)</p>
<p><b>Article 90</b> The general meetings shall resolve separately on each motion included in the agenda, and shall not for any reason cause delay in voting on, or failure to vote on, any motion. Where different motions for the same issue are proposed at the AGM, such motions shall be voted on and resolved in the order of time in which they are proposed.</p>	<p><b>Article 82</b> The general meetings shall resolve separately on each motion included in the agenda, and shall not for any reason cause delay in voting on, or failure to vote on, any motion. Where different motions for the same issue are proposed at the annual general meetings, such motions shall be voted on and resolved in the order of time in which they are proposed.</p>

Existing articles	Amended articles
<p><b>Article 96</b> Where issues specified in sub-paragraphs (2) to (8), (11) to (12) of the Article 38 of these Rules of Procedures are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings. “Interested shareholder(s)” as specified in the preceding paragraph refers to:</p> <p>...</p>	<p><b>Article 88</b> Where issues specified in sub-paragraphs (2) to (8), (11) to (12) of the Article 35 of these Rules of Procedures are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings. “Interested shareholder(s)” as specified in the preceding paragraph refers to:</p> <p>...</p>
<p><b>Article 118</b> The phrases “more than” and “less than” herein for the numbers includes the numbers indicated themselves while “majority” and “exceed” excludes the numbers indicated themselves.</p>	<p><b>Article 110</b> The phrases “more than” and “less than” herein for the numbers includes the numbers indicated themselves while “majority” and “exceed” excludes the numbers indicated themselves. The “working day” mentioned in these rules of procedures refers to the national legal working days and the trading days between the Shanghai Stock Exchange and the Hong Kong Stock Exchange. When the national legal working days is inconsistent with the trading days, the trading days shall prevail.</p>

*This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.*

*The proposed amendments to the Rules of Procedures of the Board are set out as follows:*

Existing articles	Amended articles
<p><b>Article 1</b> In order to further regulate the official business discussion and decision-making procedure of COSCO SHIPPING Holdings Co., Ltd. (hereinafter referred to as “the Company” or this Company) and to ensure the working efficiency and the scientific strategic decision-making of the board of directors, these Rules of Procedures are formulated in accordance with the articles of association of COSCO SHIPPING Holdings Co., Ltd. (the “Articles of Association”), relevant laws and regulations including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, Guide to Articles of Association of Listed Companies, Standards for the Governance of Listed Companies, as well as in light of overall conditions of the Company. Should there be any inconsistency or conflict between these Rules of Procedures and any applicable laws, regulations or listing rules, the applicable laws, regulations and listing rules shall prevail.</p>	<p><b>Article 1</b> In order to further regulate the official business discussion and decision-making procedure of COSCO SHIPPING Holdings Co., Ltd. (hereinafter referred to as “the Company” or this Company) and to ensure the working efficiency and the scientific strategic decision-making of the board of directors, these Rules of Procedures are formulated in accordance with the articles of association of COSCO SHIPPING Holdings Co., Ltd. (the “Articles of Association”), relevant laws and regulations including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, Guide to Articles of Association of Listed Companies, Standards for the Governance of Listed Companies and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as in light of overall conditions of the Company. Should there be any inconsistency or conflict between these Rules of Procedures and any applicable laws, regulations or listing rules, the applicable laws, regulations and listing rules shall prevail.</p>
<p><b>Article 3</b> The board of directors shall consider and resolve on matters to be submitted to the shareholders’ general meeting for decision (including matters put forward by over two independent directors) in accordance with laws and regulations and the Articles of Association of the Company.</p> <p>With respect to the provisional proposals put forward by the shareholders who individually or jointly hold over 3% of voting shares of the Company at the shareholders’ general meeting, the board of directors shall consider and decide on whether submitting such proposals to the shareholders’ general meeting.</p>	<p><b>Article 3</b> The board of directors shall consider and resolve on matters to be submitted to the shareholders’ general meeting for decision (including matters put forward by over two independent directors) in accordance with laws and regulations and the Articles of Association of the Company.</p>

Existing articles	Amended articles
<p><b>Article 5</b> The board shall be responsible to the shareholders' general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(11) to appoint or remove the Company's general manager, to appoint or remove the Company's deputy general manager and financial director according to the proposals of the general manager; to appoint or remove secretary to the board of directors; and determine their remunerations;</p> <p>.....</p> <p>(15) to formulate equity incentive mechanism plan (including stock option plan permitted by laws and regulations);</p> <p>.....</p>	<p><b>Article 5</b> The board shall be responsible to the shareholders' general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(11) to appoint or remove the Company's general manager, to appoint or remove the Company's deputy general manager, chief accountant or financial director and legal counsel according to the proposals of the general manager; to appoint or remove secretary to the board of directors; and determine their remunerations;</p> <p>.....</p> <p>(15) to formulate and implement equity incentive scheme (including stock option plan permitted by laws and regulations);</p> <p>.....</p> <p>(17) to promote the law-based operation and decision-making, to guide and supervise the construction plan of corporate rule of law, to establish and implement the general legal adviser system, to guide the study of resolving major issues on construction of corporate rule of law, so as to provide the conditions and protection for the construction of corporate rule of law, and to listen to the work report on the rule of law construction of the Company;</p>
<p><b>Article 9</b> The board of directors shall be established in accordance with applicable laws, regulations, securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, with the appropriate proportion of independent directors and external directors.</p> <p>The election, replacement and term of service of directors shall follow the requirements of the Articles of Association. A director, before his term of office expires, shall not be removed by the general meeting without any reason. The term of a director shall be calculated from the date of passing the resolution at the general meeting to the expiry of that session of the board.</p> <p>When the term of office of all directors are expired, in the event that the new board of directors has not been elected, the former directors shall continue to perform their responsibilities until the new board of directors is formed.</p>	<p><b>Article 9</b> The board of directors shall be established in accordance with applicable laws, regulations, securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, with the appropriate proportion of independent directors and external directors.</p> <p>The election, replacement and term of service of directors shall follow the requirements of the Articles of Association. A director, before his term of office expires, maybe removed by the general meeting. The term of a director shall be calculated from the date of passing the resolution at the general meeting to the expiry of that session of the board.</p> <p>When the term of office of all directors are expired, in the event that the new board of directors has not been elected, the former directors shall continue to perform their responsibilities until the new board of directors is formed.</p>

Existing articles	Amended articles
<p><b>Article 10</b> The board shall include one chairman and one vice-chairman.</p> <p>The board shall establish special committees such as audit committee, remuneration committee, nomination committee and other committees in accordance with related resolutions and/or authorization of the Articles of Association of the Company and the shareholders' general meeting. These special committees shall consider specific matters and give their opinions and advice for the board's decision-making based on the proposals made by the board of directors, the chairman of the board and general manager.</p>	<p><b>Article 10</b> The board shall include one chairman and one vice-chairman.</p> <p>The board shall establish special committees such as audit committee and remuneration committee and a strategy committee, nomination committee, risk control committee and other special committees shall be formed at the Company in light of demands in accordance with related resolutions and/or authorization of the Articles of Association of the Company and the shareholders' general meeting. These special committees shall consider specific matters and give their opinions and advice for the board's decision-making based on the proposals made by the board of directors, the chairman of the board and general manager.</p>
<p><b>Article 16</b> Regular board meetings</p> <p>.....</p> <p>(1) Annual board meetings The meeting shall be held within three months after the end of the financial year of the Company, which shall mainly examine the annual results announcement and annual report of the Company and handle other relevant matters. The time of holding the annual board meeting shall ensure that the annual results announcement and annual report of the Company can be published and distributed to shareholders within the time specified by relevant laws and regulations and the Articles of Association of the Company, that the annual preliminary financial results of the Company can be announced within the time specified by relevant laws and regulations (if applicable) and that the annual shareholders' general meeting can be held within six months after the end of the financial year of the Company.</p> <p>...</p>	<p><b>Article 16</b> Regular board meetings</p> <p>.....</p> <p>(1) Annual board meetings The meeting shall be held within three months after the end of the financial year of the Company, which shall mainly examine the annual results announcement and annual report of the Company and handle other relevant matters. The time of holding the annual board meeting shall ensure that the annual results announcement and annual report of the Company can be published and distributed to shareholders within the time specified by relevant laws and regulations and the Articles of Association of the Company, that the annual preliminary financial results of the Company can be announced within the time specified by relevant laws and regulations (if applicable) and that the annual shareholders' general meeting can be held within six months after the end of the financial year of the Company.</p> <p>...</p>
<p><b>Article 19</b> Tabling of proposals</p> <p>Board proposals shall be put forward mainly based on the following circumstances:</p> <p>.....</p> <p>(3) Proposals of special committees of the board of directors;</p> <p>.....</p>	<p><b>Article 19</b> Tabling of proposals</p> <p>Board proposals shall be put forward mainly based on the following circumstances:</p> <p>.....</p> <p>(3) Proposals of special committees of the board of directors;</p> <p>.....</p>

Existing articles	Amended articles
<p><b>Article 21</b> Notice of meeting</p> <p>Notice in respect of shareholders meeting shall be given in accordance to the following requirement and method:</p> <p>(1) In the event that the place and time of any regular board meetings has been specified by the Board of Directors, except by reason that such place and time of the board meeting is to be changed, notice shall not be required to be given for such meeting to be held, and the agenda of the regular board meeting and other related documents shall be given to all the directors, supervisors and other attendees three days before the meeting is to be held;</p> <p>.....</p> <p>The notice of such meeting shall at least set out the following:</p> <p>(1) the time and venue of the meeting;</p> <p>.....</p> <p>After receipt of the notice of meeting, the directors shall responsively (not later than 2 days before convening of the meeting) send acknowledgements to the office of the Board.</p> <p>.....</p>	<p><b>Article 21</b> Notice of meeting</p> <p>Notice in respect of shareholders meeting shall be given in accordance to the following requirement and method:</p> <p>(1) In the event that the place and time of any regular board meetings has been specified by the Board of Directors, except by reason that such place and time of the regular board meeting is to be changed, notice shall not be required to be given for such meeting to be held, and the agenda of the regular board meeting and other related documents shall be given to all the directors, supervisors and other attendees three days before the meeting is to be held;</p> <p>.....</p> <p>The notice of such meeting shall at least set out the following:</p> <p>(1) the time and venue of the meeting;</p> <p>.....</p> <p>After receipt of the notice of meeting, the directors shall responsively (not later than 2 days before convening of the meeting) send acknowledgements to the office of the Board.</p> <p>.....</p>
<p><b>Article 24</b> Attendance</p> <p>The quorum of board meetings shall be formed by a majority of directors (including any directors appointed in writing pursuant to Article 20 of the Articles of Association of the Company to attend the meeting as the representatives of other directors).</p> <p>.....</p> <p>A supervisor may be present at the Board meeting; the manager and secretary to the Board who are not directors shall also be present at the Board meeting. Other relevant persons may be notified to be present at the Board meeting if considered necessary by the chairman.</p>	<p><b>Article 24</b> Attendance</p> <p>The quorum of board meetings shall be formed by a majority of directors (including any directors appointed in writing pursuant to Article 119 of the Articles of Association of the Company to attend the meeting as the representatives of other directors).</p> <p>.....</p> <p>A supervisor may be present at the Board meeting; the manager and secretary to the Board who are not directors shall also be present at the Board meeting. For the matters discussed by the Board that involve legal issues, the general counsel shall be present at the Board meeting and propose his/her legal opinions. Other relevant persons may be notified to be present at the Board meeting if considered necessary by the chairman.</p>



Existing articles	Amended articles
<p><b>Article 27</b> Examination of proposals</p> <p>.....</p> <p>In order to better understand the main points and circumstances of relevant plans, proposals and reports in detail, the board meeting may require the persons in charge of undertaking departments to attend the meeting when examining such plans, proposals and reports so that directors may learn and inquire about relevant information and make correct resolutions. The directors may, before the meeting, learn and inquire about information needed for decision making from relevant persons or institutions such as the special committee liaison department, the convener of the meeting, the general manager and other senior executives, select committees, the accounting firm and the law firm, or may, while the meeting is underway, suggest to the chairperson that the aforesaid persons or institutions appear at the meeting to provide relevant explanations.</p> <p>.....</p>	<p><b>Article 27</b> Examination of proposals</p> <p>.....</p> <p>In order to better understand the main points and circumstances of relevant plans, proposals and reports in detail, the board meeting may require the persons in charge of undertaking departments to attend the meeting when examining such plans, proposals and reports so that directors may learn and inquire about relevant information and make correct resolutions. The directors may, before the meeting, learn and inquire about information needed for decision making from relevant persons or institutions such as the special committee liaison department, the convener of the meeting, the general manager and other senior executives, select committees, the accounting firm and the law firm, or may, while the meeting is underway, suggest to the chairperson that the aforesaid persons or institutions appear at the meeting to provide relevant explanations.</p> <p>.....</p>
<p><b>Article 28</b> The independent directors shall give their independent opinions to the board on the following matters:</p> <p>.....</p> <p>(5) material funds transfer as defined by the listing rules of the stock exchanges where the Company is listed between the Company and its shareholders or connected enterprises;</p> <p>.....</p>	<p><b>Article 28</b> The independent directors shall give their independent opinions to the board on the following matters:</p> <p>.....</p> <p>(5) material funds transfer between the Company and its shareholders or connected enterprises;</p> <p>.....</p>

Existing articles	Amended articles
<p><b>Article 30</b> Voting on proposals</p> <p>.....</p> <p>The board of directors shall examine the proposals submitted and any resolutions of the board with respect to any of the following matters shall be passed by more than two-thirds of the votes while other resolutions of the board shall be passed by over half of the votes:</p> <ol style="list-style-type: none"> <li>(1) the formulation of the Company's plans for increase or reduction of registered capital (including but not limited to repurchase of the shares of the Company) and issue and listing of any kind of securities (including but not limited to corporate bonds);</li> <li>(2) the formulation of the Company's plans for merger, division, dissolution and amendment to the form of the Company;</li> <li>(3) the decision on granting external guarantees;</li> <li>(4) adopting and amending the Articles of Association of the Company and its appendices.</li> </ol>	<p><b>Article 30</b> Voting on proposals</p> <p>.....</p> <p>The board of directors shall examine the proposals submitted and any resolutions of the board with respect to any of the following matters shall also be passed by more than two-thirds of the votes; when the number of negative votes is equal to that of affirmative votes, the chairman of the Board of Directors has the right to cast one more vote. The decision on granting external guarantees shall be passed by more than two-thirds of votes of directors being present at the Board meetings while other resolutions of the board shall be passed by over half of the votes:</p> <ol style="list-style-type: none"> <li>(1) the formulation of the Company's plans for increase or reduction of registered capital (including but not limited to repurchase of the shares of the Company) and issue and listing of any kind of securities (including but not limited to corporate bonds);</li> <li>(2) the formulation of the Company's plans for merger, division, dissolution and amendment to the form of the Company;</li> <li>(3) adopting and amending the Articles of Association of the Company and its appendices.</li> </ol>
<p><b>Article 40</b> Minutes of the meeting and record of the resolutions Besides the meeting minutes, the Board secretary may where necessary arrange a clerk of a special committee's liaison department to prepare a summary of the meeting, and prepare separate records of the resolutions according to the voting results.</p>	<p><b>Article 40</b> Minutes of the meeting and record of the resolutions Besides the meeting minutes, the Board secretary may where necessary arrange a clerk of a special committee's liaison department to prepare a summary of the meeting, and prepare separate records of the resolutions according to the voting results.</p>
<p><b>CHAPTER 7 RULES OF PROCEDURE OF SPECIAL COMMITTEES</b></p>	<p><b>CHAPTER 7 RULES OF PROCEDURE OF SPECIAL COMMITTEES</b></p>
<p><b>Article 45</b> Each special committee shall irregularly hold meetings as required. A meeting shall be presided over by the chairman of the special committee. A meeting may be convened upon the proposal by any member of the committee, the chairman of the board or the general manager.</p>	<p><b>Article 45</b> Each special committee shall irregularly hold meetings as required. A meeting shall be presided over by the chairman of the special committee. A meeting may be convened upon the proposal by any member of the committee, the chairman of the board or the general manager.</p>

Existing articles	Amended articles
<b>Article 46</b> The holding of a meeting of each special committee of the board of directors shall be subject to the attendance of more than half of all the members of the committee. Each member shall have one vote. The resolutions made by each special committee shall be subject to approval by over half of all members of the special committee.	<b>Article 46</b> The holding of a meeting of each special committee of the board of directors shall be subject to the attendance of more than half of all the members of the committee. Each member shall have one vote. The resolutions made by each special committee shall be subject to approval by over half of all members of the special committee.
<b>Article 47</b> A member of each special committee shall attend a committee meeting in person or in the manner of telephone conference or by aid of similar communication equipment. If the member is unable to attend the meeting for certain reasons, he may authorize another committee member in writing to attend the meeting on his behalf. The power of attorney shall set forth the scope of authorization.	<b>Article 47</b> A member of each special committee shall attend a committee meeting in person or in the manner of telephone conference or by aid of similar communication equipment. If the member is unable to attend the meeting for certain reasons, he may authorize another committee member in writing to attend the meeting on his behalf. The power of attorney shall set forth the scope of authorization.
<b>Article 48</b> The senior executives of the Company and other persons who, in the opinion of the special committee, should attend the meeting shall have the right to attend meeting of the special committee as non-voting delegates.	<b>Article 48</b> The senior executives of the Company and other persons who, in the opinion of the special committee, should attend the meeting shall have the right to attend meeting of the special committee as non-voting delegates.
<b>Article 49</b> The special committee's liaison department of the Company shall inform each member of the committee and non-voting attendees of the time, venue and agenda of the meeting and relevant materials at an appropriate time prior to the holding of the meeting.	<b>Article 49</b> The special committee's liaison department of the Company shall inform each member of the committee and non-voting attendees of the time, venue and agenda of the meeting and relevant materials at an appropriate time prior to the holding of the meeting.
<b>Article 50</b> Complete written minutes shall be prepared for a meeting of each special committee and kept at the administration department of the board of directors. The first and final draft of meeting minutes shall be served on all members of the committee within 14 days of the meeting. The first draft shall be served on the members of the committee for them to express opinions. The final draft shall be for record and signing by the members of the committee.	<b>Article 50</b> Complete written minutes shall be prepared for a meeting of each special committee and kept at the administration department of the board of directors. The first and final draft of meeting minutes shall be served on all members of the committee within 14 days of the meeting. The first draft shall be served on the members of the committee for them to express opinions. The final draft shall be for record and signing by the members of the committee.
<b>Article 51</b> The Board affairs department shall properly keep the meeting minutes of each special committee and make them available for review by all members of the board of directors at any time.	<b>Article 51</b> The Board affairs department shall properly keep the meeting minutes of each special committee and make them available for review by all members of the board of directors at any time.
<b>Article 52</b> Each special committee shall report the status of its performance of its responsibilities listed in Code on Corporate Governance Practices at the regular meetings of the board of directors.	<b>Article 52</b> Each special committee shall report the status of its performance of its responsibilities listed in Code on Corporate Governance Practices at the regular meetings of the board of directors.

*This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.*

*The proposed amendments to the Rules of Procedures of the Supervisory Committee are set out as follows:*

Existing articles	Amended articles
<b>Article 2</b> The Supervisory Committee shall be accountable to the shareholders' general meeting. The Committee oversees the Company's financial affairs and legal compliance of duties performed by the Board and directors, general manager, deputy general manager, chief financial officer and secretary to the Board to safeguard the legal interests of the Company and its shareholders.	<b>Article 2</b> The Supervisory Committee shall be accountable to the shareholders' general meeting. The Committee oversees the Company's financial affairs and legal compliance of duties performed by the Board and directors, general manager, deputy general manager, chief accountant or chief financial officer and secretary to the Board and general counsel to safeguard the legal interests of the Company and its shareholders.
<b>Article 5</b> The term of office for supervisors is three years. External supervisors and independent supervisors shall be appointed and removed at general meetings, whereas staff representatives shall be elected and removed by staff in a democratic way. The term of office of supervisors may be renewed subject to re-election.	<b>Article 5</b> The term of office for supervisors is three years. External supervisors and independent supervisors shall be appointed and removed at general meetings, whereas staff representative supervisors shall be elected and removed by staff in a democratic way. The term of office of supervisors may be renewed subject to re-election.
<b>Article 10</b> The Supervisory Committee shall deliver its special supervisory report at the annual general meeting to report the following:  (1) findings of its inspection of financial affairs of the Company;  (2) the compliance and execution of the applicable laws, regulations, the Articles of Association and resolutions of the general meetings of the Company by the directors, general manager, deputy general manager, chief financial officer and secretary to the Board;	(Deleted)

Existing articles	Amended articles
<p>(3) assessment on integrity and diligence of directors, general manager, deputy general manager, chief financial officer and secretary to the Board in respect of their performance of duties, in particular, the assessment by the external supervisor;</p> <p>(4) other material events considered necessary to be reported to the general meetings of the Company. Where necessary, the Supervisory Committee may also put forward opinions on motions considered at general meetings and submit independent reports.</p>	
<p><b>Article 13</b> When performing its supervisory duties, if the Supervisory Committee discovers that the Company's financial affairs or the conduct of the directors, general manager, deputy general manager, chief financial officer and secretary to the Board of the Company are in violation of laws, regulations or the Articles of Association, it shall report to the Board of Directors, the shareholders' general meeting or the regulatory authorities governing securities under the State Council and other government departments.</p>	<p><b>Article 13</b> When performing its supervisory duties, if the Supervisory Committee discovers that the Company's financial affairs or the conduct of the directors, general manager, deputy general manager, chief accountant or chief financial officer and secretary to the Board and general counsel of the Company are in violation of laws, regulations or the Articles of Association, it shall report to the Board of Directors, the shareholders' general meeting or the regulatory authorities governing securities under the State Council and other government departments.</p>
<p><b>Article 26</b> The Supervisory Committee meeting may, when reviewing relevant resolutions and reports, require the directors, general manager, deputy general manager, financial director, secretary of the Board, and internal and external auditors to attend the meeting as non-voting delegates to make necessary explanations and answer any questions that pose concern to it.</p>	<p><b>Article 25</b> The Supervisory Committee meeting may, when reviewing relevant resolutions and reports, require the directors, general manager, deputy general manager, chief accountant or financial director, secretary of the Board, general counsel and internal and external auditors to attend the meeting as non-voting delegates to make necessary explanations and answer any questions that pose concern to it.</p>

<b>Existing articles</b>	<b>Amended articles</b>
<b>Article 35</b> Where any resolution made by the Supervisory Committee involves a proposal for convening an extraordinary Board meeting or an extraordinary general meeting or a temporary proposal to the annual general meeting, the Supervisory Committee shall submit the written meeting agenda and detailed proposals to the Board within the stipulated timeframe and make sure that the said proposals comply with the relevant laws, regulations and the Articles of Association.	<b>Article 34</b> Where any resolution made by the Supervisory Committee involves a proposal for convening an extraordinary Board meeting or an extraordinary general meeting, the Supervisory Committee shall submit the written meeting agenda and detailed proposals to the Board within the stipulated timeframe and make sure that the said proposals comply with the relevant laws, regulations and the Articles of Association.

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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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Biographical details of the candidates proposed to be re-election or elected as Directors and Supervisors as required under Rule 13.51(2) of the Listing Rules are set out as follows:

### **EXECUTIVE DIRECTORS**

#### **Mr. XU Lirong (許立榮)**

Mr. Xu Lirong, aged 63, has been the chairman of the board and the party secretary of China COSCO SHIPPING Corporation Limited, an executive Director and the chairman of the Board and an executive director and the chairman of the board of directors of Orient Overseas (International) Limited (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 316)). Mr. Xu started his career in March 1975. Mr. Xu was previously the deputy chief, assistant to the general manager, deputy manager and general manager of China Ocean Shipping Company Limited's shipping manager department; the deputy manager, the manager and the party secretary of COSCO Shanghai Freight Forwarding Company; the president and the party secretary of the Shanghai Shipping Exchange; the general manager, a member of the party committee and the deputy party secretary of COSCO SHIPPING Lines Co., Ltd.; the vice president, the chairman of the labor union and a member of the party committee of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited, the direct controlling Shareholder); a director, the general manager, a member of the party committee, the chairman of the board and the party secretary of China Shipping (Group) Company (currently known as China Shipping Group Company Limited, a subsidiary of China COSCO SHIPPING Corporation Limited); and the chairman of the board of directors and the chairman of the executive committee of Orient Overseas Container Line Limited. Mr. Xu obtained an MBA degree from Shanghai Maritime University. He is a senior engineer.

A service contract is proposed to be entered into between Mr. Xu and the Company. Mr. Xu will not receive any remuneration from the Company for being an executive Director, but the expenses incurred in connection with his discharge of duties as an executive Director will be borne by the Company. Mr. Xu is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

Save as disclosed above, Mr. Xu (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

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## APPENDIX VI PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION

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Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Xu that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Mr. HUANG Xiaowen (黃小文)**

Mr. Huang Xiaowen, aged 58, is a deputy general manager and member of the party group of China COSCO SHIPPING Corporation Limited; an executive director and the chief executive officer of Orient Overseas (International) Limited (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 316)); and serves as director of certain subsidiaries of China COSCO SHIPPING Corporation Limited. Mr. Huang started his career in 1981 and had served as the section chief of the container shipping section of Guangzhou Ocean Shipping Company Limited (廣州遠洋運輸公司); the general manager of container transportation department of China Ocean Shipping Company (formerly known as “China Ocean Shipping (Group) Company”); the container business advisor of Shanghai Haixing Shipping Co., Ltd. (上海海興輪船股份有限公司); the executive deputy general manager, managing director and deputy party secretary of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (formerly known as “China Shipping Container Lines Co., Ltd.”, a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)); the chairman of China Shipping Haisheng Co., Ltd. (中海(海南)海盛船務股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600896)); the deputy general manager and a member of the party group of China Shipping Development Co. Ltd.; the vice chairman and executive Director of the Board; the chairman of COSCO SHIPPING Lines Co., Ltd.; the chairman of COSCO SHIPPING Bulk Co. Ltd. (中遠海運散貨運輸有限公司); the executive director and the chairman of the board of directors of COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司) (a company listed on the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026)); and the chairman of the board of directors and non-executive director of COSCO SHIPPING Ports Limited (中遠海運港口有限公司) (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 1199)). Mr. Huang has more than 30 years of experience in the shipping industry. Mr. Huang graduated from China Europe International Business School with an EMBA degree and is a senior engineer.

A service contract is proposed to be entered into between Mr. Huang and the Company. Mr. Huang will not receive any remuneration from the Company for being an executive Director, but the expenses incurred in connection with his discharge of duties as an executive Director will be borne by the Company. Mr. Huang is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.



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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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Save as disclosed above, Mr. Huang (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Huang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Mr. YANG Zhijian (楊志堅)**

Mr. Yang Zhijian, aged 56, is currently the employee representative director of China COSCO SHIPPING Corporation Limited, an executive Director, the general manager and deputy party secretary of the Company, the chairman of the board, general manager and deputy party secretary of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), an executive director of Orient Overseas (International) Limited, the chairman of the board, chief executive officer and chairman of the executive committee of Orient Overseas Container Line Limited. He previously held various positions including the head of Ocean Transportation Division of Shanghai Ocean Shipping Co., Ltd., the head of planning and cooperation office under the Corporate Planning Division and deputy general manager of marketing department of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager of Hong Kong Ming Wah Shipping Co., Ltd., the general manager of the Trade Service Division and the general manager of the Asia-Pacific Trade Division of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), general manager and deputy party secretary of Shanghai PANASIA Shipping Company Limited, assistant to the general manager and deputy general manager of COSCO Logistics Co., Ltd. (currently known as COSCO SHIPPING Logistics Co., Ltd.), the deputy general manager, general manager and deputy party secretary of COSCO SHIPPING Bulk Co., Ltd. Mr. Yang has over 30 years of experience in the maritime industry and has extensive experience in container shipping, logistics and bulk shipping. Mr. Yang graduated from Shanghai Maritime University with EMBA degree. Mr. Yang is an economist.

A service contract is proposed to be entered into between Mr. Yang and the Company. Mr. Yang will not receive any remuneration from the Company for being an executive Director, but the expenses incurred in connection with his discharge of duties as an executive Director will be borne by the Company. Mr. Yang is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

As at the Latest Practicable Date, Mr. Yang was the beneficial owner of 100,000 H Shares and held 936,000 A Share options under the A shares option incentive scheme of the Company.

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## APPENDIX VI PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION

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Save as disclosed above, Mr. Yang (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Yang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Mr. FENG Boming (馮波鳴)**

Mr. Feng Boming, aged 51, is currently an executive Director of the Company and the chairman of the board of directors and an executive director of COSCO SHIPPING Ports Limited. Mr. Feng is an executive director of Orient Overseas (International) Limited and a non-executive director of each of the following listed companies: COSCO SHIPPING International (Hong Kong) Co., Limited (a company listed on the Stock Exchange (stock code: 517)), Qingdao Port International Co. Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601298) and on the Stock Exchange (stock code: 6198)) and Piraeus Port Authority S.A. Mr. Feng is also a director of each of COSCO SHIPPING (Hong Kong) Co., Limited, COSCO SHIPPING Investment Holdings Co., Limited (中遠海運投資控股有限公司, formerly known as COSCO SHIPPING Financial Holdings Co., Limited (中遠海運金融控股有限公司)) and certain subsidiaries of China COSCO SHIPPING Corporation Limited. Mr. Feng has previously held various positions including the manager of the commercial section of the ministry of trade protection of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the general manager of COSCO Container Hong Kong Mercury Co., Ltd., the general manager of the management and administration department of COSCO Holdings (Hong Kong) Limited, the general manager of COSCO International Freight (Wuhan) Co., Ltd./COSCO Logistics (Wuhan) Co., Ltd. the director of the strategic management implementation office of China Ocean Shipping Co., Ltd./the Company and a non-executive Director of the Company, a non-executive director of COSCO SHIPPING Ports Limited (a company listed on the Stock Exchange (stock code: 1199)), a non-executive director of COSCO SHIPPING Development Co. Ltd. (a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)) and a non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600026) and the Stock Exchange (stock code: 1138)), a director of COSCO SHIPPING Bulk Co., Ltd. and the general manager of the strategic and corporate management department of COSCO SHIPPING. Mr. Feng has over 20 years of work experience in the shipping industry. He has extensive experience in enterprise strategy management, business management, container shipping and management. Mr. Feng graduated from University of Hong Kong with a master of business administration degree and is an economist.

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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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A service contract is proposed to be entered into between Mr. Feng and the Company. Mr. Feng will not receive any remuneration from the Company for being an executive Director, but the expenses incurred in connection with his discharge of duties as an executive Director will be borne by the Company. Mr. Feng is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

As at the Latest Practicable Date, Mr. Feng and his spouse held 936,000 and 530,000 A Share options under the A shares option incentive scheme of the Company, respectively. Mr. Feng is deemed to be interested in the A share options held by his spouse for the purpose of Part XV of the SFO.

Save as disclosed above, Mr. Feng (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Feng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

#### **Mr. WU Dawei (吳大衛)**

Mr. Wu Dawei, aged 67, previously studied at China Europe International Business School and Cheung Kong Graduate School of Business and has received EMBA degree. He is also a researcher-level senior engineer. Mr. Wu previously served as the deputy head and then the head of Huaneng Shanghai Shidongkou No. 2 power plant (華能上海石洞口第二電廠), the deputy general manager of Huaneng International Power Development Company (Shanghai Branch) (華能國際電力開發公司上海分公司) (person in charge), the deputy general manager, a party member and director of Huaneng Power International Co., Ltd. (華能國際電力股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600011)), and the chairman of Huaneng Weihai power plant (威海電廠), Xindian power plant (辛店電廠), Rizhao power plant (日照電廠) and Xinhua power plant (新華電廠). He was also the party secretary and a director of Shanghai Times Shipping Company Limited (上海時代航運有限公司), the deputy chief engineer of China Huaneng Group and the general manager and party secretary of China Huaneng Group (East China Branch), the general manager and deputy party secretary (responsible for leading the work of party group) of Huaneng International Power Development Company, the chief economist of China Huaneng Group, the chairman of Huangneng Shanghai Gas Turbine Power Generation Co., Ltd. and the director of Huaneng International Power

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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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Development Company. Mr. Wu has more than 20 years' experience in corporate management and extensive experience in corporate governance of listed companies. Mr. Wu currently serves as an independent director of Zhejiang Jinlihua Electric Co., Ltd. (浙江金利華電氣股份有限公司) (a company listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300069)) and has obtained an independent director qualification certificate issued by the Shanghai Stock Exchange in February 2013.

A letter of appointment is proposed to be signed by Mr. Wu and the Company. The annual director's fees of Mr. Wu as an independent non-executive Director will be RMB120,000 (tax-inclusive), or RMB150,000 (tax-inclusive) if he acts as a chairman of any Board professional committee. The expenses incurred in connection with his discharge of duties as an independent non-executive Director will also be borne by the Company. Mr. Wu is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

Save as disclosed above, Mr. Wu (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Wu that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Mr. ZHOU Zhonghui (周忠惠)**

Mr. Zhou Zhonghui, aged 73, has a postgraduate research and doctorate degree and is a certified public accountant. He is a council member of the Chinese Institute of Certified Public Accountants. He previously worked at Shanghai University of Finance and Economics, School of Accountancy as a lecturer, associate professor and professor. He also served as the chief financial officer of Hongkong Xinlong Co., Limited (香港鑫隆有限公司), the general manager, chief accountant and senior partner of PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所), the chief accountant of China Securities Regulatory Commission, a member of the International Advisory Committee of China Securities Regulatory Commission and a member of the Auditing Standards Committee of the Chinese Institute of Certified Public Accountants. Mr. Zhou has been serving as an independent non-executive director of Juneyao Airlines Co., Ltd. (上海吉祥航空股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603885)). Mr. Zhou served as an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code:

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## **APPENDIX VI                      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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601601) and the Stock Exchange (stock code: 02601)), an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (a company listed on the Stock Exchange (stock code: 01349)), an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002352)), an independent non-executive director of CITIC Securities Co., Ltd. (中信證券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030), a member of the Advisory Committee of the China Appraisal Society and a member of the Financial Controller Professional Committee of the China Association for Public Companies. Mr. Zhou has served as an external supervisor of Shanghai Oriental Pearl Group Co., Ltd. (上海東方明珠新媒體股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600637)) since June 2015. Mr. Zhou previously served as the independent non-executive director of BesTV (a company previously listed on the Shanghai Stock Exchange (stock code: 600637)).

A letter of appointment is proposed to be signed by Mr. Zhou and the Company. The annual director's fees of Mr. Zhou as an independent non-executive Director will be RMB120,000 (tax-inclusive), or RMB150,000 (tax-inclusive) if he acts as a chairman of any Board professional committee. The expenses incurred in connection with his discharge of duties as an independent non-executive Director will also be borne by the Company. Mr. Zhou is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

Save as disclosed above, Mr. Zhou (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Zhou that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Mr. TEO Siong Seng (張松聲)**

Mr. Teo Siong Seng, aged 65, graduated from Glasgow University with a First Class Honours Degree in Naval Architecture & Ocean Engineering. Mr. Teo currently serves as the managing director of the Pacific International Lines Pte Ltd, and the chairman and chief executive officer of Singamas Container Holdings Limited (勝獅貨櫃企業有限公司) (a company listed on the Stock Exchange (stock code: 716)). Mr. Teo currently serves as the chairman of Singapore Business Federation, an honorary president of Singapore Chinese Chamber of Commerce & Industry, an honorary vice chancellor of National University of



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## APPENDIX VI PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION

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Singapore, a committee member of Committee on the Future Economy, a director of Enterprise Singapore and an industry consultant of the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity. He was also the president of Singapore Shipping Association, the chairman of Singapore Maritime Foundation (SMF), and the president of Lloyd's Register Asia Shipowners' Committee. Mr. Teo Siong Seng previously served as an independent non-executive director of the Company and COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601866) and the Stock Exchange (stock code: 2866)). He is also currently an independent director of COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600026) and the Stock Exchange (stock code: 1138)), an independent director of Keppel Corporation (a company listed on the Singapore Exchange Limited (stock code: BN4)), Wilmar International (a company listed on the Singapore Exchange Limited (stock code: F34)) and the chairman of China-Singapore International Logistics Park (Nanning). Mr. Teo has extensive experience in corporate governance in terms of shipping companies and listed companies.

A letter of appointment is proposed to be signed by Mr. Teo and the Company. The annual director's fees of Mr. Teo as an independent non-executive Director will be RMB350,000 (tax-inclusive), or RMB450,000 (tax-inclusive) if he acts as a chairman of any Board professional committee. The expenses incurred in connection with his discharge of duties as an independent non-executive Director will also be borne by the Company. Mr. Teo is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

As at the Latest Practicable Date, Mr. Teo was the beneficial owner of 150,000 H Shares.

Save as disclosed above, Mr. Teo (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Teo that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **Prof. MA Si-hang Frederick (馬時亨)**

Prof. Ma Si-hang Frederick, aged 68, graduated from the University of Hong Kong in Economics and History, was awarded the Gold Bauhinia Star and appointed a Non-Official Justice of the Peace. Prof. Ma currently serves as a non-executive director of Husky Energy

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**APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS**  
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Inc. (a company listed on Toronto Stock Exchange (stock code: HSE)), an independent non-executive director of FWD Group, a director of New Frontier Health Corporation and an independent non-executive director of Guangshen Railway Co. Ltd. (a company previously listed on the Shanghai Stock Exchange (stock code: 601333) and currently listed on the Stock Exchange (stock code: 525)). Prof. Ma is an honorary professor of the Faculty of Economic and Finance of the University of Hong Kong, an honorary professor of the Business School of the Chinese University of Hong Kong, an honorary consultant of the Faculty of Accounting of the Central University of Finance and Economics, a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development, the chairman of the Council of the Education University of Hong Kong, a member of the International Advisory Committee of China Investment Corporation, a member of the Global Consulting Committee of Bank of America and a member of the International Advisory Committee of Investcorp. Prof. Ma previously served as the managing director of RBC Dominion Securities Inc., the vice chairman and managing director of Kumagai Gumi Co. Ltd. (Hong Kong Branch), the general manager and head of Asia of the private banking department of Chase Bank, the Asia Pacific Chief Executive Officer of JPMorgan Chase's private banking (a company listed on the New York Stock Exchange (stock code: JPM)), the financial controller and executive director of PCCW Limited, the Secretary for Financial Services and the Treasury, the Secretary for Commerce and Economic Development, the non-executive chairman of China Strategic Holdings (a company listed on the Stock Exchange (stock code: 0235)), an independent non-executive director of China Resources Land Limited (a company listed on the Stock Exchange (stock code: 1109)), an independent non-executive director of Hutchison Port Holdings Limited, an external director of China Oil and Foodstuffs Corporation, an external director of the China Mobile Communications Group Co. Ltd. (a company listed on the New York Stock Exchange (stock code: CHL) and the Stock Exchange (stock code: 941)), an independent non-executive director of the Agricultural Bank of China, an independent non-executive director of the Aluminum Corporation of China Limited (a company listed on the Shanghai Stock Exchange (stock code: 601600) and the Stock Exchange (stock code: 2600)) and the non-executive chairman of MTR Corporation Limited (a company listed on the Stock Exchange (stock code: 66)).

A letter of appointment is proposed to be signed by Prof. Ma and the Company. The annual director's fees of Prof. Ma as an independent non-executive Director will be RMB350,000 (tax-inclusive), or RMB450,000 (tax-inclusive) if he acts as a chairman of any Board professional committee. The expenses incurred in connection with his discharge of duties as an independent non-executive Director will also be borne by the Company. Prof. Ma is proposed to be appointed for a term commencing from the date of passing of the relevant resolution at the EGM, and ending on the expiration of the term of the sixth session of the Board and will be subject to retirement and re-election at the general meetings of the Company in accordance with the Articles of Association.

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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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Save as disclosed above, Prof. Ma (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors, senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Prof. Ma that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his proposed appointment that needs to be brought to the attention of the Shareholders.

### **SUPERVISOR REPRESENTING THE SHAREHOLDERS**

#### **Mr. YANG Shicheng (楊世成)**

Mr. Yang Shicheng, aged 55, now serves as a full-time external director of COSCO (Tianjin) Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. and a supervisor of COSCO SHIPPING (Dalian) Co., Ltd. (中遠海運(大連)有限公司)/COSCO Shipping Ferry Co., Ltd. Mr. Yang had been the deputy manager of the business department of COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司), the director of the business division under the transportation department, the deputy general manager of the transportation department, the executive vice dean (corresponding to the level of the department principal) of the research and development center and a member of the Party Committee of China Ocean Shipping (Group) Company, the general manager of COSCO (UK) Ltd., the deputy general manager and a member of the Party Committee of COSCO SHIPPING Energy Transportation Co., Ltd. and the chairman and the party secretary of the Party Committee of COSCO SHIPPING Investment Dalian Co., Ltd. (中遠海運大連投資有限公司). Mr. Yang Shicheng graduated from the University of Bristol in U.K, majoring in business law and holding a master's degree in laws. He is a senior economist.

A service contract is proposed to be entered into between Mr. Yang Shicheng and the Company in respect of the appointment of Mr. Yang Shicheng as a Supervisor representing the Shareholders for a term commencing from the date of passing of the relevant resolution at the EGM and ending on the expiration of the term of the sixth session of the Supervisory Committee. Mr. Yang Shicheng will not receive remuneration from the Company for being a Supervisor representing the Shareholders, but the expenses incurred in connection with discharge of his duties as a Supervisor will be borne by the Company.

Save as disclosed above, Mr. Yang Shicheng (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors or senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.



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## **APPENDIX VI      PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION**

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Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Yang Shicheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his appointment that needs to be brought to the attention of the Shareholders.

### **INDEPENDENT SUPERVISORS**

#### **Mr. MENG Yan (孟焰)**

Mr. Meng Yan, aged 64, is currently an independent Supervisor. Mr. Meng has been working at the Central University of Finance and Economics since 1982 and was the deputy director and the director of its Accounting Department and the dean of its Faculty of Accounting. He is currently a professor and a tutor of doctorate students of the Faculty of Accounting of Central University of Finance and Economics. Mr. Meng is also an independent director of Beijing Bashi Media Co., Ltd., Sinotrans Limited, Qi An Xin Technology Group Inc. (a company listed on the Shanghai Stock Exchange (stock code: 688561)), Beijing Capital Co., Ltd. and China Isotope and Radiation Corporation (中國同輻股份有限公司). Mr. Meng graduated from the Research Institute for Fiscal Science of the Ministry of Finance and obtained a doctorate degree in economics (accounting). He has been entitled to the governmental special allowance from the State Council of the PRC since 1997. He was named the National Outstanding Teacher in 1993 and was given the Higher Education National Level Teaching Award of by Ministry of Education of the PRC in 2011.

A service contract is proposed to be entered into between Mr. Meng and the Company in respect of Mr. Meng's appointment as an independent Supervisor for a term commencing from the date of passing of the relevant resolution at the EGM and ending on the expiration of the term of the sixth session of the Supervisory Committee. Mr. Meng will receive remuneration of RMB280,000 (tax-inclusive) per year from the Company for being an independent Supervisor, and the expenses incurred in connection with discharge of his duties as a Supervisor will be borne by the Company.

Save as disclosed above, Mr. Meng (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors or senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Meng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his appointment that needs to be brought to the attention of the Shareholders.

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## APPENDIX VI PARTICULARS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND ELECTION

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### Mr. Zhang Jianping (張建平)

Mr. Zhang Jiangping, aged 54, is currently an independent Supervisor. He is a professor and tutor of PhD candidates of the International Business School and the director of the Capital Market and Investment and Financing Research Center of the University of International Business and Economics. Mr. Zhang was the vice president of the International Business School of the University of International Business and Economics, the visiting professor of the EMBA senior financial management programs of more than ten universities, the financial and strategic consultant of more than ten companies, the chief consultant of the financial department group of a municipal people's government, a member of the expert committee of the China General Chamber of Commerce and a director of the Beijing Accounting Society. He has obtained ten national and provincial honors and four school-level honors, published (and jointly edited) 16 books, authored more than 20 scientific research papers and hosted and participated in 15 national, provincial and school-level discussions. He is currently an independent non-executive director of Hunan Valin Steel Co., Ltd. (湖南華菱鋼鐵股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000932)), Shen Zhen Worldunion Properties Consultancy Co., Ltd. (深圳世聯行地產顧問股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002285)), China First Heavy Industries Co., Ltd. (中國第一重型機械股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601106)), and Cinda Securities Company Limited (信達證券股份有限公司), respectively. Mr. Zhang graduated from the University of International Business and Economics with a doctorate degree of transnational business management.

A service contract is proposed to be entered into between Mr. Zhang and the Company in respect of Mr. Zhang's appointment as an independent Supervisor for a term commencing from the date of passing of the relevant resolution at the EGM and ending on the expiration of the term of the sixth session of the Supervisory Committee. Mr. Zhang will receive remuneration of RMB280,000 (tax-inclusive) per year from the Company for being an independent Supervisor, and the expenses incurred in connection with discharge of his duties as a Supervisor will be borne by the Company.

Save as disclosed above, Mr. Zhang (i) does not hold any position with any other member of the Group; (ii) does not have any relationship with any Directors or senior management of the Company or substantial or controlling Shareholders; (iii) has not held any directorship in any other listed companies in the past three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there is no other information relating to Mr. Zhang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter in relation to his appointment that needs to be brought to the attention of the Shareholders.

*This English translation is for reference only. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.*

To further increase the transparency of the profit distribution policy, perfect and improve the decision-making and supervision system of profit distribution, ensure the continuity and stability of profit distribution, generate reasonable returns on investment for investors, practically safeguard the legitimate interests of minority shareholders and steer investors towards long-term and reasonable investment, COSCO Shipping Holdings Co., Ltd. (“COSCO Shipping Holdings” or the “Company”) formulates the Shareholders’ Return Plan for the Next Three Years (2020-2022) of COSCO Shipping Holdings Co., Ltd. pursuant to the Notice Regarding Further Implementation of Cash Dividends Distribution by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) (Zheng Jian Fa [2012] No. 37), the Guideline on the Distribution of Cash Dividends by Listed Companies of the Shanghai Stock Exchange (《上海證券交易所上市公司現金分紅指引》) and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號-上市公司現金分紅》) (CSRC Announcement [2013] No. 43), and the Articles of Association, taking into account the Company’s profitability, operating growth plan, return to shareholders, social capital costs and external financing environment. The plan is subject to consideration and approval at the general meeting of the Company. Particulars are as follows:

## **I. FACTORS CONSIDERED BY THE COMPANY IN FORMULATING THE PLAN**

With the focus placed on the long-term and sustainable development and on the basis of comprehensive analysis on actual situation of its business development, development strategy, profitability, social capital costs and external financing environment, the Company, on the premises of guaranteeing its reasonable share capital size and equity structure, has taken into full account both short-term and long-term interests in systematical arrangement for profit distribution and formulated the sustainable, stable and scientific dividend return plan and mechanism for investors after taking full account of the characteristics of the Company’s industry and the Company’s current development stage, business model, profitability, cash flow, fund demands for project investment, bank credit and debt financing environment, so as to ensure the continuity and stability of profit distribution policy of the Company and give comprehensive consideration to the overall interests of all shareholders and the long-term interests and sustainable development of the Company.

## **II. PRINCIPLES FOR FORMULATION OF THE PLAN**

The Company shall implement a continuous and stable profit distribution policy and give comprehensive consideration to the reasonable return on investment for investors and long-term development of the Company. The Company will mainly distribute dividends in cash in the next three years (2020-2022). The plan was formulated in accordance with provisions on profit distribution under the relevant laws, regulations and the Articles of Association on the basis of maintaining the continuity and stability of profit distribution policy.

**III. SPECIFIC PLAN ON SHAREHOLDERS' RETURN OF THE COMPANY FOR THE NEXT THREE YEARS (2020-2022)****(I) Profit shall be distributed in the following manner:**

The Company may distribute dividends: 1. in cash; 2. in shares; 3. in a combination of both cash and shares.

The Company shall give priority to dividend distribution in cash subject to fulfillment of the conditions for cash dividends. The Company shall in principle distribute profit once a year. When conditions permit, the Board of the Company may propose interim cash distribution with reference to the Company's profitability and capital requirements.

**(II) Specific conditions and proportions of cash dividend are as follows:**

The following conditions shall be met at the same time when the Company distributes cash dividends:

1. If the Company has made a profit for that year, and after compensating for losses in previous years and withdrawing reserves according to the laws, the cumulative undistributed profits is positive, the Company may distribute dividend in cash;
2. Auditors issue an audit report with no qualified opinion for the Company's financial report for the year, and the Company shall give priority to dividend distribution in cash.

The Company shall distribute dividend in cash in accordance with the proportion:

The Company shall implement positive profit distribution policies and value investors' reasonable investment return and the Company's sustainable development to maintain the continuity and stability of profit distribution policy. The cumulative profit distribution in cash by the Company in the last three years shall in principle not be less than 30% of the average annual distributable profits of the Company for the same period.

The Company shall distribute dividend in cash in accordance with the rules below:

1. Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution;
2. Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution;
3. Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution.

In the case that it is difficult to distinguish the Company's stage of development but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions. Significant capital expenditure refers to the accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company for the proposed external investment, acquisition of assets (including land use rights) or purchase of equipment in the next twelve months.

**(III) Specific conditions of distributing dividends in shares are as follows:**

After taking into account of the accumulative distributable profits, common reserve fund and cash flow status, the Company may distribute dividends in the form of shares for profit distribution, provided that there is sufficient liquidity for cash dividend distribution and a reasonable shareholding structure, and the Board considers that distributing dividends in shares will be in the interest of all Shareholders of the Company as a whole. The dividend payout ratio shall be submitted to the general meeting for consideration and approval after being reviewed and adopted by the Board.

**IV. DECISION-MAKING PROCEDURES AND MECHANISM OF PROFIT DISTRIBUTION**

- (I) The profit distribution proposal of the Company shall be formulated and reviewed by the Board and submitted to the general meeting for approval. The Board shall gather opinions from each party, especially the independent directors and minority shareholders when formulating dividend distribution proposal. Independent directors shall express their opinions clearly in regard to the profit distribution proposal. The Supervisory Committee shall supervise the implementation of the profit distribution proposal.
- (II) In case of no proposal of profit distribution in cash being made at any profitable year with available distributable profit of the Company, the Board shall explain the reasons and the independent directors shall express their opinions clearly. Disclosure in this regard shall be made in a timely manner by independent directors. Upon the approval by the Board, it shall be submitted to the general meetings for review and the Board shall provide explanation at the general meeting.
- (III) When determining the particulars of the cash dividend proposal of the Company, the Board shall study and discuss on, among others, the timing, conditions as well as the minimum ratio, conditions of adjustments and other factors as required for making the decisions. The independent directors shall express their opinions clearly and may gather opinions from minority shareholders, present dividend proposals and directly submit them to the general meeting for consideration. When considering the particulars of the profit distribution proposal at the general meeting, the Company shall communicate with the Shareholders, especially the minority shareholders, through various channels (including but not limited to hotlines, mailbox of Secretary to the Board and inviting minority investors to attend the meeting), in order to gather opinions from the minority shareholders and respond to their concerns in a timely manner.

- (IV) The Company shall strictly implement the cash dividend policy stipulated in the Articles of Association and the particulars of the cash dividend proposal considered and approved at the general meeting. Adjustments or amendments to the cash dividend policy stipulated in the Articles of Association shall only be made after detailed discussion and corresponding decision-making procedure according to the Articles of Association and approval shall be obtained from shareholders holding more than two thirds of the total voting rights present at the general meeting.

## **V. PERIOD FOR FORMULATING THE PLAN AND RELEVANT ADJUSTMENT MECHANISM**

The Board shall submit a proposal for approval at the general meeting on the Shareholders' Return Plan for the Next Three Years of the Company, in respect of which the independent directors shall give their independent opinions for consideration at the general meeting. The proposal shall be approved by more than two-thirds of the voting rights held by the shareholders present at such general meeting. The Company shall review the plan at least every three years. If no circumstance that may give rise to the adjustment of the return plan occurs to the Company, the latest formulated or amended shareholders' return plan shall prevail and there is no need to formulate other return plan.

## **VI. INFORMATION DISCLOSURE ON THE PROFIT DISTRIBUTION OF THE COMPANY**

- (I) The Company shall disclose in detail in its annual reports the formulation and implementation of the cash dividend distribution policy, and make special explanations on the following matters including: 1. the compliance with relevant provisions of the Articles of Association or resolutions at the general meeting(s); 2. the accuracy and clarity of the standard and proportion of profit distribution; 3. the completeness of relevant decision-making procedures and mechanisms; 4. the fulfillment of obligations and contributions of the independent directors; 5. whether or not the minority shareholders have the chance to voice their opinions and demands and whether or not the legal rights of the minority shareholders have been fully protected. Where the cash dividend policy is adjusted or amended, it is also required to explain in detail whether the conditions and procedures for such adjustment or amendment are compliant and transparent.
- (II) Where there is a change in the Company's control, resulting from securities issuance, material asset restructuring, merger, division or acquisition, the Company shall disclose in details the cash dividend policy and relevant arrangements after such offering, issuance, restructuring or change in the control, as well as the Board's explanation on the aforesaid in the prospectus, offering proposal, material asset restructuring report, report of change in equity or acquisition report.

**VII. SUPPLEMENTARY PROVISIONS**

Any matters not covered herein shall be handled in accordance with the requirements of relevant laws and regulations as well as normative documents and the Articles of Association. The Board is responsible for the interpretation of the plan which will be effective from the date of approval at the general meeting of the Company. The same shall apply for amendments of the plan.

**COSCO SHIPPING Holdings Co., Ltd.**

*Board of Directors*

28 September 2020