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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 otherwise transferred** all your shares in **COSCO SHIPPING Ports Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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# COSCO SHIPPING Ports Limited

## 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

### CONTINUING CONNECTED TRANSACTIONS

#### Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders



信溢投資策劃有限公司  
CHALLENGE CAPITAL MANAGEMENT LIMITED



天泰金融  
TITAN

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A letter from the Board is set out on pages 5 to 13 of this circular and a letter from the Independent Board Committee is set out on page 14 of this circular. A letter from Challenge Capital Management Limited and Titan Financial Services Limited, being the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 33 of this circular.

A notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong at 3:00 p.m. on Tuesday, 28 December 2021 is set out on pages 40 to 41 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

**Shareholders of the Company who are entitled to vote at the meeting are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Tuesday, 21 December 2021. In order to be entitled to vote at the meeting, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong share registrar and transfer office, Tricor Secretaries Limited, for registration no later than 4:30 p.m. on Tuesday, 21 December 2021.**

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page 1 of this circular for precautionary measures that will be implemented by the Company at the SGM to prevent the spreading of COVID-19:

- (1) Maintaining an appropriate social distancing between seats;
- (2) Conducting compulsory body temperature checks and requiring health declarations;
- (3) Compulsory wearing of surgical face mask; and
- (4) No refreshments will be provided and no corporate gifts will be distributed.

As permitted by law, the Company may, at its absolute discretion, deny the entry to the SGM of any attendee who (i) refuses to comply with the precautionary measures; or (ii) is subject to any prescribed quarantine by the Government of Hong Kong; or (iii) has close contact with any person under quarantine; or (iv) has any flu-like symptoms or is otherwise unwell.

**For health and safety reasons, the Company strongly encourages Shareholders to appoint the Chairman of the SGM as their proxy as an alternative to attending the SGM in person.**

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This circular and the accompanying form of proxy, in both English and Chinese versions, are available on the Company's website at <https://ports.coscoshipping.com> (the "**Company Website**") and on the website of the 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.

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "**Corporate Communications**") via the Company Website and who for any reason have difficulty in receiving or gaining access to the circular and the form of proxy posted on the Company Website will promptly upon request be sent the circular and the form of proxy in printed form free of charge. Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive the circular and the form of proxy in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to the share registrar of the Company in Hong Kong at [coscoshipport-ecom@hk.tricorglobal.com](mailto:coscoshipport-ecom@hk.tricorglobal.com).

Shareholders who have chosen to receive printed copy of the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this circular and the accompanying form of proxy since both languages are bound together into one booklet and sheet respectively.

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## PRECAUTIONARY MEASURES FOR THE SGM

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In view of the ongoing COVID-19 pandemic and in compliance with the latest applicable directions issued by the Government of Hong Kong, the Company will implement necessary precautionary measures at the SGM to protect the attending Shareholders and other attendees from the risk of infection, including the following:

- (i) All attendees are required to fill in and sign a health declaration form before entering into the SGM venue. Any person, irrespective of nationality, who is subject to any prescribed quarantine measures of the Government of Hong Kong, will be denied entry into the SGM venue;
- (ii) Compulsory body temperature checks will be conducted for every attending Shareholder, proxy or other attendees at the entrance of the SGM venue. Any person with a body temperature of over 37 degrees Celsius or who has flu-like symptoms or is otherwise unwell or is subject to the mandatory quarantine order imposed by the Government of Hong Kong may be denied entry into the SGM venue or be required to leave the SGM venue;
- (iii) All attendees must sanitise his/her hands before entering the SGM venue;
- (iv) All attendees will be required to wear surgical face masks before they are permitted to enter the SGM venue, during the SGM and inside the SGM venue at all times, and to maintain a safe distance between seats. Please note that no surgical face mask will be provided at the SGM and all attendees should wear their own surgical face masks;
- (v) Seating at the SGM with appropriate social distance will be made to be in line with the guidance promulgated by the Government of Hong Kong. As a result, there will be limited capacity for the Shareholders to attend the SGM; and
- (vi) There will be no corporate gifts and no drinks and refreshments will be served.

Any attendee who (i) refuses to comply with the precautionary measures; or (ii) is subject to any prescribed quarantine by the Government of Hong Kong; or (iii) has close contact with any person under quarantine; or (iv) has any flu-like symptoms or is otherwise unwell may be denied entry to or be requested to leave the meeting venue. **For health and safety reasons, the Company strongly encourages Shareholders to appoint the Chairman of the SGM as their proxy as an alternative to attending the SGM in person.**

Due to the constantly evolving COVID-19 epidemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the website of the Company (<https://ports.coscoshipping.com>) for the latest announcements and updates on the SGM arrangements.

If Shareholders choosing not to attend the SGM in person have any questions about the relevant resolutions, or have any matters for communication with the Board, please contact the Company:

Email: [ir.csp@coscoshipping.com](mailto:ir.csp@coscoshipping.com)

Tel: +852 2809 8188

Fax: +852 2907 6088

If Shareholders have any questions relating to the SGM, please contact Tricor Secretaries Limited, the Company's Hong Kong Registrar and Transfer Office, address being Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong:

E-mail: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)

Tel: +852 2980 1333

Fax: +852 2890 9350

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Challenge Capital”	Challenge Capital Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the joint independent financial advisers appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the COSCO SHIPPING Continuing Connected Transactions requiring Independent Shareholders’ approval
“Company”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1199)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* 中國遠洋海運集團有限公司, the ultimate controlling Shareholder and a state-owned enterprise in the PRC
“COSCO SHIPPING Continuing Connected Transactions”	transactions to be conducted under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement
“COSCO SHIPPING Group”	COSCO SHIPPING, its subsidiaries and associates, but which for purpose of this circular, exclude the Group
“COSCO SHIPPING Shipping Services and Terminal Services Master Agreement”	the agreement dated 29 October 2021 between the Company and COSCO SHIPPING in relation to the provision of shipping and terminal related services
“CSH”	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, 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 in the PRC (Stock Code: 601919), and an intermediate controlling Shareholder
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, being independent non-executive Directors
“Independent Shareholders”	Shareholders who are not prohibited or required to abstain from voting under the Listing Rules to approve the relevant transaction(s) at a general meeting of the Company
“Joint Independent Financial Advisers”	Challenge Capital and Titan Financial
“Latest Practicable Date”	17 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OCEAN Alliance”	an alliance of shipping companies comprising COSCO SHIPPING Lines (a subsidiary of COSCO SHIPPING), CMA CGM S.A., Evergreen Line and Orient Overseas Container Line Limited (another subsidiary of COSCO SHIPPING)
“percentage ratios”	percentage ratios as defined under rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this circular exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held for considering and approving, if appropriate, the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the transactions thereunder
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

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## DEFINITIONS

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“Titan Financial”	Titan Financial Services Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint independent financial advisers appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the COSCO SHIPPING Continuing Connected Transactions requiring Independent Shareholders’ approval
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

*For the purposes of this circular, the exchange rate of RMB1 = HK\$1.199558 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*

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

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## LETTER FROM THE BOARD

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# COSCO SHIPPING Ports Limited

## 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

### Directors:

Mr. FENG Boming<sup>1</sup> (Chairman)  
Mr. ZHANG Dayu<sup>1</sup> (Managing Director)  
Mr. DENG Huangjun<sup>1</sup>  
Mr. ZHANG Wei<sup>2</sup>  
Mr. CHEN Dong<sup>2</sup>  
Dr. WONG Tin Yau, Kelvin<sup>1</sup>  
Dr. FAN HSU Lai Tai, Rita<sup>3</sup>  
Mr. Adrian David LI Man Kiu<sup>3</sup>  
Mr. LAM Yiu Kin<sup>3</sup>  
Prof. CHAN Ka Lok<sup>3</sup>  
Mr. YANG Liang Yee Philip<sup>3</sup>

### Registered Office:

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Principal Place of Business:

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

### General Counsel & Company Secretary:

Ms. HUNG Man, Michelle

<sup>1</sup> Executive Director

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

<sup>3</sup> Independent Non-executive Director

19 November 2021

*To the Shareholders*

Dear Sir or Madam,

## CONTINUING CONNECTED TRANSACTIONS

### 1. INTRODUCTION

The Board refers to the announcement of the Company dated 29 October 2021 whereby it was announced that, among others, the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement entered into by the Company with COSCO SHIPPING on 29 October 2021 for a term of 3 years from 1 January 2022 to 31 December 2024 constitute continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purposes of this circular are:

- (i) to provide you with further details of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the COSCO SHIPPING Continuing Connected Transactions and the proposed annual caps;

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## LETTER FROM THE BOARD

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- (ii) to provide you with the letter of recommendation from the Independent Board Committee and the letter of advice from the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders in relation to the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement; and
- (iii) to give the Shareholders the notice convening the SGM at which an ordinary resolution will be proposed to consider and approve, if appropriate, the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the COSCO SHIPPING Continuing Connected Transactions and the proposed annual caps.

### 2. THE COSCO SHIPPING CONTINUING CONNECTED TRANSACTIONS

The principal terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the COSCO SHIPPING Continuing Connected Transactions are summarised as follows:

<b>Date:</b>	29 October 2021
<b>Parties:</b>	The Company COSCO SHIPPING
<b>Term:</b>	1 January 2022 to 31 December 2024
<b>Condition precedent:</b>	Conditional upon the approval of the Independent Shareholders being obtained on or before 31 December 2021.
<b>Nature of transaction:</b>	<ul style="list-style-type: none"><li>(a) Provision of terminal services by the relevant members of the Group to members of the COSCO SHIPPING Group, including but not limited to the handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services.</li><li>(b) Provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services.</li></ul>

The relevant parties shall enter into a separate written contract in respect of the COSCO SHIPPING Continuing Connected Transactions in a form and on terms to be agreed between the relevant parties from time to time but on the basis that such contract shall always be subject to the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

## LETTER FROM THE BOARD

**Pricing:** The terms upon which the services to be provided by members of the COSCO SHIPPING Group to members of the Group shall be no less favourable than the terms obtained by the relevant members of the Group from independent third parties for similar types of services; and the terms upon which the services to be provided by members of the Group to members of the COSCO SHIPPING Group shall be no less favourable than the terms offered by members of the Group to independent third parties for similar types of services.

The fees charged shall be determined with reference to the prevailing market price, being the price offered to or charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

### Historical transaction amounts:

The transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement will be of a similar nature to those under the existing agreement dated 22 November 2018 between the Company and COSCO SHIPPING in relation to the provision of shipping and terminal related services. The historical amounts for such transactions were as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
(a) Aggregate amount received by the Group from the COSCO SHIPPING Group	RMB1,626,978,000 (approximately HK\$1,951,655,000)	RMB1,857,732,000 (approximately HK\$2,228,458,000)	RMB1,528,594,000 (approximately HK\$1,833,638,000)
(b) Aggregate amount paid by the Group to the COSCO SHIPPING Group	RMB75,925,000 (approximately HK\$91,076,000)	RMB87,958,000 (approximately HK\$105,511,000)	RMB54,959,000 (approximately HK\$65,927,000)

### Proposed annual caps and basis of determination:

The proposed annual caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December		
	2022	2023	2024
(a) Aggregate amount receivable by the Group from the COSCO SHIPPING Group	RMB3,750,000,000 (approximately HK\$4,500,000,000)	RMB4,220,000,000 (approximately HK\$5,060,000,000)	RMB4,870,000,000 (approximately HK\$5,840,000,000)
(b) Aggregate amount payable by the Group to the COSCO SHIPPING Group	RMB350,000,000 (approximately HK\$420,000,000)	RMB390,000,000 (approximately HK\$470,000,000)	RMB420,000,000 (approximately HK\$500,000,000)

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## LETTER FROM THE BOARD

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The operating capacity of the Group is expected to expand further as the Group plans to continue to extend its international footprint with an aim to further enhance the global terminal network. The Group plans to focus on making investments in Southeast Asia, Middle East, Africa and South America so as to continue to extend its network of terminals and, at the same time, continue to explore investment opportunities provided by port consolidation in the PRC by capitalising on the unique advantages of the COSCO SHIPPING Group. As the COSCO SHIPPING Group has the world's largest shipping fleet and third largest container fleet, the Group can enjoy a steady source of business and has a strong competitive edge in uncovering and bidding for investment opportunities. In particular, the Group is exploring the opportunity to acquire additional interest in existing joint-venture companies which, upon completion, will also become subsidiaries of the Group, to strengthen the control and management of its ports and terminals business. It is anticipated that there would be an increase in the calling by the shipping fleets of COSCO SHIPPING Group at those terminals that are going to be added to the terminal network of the Group, which would result in an increasing demand for the services contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

The estimated annual caps for the aggregate amount receivable by the Group from the COSCO SHIPPING Group were determined with reference to the historical transaction amounts and their growth rates, the anticipated inflation rate, the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services, including (i) the expanded scale and operations of the business of the Group taking into account its on-going expansion strategy by focusing on terminal construction projects development and overseas investment, capture opportunities such as asset merger, building controlling stakes in terminals, and restructuring and sale of global terminals to expand and consolidate its global terminal network and the various acquisitions of new terminals completed in the past years; (ii) the possibility of acquisition of new terminals and the new berths and newly developed terminals of the Group expected to come into operation over the next three years; (iii) the completion of potential acquisition of terminals by the Group over the next three years; (iv) the expected increase in the COSCO SHIPPING Group's fleet calling at the terminals of the Group as a result of the overall business and operational convenience and synergies continuing to be achieved with the COSCO SHIPPING Group and the OCEAN Alliance (being an alliance formed by, among others, subsidiaries of the COSCO SHIPPING Group with an aim to enable each of the alliance members to offer competitive products and comprehensive service networks covering the Asia-Europe, Asia-Mediterranean, Asia-Red Sea, Asia-Middle East, Trans-Pacific, Asia-North America East Coast and Trans-Atlantic trades); and (v) a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

The estimated annual caps for the aggregate amount payable by the Group to the COSCO SHIPPING Group were determined with reference to (i) the current fuel and oil prices and their historical growth rates; (ii) the current upward trends of such prices with uncertainties in the magnitudes of their future increases; (iii) the anticipated increase in the volume of containers handled by existing terminals; and (iv) the existing demand for such services and the anticipated increase in the demand for such services, taking into account the above mentioned factors including the anticipated growth and development of the scale and operations of the businesses of the Group and a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

### **Connected relationship:**

COSCO SHIPPING is the ultimate controlling Shareholder. Accordingly, members of the COSCO SHIPPING Group are connected persons of the Company.

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## LETTER FROM THE BOARD

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### **Listing Rules implications:**

Since one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement exceed 5%, the transactions constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **3. PRICING POLICIES**

In relation to any agreements to be entered into pursuant to the respective continuing connected transaction master agreements (including the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement), the Group will generally observe the following pricing policies:

- (i) Adopt the mandatory State-prescribed prices such as those prescribed under the Measures of Port Charges and Calculations (《港口收費計費辦法》) promulgated by the Ministry of Transport and the National Development and Reform Commission of the PRC.
- (ii) Where there is no mandatory State-prescribed price, based on the reference rates published by the Ministry of Transport of the PRC, which the market commonly relies on.
- (iii) Where there is no reference rates, based on the relevant market prices (being the prices at which comparable types of products and/or services are provided by or to independent third parties in the same area in the ordinary course of business by (where practicable) referring to at least two other contemporaneous transactions or quotations with independent third parties for similar products and/or services in similar quantities to ensure that the terms offered to or by the relevant connected persons are no less favourable to the Group than those available to or from independent third parties).
- (iv) Where there is no relevant market price, based the costs of the products plus an appropriate margin which would be determined with reference to, among others, the inflation rate and valuation conducted by independent valuer (where appropriate), and in any event would not be less favourable to the Group than that applied to similar transactions with independent third parties.

### **4. REASONS FOR AND BENEFITS OF THE COSCO SHIPPING CONTINUING CONNECTED TRANSACTIONS**

The COSCO SHIPPING Continuing Connected Transactions are part of or related to the principal business activities of the Group. The Group has adopted “The Ports for ALL” as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly “the ports for all people”.

Although the Group itself is one of the leading terminal service providers, it also relies on the provision of shipping services by other prominent and experienced service providers to complement its operation. Accordingly, given (i) the COSCO SHIPPING Group is an experienced shipping service provider which the Group can fully exploit the unique competitive advantages arising from COSCO SHIPPING's container fleet and seizing significant market share within the OCEAN Alliance; and (ii) the business relationship between the Group and the COSCO SHIPPING Group has been well established, the COSCO SHIPPING Continuing Connected Transactions will and are expected to either increase the revenue of the Group, and/or provide the Group with overall business and operational convenience and synergy.

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## LETTER FROM THE BOARD

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Although the proposed annual caps in relation to the aggregate amounts receivable by the Group from the COSCO SHIPPING Group under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement are higher than the historical transaction amounts, the Directors are of the view that there is no material reliance on the COSCO SHIPPING Group for the following reasons:

- (i) For the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the percentage of revenue in relation to the provision of terminal services attributable to the COSCO SHIPPING Group only amounted to approximately 22.97%, 26.91% and 27.43% respectively. It is expected that other customers of the Group will continue to contribute significant proportions of the revenue of the Group.
- (ii) As in the past, the Group continues to take steps aiming at expanding its service offerings, sourcing more business from its existing customers and expanding its customer base. For example, representatives from the sales and marketing departments make regular customer visits to collect their feedbacks and understand their needs and concerns, with the aim of providing better services to strengthen the established customer relationships and increasing the volume of business.
- (iii) Even if the revenue from the provision of terminal services to the COSCO SHIPPING Group were to decrease, the Board believes that the Group would be able to cushion it by utilising the capacity thereby left open to provide services to other customers, including other long standing and sizable customers.

In any event, given COSCO SHIPPING's majority shareholding in the Group, the Board believes that it is in the mutual interests of the COSCO SHIPPING Group and the Group for the COSCO SHIPPING Group to continue with this long-standing business relationship and accordingly such business relationship is not likely to terminate or significantly deteriorate.

None of the Directors has any material interest in the COSCO SHIPPING Continuing Connected Transactions, and therefore none of the Directors was required to abstain from voting on the Board resolution approving the COSCO SHIPPING Continuing Connected Transactions.

### 5. INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems to ensure that the transactions between the Group and members of the COSCO SHIPPING Group are conducted in accordance with the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Company will implement the following internal control arrangements:

- (i) For the purposes of observance of the general pricing policies set out in the section headed "PRICING POLICIES" above, where applicable, the sales and marketing departments and the procurement departments of the Group will monitor on a monthly basis the market conditions and (where applicable) the prevailing market prices including the pricings of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or nearby area in the ordinary course of business. The sales and marketing departments of the Group also make customer visits on a regular basis to enhance their understanding of market conditions and the needs and plans of the customers. In respect of the provision of services by the relevant members of the COSCO SHIPPING Group under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Group shall centralize purchases to obtain discounts.

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## LETTER FROM THE BOARD

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- (ii) The relevant departments in the head office of the Company and each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions.
- (iii) The Finance Department of the Company will prepare a “Summary for Continuing Connected Transactions” each quarter and organize meetings regularly to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of their respective continuing connected transaction master agreements. After the “Summary for Continuing Connected Transactions” is reviewed by the relevant departments of the Company and the management, it will be submitted to the Audit Committee of the Company and the Board for further review.
- (iv) The Audit and Supervision Department of the Company will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings as well as accounting records to identify if the Group has any undisclosed connected transactions.
- (v) The Audit and Supervision Department will also check the terms and implementation status of the Group’s policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities’ processes for identification of connected persons and their procedures for dealing with continuing connected transactions. It is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs etc. to ensure such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master agreements.
- (vi) Each relevant member of the Group shall monitor its own utilization of the portion of the annual transaction cap amount allocated to it by the Company (the “**Designated Amount**”). If the annual transaction amount of a relevant member of the Group reaches 80% of its Designated Amount, or is expected to exceed its Designated Amount within three months, such member shall inform the relevant personnel in the Finance Department and Legal Department of the Company immediately and the Company shall determine the appropriate actions to be taken, such as (a) require such member not to enter any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to such member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group will exceed the relevant annual cap, the relevant member(s) of the Group shall provide sufficient reasons and cooperate with the Company to revise the annual cap and comply with the relevant requirements of the Listing Rules.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms for the COSCO SHIPPING Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and will be conducted on terms no less favourable to the Group than the terms available to or from independent third parties for the relevant transactions. In particular, the Board considers that the frequency of monitoring described in (i) above is sufficient for such purposes because the management conducts weekly and monthly meetings with the relevant departments of the Company (including the sales and marketing department, procurement department and the operations department) whereby the market conditions are reviewed.

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## LETTER FROM THE BOARD

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### 6. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement are and will be on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Joint Independent Financial Advisers. Challenge Capital and Titan Financial have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### 7. PRINCIPAL ACTIVITIES OF THE PARTIES

The principal business of the Company is investment holding. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

COSCO SHIPPING is a state-owned enterprise wholly-owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The scope of business of COSCO SHIPPING and its subsidiaries 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, sales of vessels, containers and steel and maritime engineering.

### 8. SGM

In view of the interests of COSCO SHIPPING in the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, China COSCO (Hong Kong) Limited and COSCO Investments Limited, which together were interested in an aggregate of approximately 50.23% of the total issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the resolution to be proposed at the SGM to approve the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement that is required to abstain from voting on the resolution to be proposed at the SGM to approve the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

A notice convening the SGM to be held at 3:00 p.m. on Tuesday, 28 December 2021, at 47/F Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong is set out on pages 40 to 41 of this circular.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjournment thereof, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

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## LETTER FROM THE BOARD

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### 9. RECOMMENDATION

The Directors (including members of the Independent Board Committee whose recommendations are contained in the section headed “*Letter from the Independent Board Committee*” of this circular), consider that the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement is and will be on normal commercial terms and that terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 10. ADDITIONAL INFORMATION

Your attention is drawn to:

- (a) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (b) the letter from the Joint Independent Financial Advisers, the text of which is set out on pages 15 to 33 of this circular; and
- (c) the additional information set out in the appendix of this circular.

Yours faithfully,  
For and on behalf of  
**COSCO SHIPPING Ports Limited**  
**FENG Boming**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**COSCO SHIPPING Ports Limited**

**中遠海運港口有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1199)**

19 November 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

The Independent Board Committee has been established to advise you in connection with the COSCO SHIPPING Continuing Connected Transactions, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 19 November 2021 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, and the advice of the Joint Independent Financial Advisers in relation thereto as set out on pages 15 to 33 of the Circular, we are of the opinion that the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the COSCO SHIPPING Continuing Connected Transactions are and will be on normal commercial terms and in the ordinary and usual course of business of the Group, their terms are fair and reasonable and they are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the transactions thereunder (including the proposed annual caps for the COSCO SHIPPING Continuing Connected Transactions for the period from 1 January 2022 to 31 December 2024).

Yours faithfully,

Independent Board Committee of  
**COSCO SHIPPING Ports Limited**

**FAN HSU Lai Tai, Rita**

**CHAN Ka Lok**

**Adrian David LI Man Kiu**

**YANG Liang Yee Philip**

**LAM Yiu Kin**

*Independent non-executive Directors*

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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*The following is the full text of a letter of advice from Challenge Capital Management Limited and Titan Financial Services Limited to the Independent Board Committee and the Independent Shareholders in respect of the COSCO SHIPPING Continuing Connected Transactions, which has been prepared for the purpose of inclusion in this circular.*



信溢投資策劃有限公司  
CHALLENGE CAPITAL MANAGEMENT LIMITED

3/F, Kailey Tower  
16 Stanley Street  
Central  
Hong Kong



12/F, Woon Lee Commercial Building  
7-9 Austin Avenue  
Tsim Sha Tsui  
Hong Kong

19 November 2021

*To: The Independent Board Committee and the Independent Shareholders of  
COSCO SHIPPING Ports Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement (the “**COSCO SHIPPING Continuing Connected Transactions**”) and the respective proposed annual caps thereunder for the years ending 31 December 2022, 2023, and 2024 (the “**Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 19 November 2021 (the “**Circular**”, of which this letter forms part). Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

On 29 October 2021, the Company entered into the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement with COSCO SHIPPING for a term of three years commencing from 1 January 2022 and ending on 31 December 2024.

COSCO SHIPPING is the ultimate controlling Shareholder. Accordingly, members of the COSCO SHIPPING Group are connected persons of the Company under the Listing Rules. As such, the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement exceed 5%, such transactions constitute continuing connected transactions for the Company and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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In view of the interests of COSCO SHIPPING in the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, China COSCO (Hong Kong) Limited and COSCO Investments Limited, which together are interested in an aggregate of approximately 50.23% of the total issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the resolution to be proposed at the SGM to approve the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the COSCO SHIPPING Continuing Connected Transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement are on normal commercial terms or better, in 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, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Joint Independent Financial Advisers, in respect of such matters at the SGM. We, Challenge Capital Management Limited and Titan Financial Services Limited, have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in this regard.

Save for Challenge Capital Management Limited's previous engagement as one of the joint independent financial advisers to the Company with respect to the discloseable transaction and continuing connected transactions involving the deposit transactions which COSCO SHIPPING Finance Co., Ltd.\* (中遠海運集團財務有限責任公司), a non-wholly-owned subsidiary of COSCO SHIPPING, would accept deposits from members of the Group (details of which are set out in the circular of the Company dated 20 November 2019), Challenge Capital Management Limited has not acted, within the last two years preceding the Latest Practicable Date, as an independent financial adviser or a financial adviser to the Company, COSCO SHIPPING or any of their respective associates. Challenge Capital Management Limited is independent from and not connected with the Company, COSCO SHIPPING, or any of their respective associates. Accordingly, Challenge Capital Management Limited is considered eligible to give independent advice on the COSCO SHIPPING Continuing Connected Transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement. Apart from normal advisory fees payable to Challenge Capital Management Limited for its service rendered to the Company in connection with the aforesaid previous engagement and this appointment, no arrangement exists whereby Challenge Capital Management Limited shall receive any other fees or benefits from the Company, COSCO SHIPPING or any of their respective associates.

Titan Financial Services Limited has not acted, within the last two years preceding the Latest Practicable Date, as an independent financial adviser or a financial adviser to the Company, COSCO SHIPPING, or any of their respective associates. Titan Financial Services Limited is independent from and not connected with the Company, COSCO SHIPPING, or any of their respective associates. Accordingly, Titan Financial Services Limited is considered eligible to give independent advice on the COSCO SHIPPING Continuing Connected Transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement. Apart from normal advisory fees payable to Titan Financial Services Limited for its services rendered to the Company in connection with this appointment, no arrangement exists whereby Titan Financial Services Limited shall receive any other fees or benefits from the Company, COSCO SHIPPING or any of their respective associates.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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### BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, amongst other things, (i) the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement; (ii) the annual report of the Company for the year ended 31 December 2020 (“**2020 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2021 (“**2021 Interim Report**”); (iv) the announcements of the Company in relation to the shipping services and terminal services master agreement dated 22 November 2018 entered into between the Company and COSCO SHIPPING (“**2018 Master Agreement**”) and the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement dated 29 October 2021; (v) the circular of the Company in relation to the 2018 Master Agreement; (vi) certain internal records and procedures of the Group; and (vii) other information set out in the Circular. We have also discussed with the Company with respect to the terms of the COSCO SHIPPING Continuing Connected Transactions.

We have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided to us by the Company, and the views, opinions and statements of intention expressed by its Directors and/or management. We have assumed that all information, facts and representations contained or referred to in the Circular, and the information, facts and representations provided by the Company, and the views, opinions and statements of intention expressed by its Directors and/or management, are true, accurate and complete in all material respects as at the date of the Circular and that they may be relied upon in formulating our opinion.

We have also assumed that all views, opinions and statements of intention provided by the Directors, management, advisors and representatives of the Company have been arrived at after due and careful enquiries. The Directors have confirmed to us that no material facts have been withheld or omitted from the information supplied and opinions expressed. We consider that we have been provided with, and have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided by the Company or any of its Directors, management, advisors and representatives, nor have we conducted independent investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

All Directors jointly and severally accept full responsibility for the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the COSCO SHIPPING Continuing Connected Transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the COSCO SHIPPING Continuing Connected Transactions, we have considered the following principal factors and reasons:

**1. The background to, the reasons for, and benefits of the COSCO SHIPPING Continuing Connected Transactions**

*(i) Information of the Group*

The Group is principally engaged in the business of managing and operating terminals, and related businesses.

According to the 2021 Interim Report, the Group has adopted “The Ports for ALL” as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly “the ports for all people”. In line with its corporate mission, the Group adopted three core strategies to enhance its competitiveness and profitability which involve (i) developing a global terminal network with controlling stake that offers linkage effects on costs, services and synergies; (ii) leveraging the synergies with COSCO SHIPPING and the OCEAN Alliance to strengthen the services capability to serve shipping alliances, establishing close partnerships and maintaining good relationships with port authority groups, terminal operators and international liner companies to maximise synergies and value; and (iii) strengthening the control and management of the ports and terminal business by further integrating the existing terminals portfolio and increasing the value of these investments through building controlling stakes, increasing influence in entire ports through equity investments in port groups, and adopting unified management and operating system to integrate terminal operations.

As stated in the 2020 Annual Report, the Company has become the largest container terminal operator worldwide and its terminal portfolio covered the five main port regions in the PRC, as well as the key hub ports in Southeast Asia, the Middle East, Europe, South America and the Mediterranean. As at 31 December 2020, the Group operated and managed 357 berths at 36 ports globally, consisting of 210 container berths with combined annual handling capacity of 118 million TEUs. Despite the negative impact on the world economy and trade under the global spread of COVID-19 Epidemic, the Group achieved a total throughput of approximately 123.8 million TEUs and an equity throughput of approximately 38.5 million TEUs for the year ended 31 December 2020. According to information on the “Global Container Terminal Operators Annual Review and Forecast” published by Drewry Shipping Consultants Limited (“**Drewry**”) in July 2021 (the “**2021 Drewry Report**”), we noted that the Group’s total container throughput accounted for over 11% of the global market share for the year 2020, ranked first among international terminal operators.

*(ii) Information of the COSCO SHIPPING Group*

COSCO SHIPPING is the ultimate controlling Shareholder and a company incorporated under the laws of the PRC and a state-owned enterprise wholly-owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The scope of business of COSCO SHIPPING and its subsidiaries 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, sales of vessels,

containers and steel and maritime engineering. According to the information set out in the official website of COSCO SHIPPING (<http://en.coscoshipping.com/col/col6918/index.html>), as of 31 August 2021, the total fleet of COSCO SHIPPING Group comprised of 1,371 vessels with a capacity of approximately 113.7 million deadweight tonnages (“DWT”), ranking first in the world; its container fleet capacity is approximately 3.08 million TEUs, ranking third in the world; its dry bulk fleet (442 vessels/44.6 million DWT), tanker fleet (224 vessels/29.36 million DWT) and general and specialised cargo fleet (152 vessels/4.75 million DWT) are all topping the world’s list.

### *(iii) Background of the COSCO SHIPPING Continuing Connected Transactions*

In the course of its ordinary business, the Group has been from time to time conducting continuing connected transactions with connected persons of the Company. Indeed, the Group has been conducting continuing connected transactions of similar nature to the transactions contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement with members of the COSCO SHIPPING Group pursuant to the 2018 Master Agreement, details of which are disclosed in the announcement of the Company dated 22 November 2018 and the circular of the Company dated 10 December 2018.

The 2018 Master Agreement will expire on 31 December 2021 and it is expected that the Group will continue to enter into transactions of similar nature to the transactions under the 2018 Master Agreement with members of the COSCO SHIPPING Group from time to time thereafter. Accordingly, as an extension of the 2018 Master Agreement, the Company and COSCO SHIPPING entered into the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement on 29 October 2021 in relation to (a) the provision of terminal services by the relevant members of the Group to members of the COSCO SHIPPING Group, including but not limited to the handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services; and (b) the provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services, for a term of three years from 1 January 2022 to 31 December 2024.

### *(iv) Reasons for and benefits of the COSCO SHIPPING Continuing Connected Transactions*

By the very nature of the Group’s business activities, transactions with the connected persons are inevitable. The COSCO SHIPPING Continuing Connected Transactions are part of or related to the principal business activities of the Group and are expected to either increase the revenue of the Group and/or provide the Group with overall business and operational convenience and synergy. Indeed, the Group has entered into, and will continue to enter into, agreements with its connected persons in relation to different nature of transactions (including but not limited to the 2018 Master Agreement). Furthermore, the Group enjoys competitive advantages from its parent, which has the world’s largest fleet and third largest container fleet and is a member of the OCEAN Alliance. According to the information set out in the official website of COSCO SHIPPING Lines Co., Ltd (<https://lines.coscoshipping.com/home>), the OCEAN Alliance is an alliance formed by COSCO SHIPPING Lines Co., Ltd (a subsidiary of COSCO SHIPPING), Orient Overseas Container Line Limited (another subsidiary of COSCO SHIPPING) (“OOCL”), CMA CGM S.A. and Evergreen Line, with an aim to enable each of the alliance members to offer competitive products and comprehensive service networks covering the Asia-Europe, Asia-Mediterranean, Asia-Red Sea, Asia-Middle East, Trans-Pacific, Asia-North America East Coast and Trans-Atlantic

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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trades. As mentioned above, the COSCO SHIPPING Group is the largest shipping group in the world in terms of fleet capacity. CSH is a subsidiary of COSCO SHIPPING and an intermediate controlling Shareholder. CSH (together with its subsidiaries (including the Group) and its associates, the “**CSH Group**”) is the listed platform of the COSCO SHIPPING Group specialising in the provision of container shipping services and terminal services. It provides container shipping services through its two brands, namely, COSCO SHIPPING Lines and OOCL. The CSH Group also provides terminal services through the Group. With respect to the container shipping related business segment, according to the annual report of CSH for the year ended 31 December 2020 (the “**2020 CSH Annual Report**”), as of the end of 2020, the CSH Group, through the COSCO SHIPPING Lines and OOCL, owned and operated 536 container vessels with a total shipping capacity of approximately 3.1 million TEUs and ranked third in the world in terms of container shipping capacity. In 2020, the CSH Group introduced 45 new routes to its holding terminals, thereby providing stable cargo volume for terminals operation during the COVID-19 Epidemic. As stated in the 2020 Annual Report, during 2020, the Group further tapped into its synergies with COSCO SHIPPING Lines and OOCL, which recorded an uptick of 21.1% and 39.3%, respectively, in their container volume in terminals which the Group has controlling stake in as compared to 2019, as a demonstration that the Group has capitalised on its industry chain synergy advantages with the container shipping segment of the CSH Group. In addition, having regard to the relationship with the COSCO SHIPPING Group whereby the Group can enjoy a steady source of business and have a strong competitive edge in uncovering and bidding for investment opportunities, the management of the Company is of the view that the entering into of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement can facilitate the long-term development of the Group’s business.

We have enquired and were advised by the management of the Company that the COSCO SHIPPING Group is one of the key customers of the Group. We noted from the 2020 Annual Report that the Group recorded revenue of approximately US\$1,027.7 million for the year ended 31 December 2019 and US\$1,000.6 million for the year ended 31 December 2020. As advised by the management of the Company, the percentage of revenue in relation to the provision of terminal services attributable to the COSCO SHIPPING Group amounted to approximately 22.97%, 26.91% and 27.43% for the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, respectively. As stated in the 2020 Annual Report, despite the COVID-19 Epidemic which brought great negative impact on the economy of all countries around the world and the challenges casted over global trade, the total throughput of the Group remained stable at approximately 123.8 million TEUs in 2020 when compared with approximately 123.8 million TEUs in 2019. Given the fact that the COSCO SHIPPING Group is a key customer of the Group, the management of the Company considers that the entering into of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement with regard to the provision of terminal services by members of the Group to members of the COSCO SHIPPING Group is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

The Group itself is one of the leading terminal service providers, it also relies on the provision of shipping services by other prominent and experienced service providers, including the COSCO SHIPPING Group, to complement its operation. Accordingly, the management of the Company takes the view that, given (i) the need of shipping services for the Group is an inherent and necessary part of the Group’s business; (ii) the COSCO SHIPPING Group is an experienced shipping service provider; and (iii) the business relationship between the Group and the COSCO SHIPPING Group has been well established, the entering into of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement for the provision of shipping services by members of the COSCO SHIPPING Group to members of the Group is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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We understand from the Company that the entering into of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement is not expected to lead to material reliance on the COSCO SHIPPING Group. According to the Letter from the Board, the percentage of revenue of the Group in relation to the provision of terminal services attributable to the COSCO SHIPPING Group only amounted to approximately 22.97%, 26.91% and 27.43% for the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021 respectively and it is expected that other customers of the Group will continue to contribute significant proportions of the revenue of the Group. As in the past, the Group continues to take steps aiming at expanding its service offerings, sourcing more business from its existing customers and expanding its customer base. For example, representatives from the sales and marketing departments make regular customer visits to collect their feedbacks and understand their needs and concerns, with the aim of providing better services to strengthen the established customer relationships and increasing the volume of business. Even if the revenue from the provision of terminal services to the COSCO SHIPPING Group were to decrease, the Board believes that the Group would be able to cushion it by utilising the capacity thereby left open to provide services to other customers, including other long standing and sizeable customers.

We have obtained information from the Company and noted that beside the COSCO SHIPPING Group, the Group's major customers include other global sizeable shipping and logistics companies such as A.P. Moller – Maersk and Mediterranean Shipping Company (being members of the 2M Alliance); Hapag-Lloyd AG, Yang Ming Marine Transport Corporation and HMM Co., Ltd. (being members of the THE Alliance); and CMA CGM S.A. and Evergreen Line (being the other members of the OCEAN Alliance). We also noted from the 2020 Annual Report that the Group has continued to enhance synergies and cooperation with different shipping alliances. As one of the world's largest ports operators, not only do the Group further capitalise on the synergies with its parent company and the OCEAN Alliance, the Group also has worked actively to expand other shipping company customers, with greater communication with major shipping companies and efforts to procure the shipping fleets of major shipping alliances to increase their calls at the Group's terminals. Efforts have also been made to keep increasing the container volume from third-party customers and optimising the Group's customer portfolio. According to the 2020 Annual Report, benefitting from such efforts, there has been increase in the combined container volume from the members of the 2M Alliance and THE Alliance at terminals which the Group has controlling stake in.

In its effort to expand its service offerings, business from existing customers and customer base, we noted that the Group has continued to invest in new business models, develop the supply chain business and accelerate the construction of ports extended supply chain platform. As stated in the 2020 Annual Report, based on its terminals, the Group developed supply chain warehousing services, gradually built up its logistics network with the supply chain platform as a link and expanded its service categories which helped the Group to better attract and retain customers, bring in new revenue growth points and form a leading service system for integrated logistics supply chain in the world.

Furthermore, considering that the Group is the largest container terminal operator worldwide with over 11% of the global market share in 2020 and terminal portfolio covering the five main port regions in the PRC, as well as the key hub ports in Southeast Asia, the Middle East, Europe, South America and the Mediterranean, the Group's international terminal network services the calling from the whole global shipping community. As the Group continues to expand its operating capacity and extend its international footprint, it is reasonable to expect there will be increase in demand for terminal services not only from the COSCO SHIPPING Group but also from other existing and new third party customers. Based on the above, we concur with the

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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Company that the entering into of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement is not expected to lead to excessive reliance on the COSCO SHIPPING Group and it is in the mutual interests of the Group and the COSCO SHIPPING Group to continue with this long-standing business relationship.

(v) *Conclusion*

In light of the above, we are of the view that the conducting of the COSCO SHIPPING Continuing Connected Transactions with the COSCO SHIPPING Group is in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

### 2. **Principal terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement**

<b>Date:</b>	29 October 2021
<b>Parties:</b>	The Company COSCO SHIPPING
<b>Term:</b>	1 January 2022 to 31 December 2024
<b>Condition precedent:</b>	Conditional upon the approval of the Independent Shareholders being obtained on or before 31 December 2021.
<b>Nature of transaction:</b>	(a) Provision of terminal services by the relevant members of the Group to members of the COSCO SHIPPING Group, including but not limited to the handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services.  (b) Provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services.

The relevant parties shall enter into a separate written contract in respect of the COSCO SHIPPING Continuing Connected Transactions in a form and on terms to be agreed between the relevant parties from time to time but on the basis that such contract shall always be subject to the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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### **Pricing:**

The terms upon which the services to be provided by members of the COSCO SHIPPING Group to members of the Group shall be no less favourable than the terms obtained by the relevant members of the Group from independent third parties for similar types of services; and the terms upon which the services to be provided by members of the Group to members of the COSCO SHIPPING Group shall be no less favourable than the terms offered by members of the Group to independent third parties for similar types of services.

The fees charged shall be determined with reference to the prevailing market price, being the price offered to or charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

In assessing the terms of the provision of terminal services by the Group to the COSCO SHIPPING Group, we have reviewed 10 sample transactions entered into between members of the Group and (i) members of the COSCO SHIPPING Group; and (ii) independent third party customers, respectively, in relation to the transactions under and during the term of the 2018 Master Agreement and noted that the prices under those sample transactions entered into between members of the Group and the COSCO SHIPPING Group were no less favourable to the Group than those offered by the relevant members of the Group to other independent third party customers.

In respect of the provision of shipping services by the COSCO SHIPPING Group to the Group, we have reviewed 5 sample transactions entered into between members of the Group and members of the COSCO SHIPPING Group and corresponding quotations provided by independent third party providers in relation to the transactions under and during the term of the 2018 Master Agreement and noted that the prices under those sample transactions entered into between members of the Group and the COSCO SHIPPING Group were no less favourable to the Group than those offered by other independent third party providers to the relevant members of the Group.

We also noted that the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement stipulates that the relevant parties shall enter into a separate written contract in respect of the COSCO SHIPPING Continuing Connected Transactions in a form and on terms to be agreed between the relevant parties from time to time but on the basis that such contract shall always be subject to the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

Additionally, in order to ensure that the transactions between the Group and members of the COSCO SHIPPING Group are conducted in accordance with the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Company will implement the following internal control arrangements:

- (i) For the purposes of observance of the general pricing policies set out below, where applicable, the sales and marketing departments and procurement departments of the Group will monitor on a monthly basis the market conditions and (where applicable) the prevailing market prices including the pricings of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or nearby area in the ordinary course of business. The sales and marketing departments of the

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Group also make customer visits on a regular basis to enhance their understanding of market conditions and the needs and plans of the customers. In respect of the provision of services by the relevant members of the COSCO SHIPPING Group under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Group shall centralize purchases to obtain discounts.

- (ii) The relevant departments in the head office of the Company and each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions.
- (iii) The Finance Department of the Company will prepare a “Summary for Continuing Connected Transactions” each quarter and organize meetings regularly to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of their respective continuing connected transaction master agreements. After the “Summary for Continuing Connected Transactions” is reviewed by the relevant departments of the Company and the management, it will be submitted to the Audit Committee of the Company and the Board for further review.
- (iv) The Audit and Supervision Department of the Company will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings as well as accounting records to identify if the Group has any undisclosed connected transactions.
- (v) The Audit and Supervision Department will also check the terms and implementation status of the Group’s policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities’ processes for identification of connected persons and their procedures for dealing with continuing connected transactions. It is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs etc. to ensure such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master agreements.
- (vi) Each relevant member of the Group shall monitor its own utilization of the portion of the annual transaction cap amount allocated to it by the Company (the “**Designated Amount**”). If the annual transaction amount of a relevant member of the Group reaches 80% of its Designated Amount, or is expected to exceed its Designated Amount within three months, such member shall inform the relevant personnel in the Finance Department and Legal Department of the Company immediately and the Company shall determine the appropriate actions to be taken, such as (a) require such member not to enter any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to such member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group will exceed the relevant annual cap, the relevant member(s) of the Group shall provide sufficient reasons and cooperate with the Company to revise the annual cap and comply with the relevant requirements of the Listing Rules.

In relation to any agreements to be entered into pursuant to the respective continuing connected transaction master agreements (including the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement), the Group will generally observe the following pricing policies:

- (i) Adopt the mandatory State-prescribed prices such as those prescribed under the Measures of Port Charges and Calculations (《港口收費計費辦法》) promulgated by the Ministry of Transport and the National Development and Reform Commission of the PRC.

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- (ii) Where there is no mandatory State-prescribed price, based on the reference rates published by the Ministry of Transport of the PRC, which the market commonly relies on.
- (iii) Where there is no reference rates, based on the relevant market prices (being the prices at which comparable types of products and/or services are provided by or to independent third parties in the same area in the ordinary course of business by (where practicable) referring to at least two other contemporaneous transactions or quotations with independent third parties for similar products and/or services in similar quantities to ensure that the terms offered to or by the relevant connected persons are no less favourable to the Group than those available to or from independent third parties).
- (iv) Where there is no relevant market price, based the costs of the products plus an appropriate margin which would be determined with reference to, among others, the inflation rate and valuation conducted by independent valuer (where appropriate), and in any event would not be less favourable to the Group than that applied to similar transactions with independent third parties.

We have obtained and reviewed the internal control policy in relation to the connected transactions of the Group (the “**Connected Transactions Internal Control Policy**”), and noted that in determining the pricing of the transactions contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Group will consider the pricing of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or nearby area in the ordinary course of business. We noted that the relevant internal control procedures and pricing policies include monitoring the market conditions and (where applicable) prevailing market prices on a regular basis, assigning specific responsibilities to various business units and designated departments of the Group in performing regular review and cross-checking, and conducting management review with the relevant departments on the market conditions in order to make sure that the COSCO SHIPPING Continuing Connected Transactions will be conducted in accordance with the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and on terms no less favourable to the Group than terms available from/to independent third parties. We consider that such procedures would allow the Group to obtain the then prevailing market prices of the products and/or services in comparing the prices to be offered under COSCO SHIPPING Shipping Services and Terminal Services Master Agreement. In addition, we noted from the Connected Transactions Internal Control Policy that the members of the Group shall always be in compliance with the relevant laws and regulations and the Listing Rules, including having mechanism in place to ensure that the annual caps of the continuing connected transactions of the Group will not be exceeded.

Furthermore, we have reviewed the confirmation letter from the independent non-executive Directors to the Board for each of the two years ended 31 December 2020 and noted that the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions of the Group have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available from/to independent third parties; and (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interest of the Shareholders as a whole. We have also reviewed the unqualified letter prepared and issued by the auditor of the Company for each of the two years ended 31 December 2020 containing its findings and conclusions in accordance with Rule 14A.56 of the Listing Rules in respect of the continuing connected transactions of the Group. As confirmed by the Company, the Company will continue to comply with the relevant annual review requirements under the Listing Rules on an on-going basis.

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Having considered the above, we concur with the view of the Directors that the above procedures can ensure that the pricing and other contract terms for the COSCO SHIPPING Continuing Connected Transactions will be conducted in accordance with the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and on terms no less favourable to the Group than terms available from/to independent third parties.

As such, we are of the view that the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. Annual Caps

According to the Letter from the Board, the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement will be of similar nature to those under the 2018 Master Agreement in relation to the provision of shipping and terminal related services. The historical amounts for such transactions were as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
<b>(a) Terminal services</b>			
Aggregate amount received by the Group from the COSCO SHIPPING Group	RMB1,626,978,000 (approximately) HK\$1,951,655,000)	RMB1,857,732,000 (approximately) HK\$2,228,458,000)	RMB1,528,594,000 (approximately) HK\$1,833,638,000)
<b>(b) Shipping services</b>			
Aggregate amount paid by the Group to the COSCO SHIPPING Group	RMB75,925,000 (approximately) HK\$91,076,000)	RMB87,958,000 (approximately) HK\$105,511,000)	RMB54,959,000 (approximately) HK\$65,927,000)

The Annual Caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement for the three years ending 31 December 2024 and the basis of determination thereof are as follows:

	For the year ending 31 December		
	2022	2023	2024
<b>(a) Terminal services</b>			
Aggregate amount receivable by the Group from the COSCO SHIPPING Group	RMB3,750,000,000 (approximately) HK\$4,500,000,000)	RMB4,220,000,000 (approximately) HK\$5,060,000,000)	RMB4,870,000,000 (approximately) HK\$5,840,000,000)
<b>(b) Shipping services</b>			
Aggregate amount payable by the Group to the COSCO SHIPPING Group	RMB350,000,000 (approximately) HK\$420,000,000)	RMB390,000,000 (approximately) HK\$470,000,000)	RMB420,000,000 (approximately) HK\$500,000,000)

According to the Letter from the Board, the estimated annual caps for the aggregate amount receivable by the Group from the COSCO SHIPPING Group were determined with reference to the historical transaction amounts and their growth rates, the anticipated inflation rate, the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services, including (i) the expanded scale and operations of the business of the Group taking into account its on-going expansion strategy by focusing on terminal construction

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projects development and overseas investment, capture opportunities such as asset merger, building controlling stakes in terminals, and restructuring and sale of global terminals to expand and consolidate its global terminal network and the various acquisitions of new terminals completed in the past years; (ii) the possibility of acquisition of new terminals and the new berths and newly developed terminals of the Group expected to come into operation over the next three years; (iii) the completion of potential acquisition of terminals by the Group over the next three years; (iv) the expected increase in the COSCO SHIPPING Group's fleet calling at the terminals of the Group as a result of the overall business and operational convenience and synergies continuing to be achieved with the COSCO SHIPPING Group and the OCEAN Alliance; and (v) a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

The estimated annual caps for the aggregate amount payable by the Group to the COSCO SHIPPING Group were determined with reference to (i) the current fuel and oil prices and their historical growth rates; (ii) the current upward trends of such prices with uncertainties in the magnitudes of their future increases; (iii) the anticipated increase in the volume of containers handled by existing terminals; and (iv) the existing demand for such services and the anticipated increase in the demand for such services, taking into account the above mentioned factors including the anticipated growth and development of the scale and operations of the businesses of the Group and a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

As illustrated in the table above, we noted that the historical transaction amounts for both the terminal services and shipping services showed an upward trend for the two years ended 31 December 2020, despite the adverse impact of COVID-19 Epidemic on the economy of all countries around the world. As advised by the management of the Company, the growth in the historical amounts was in line with the expanded scale of operation of the Group, however, such growth was much lower than expected mainly due to the effect of the COVID-19 Epidemic on the global economy. According to the World Economic Outlook released by the International Monetary Fund (“IMF”) in October 2021, the global economy has contracted by 3.1% in 2020 and the world trade volume has contracted by 8.2% in 2020.

In determining the Annual Caps for the COSCO SHIPPING Continuing Connected Transactions, we understand that the Company has primarily taken into consideration factors including, among others, (i) the existing scale of operations of the Group and the expected increase in operating capacity as a result of the development plans of the Group; and (ii) the anticipated increase in demand for such relevant services contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement by the COSCO SHIPPING Group, after allowing a buffer for the inherent volatility of the business in the shipping and container-related services industry.

In order to assess the fairness and reasonableness of the Annual Caps, we have discussed with the management of the Company on the basis and assumptions underlying the determination of the Annual Caps and were given to understand that the management of the Company has taken into account the major factors as basis of determination of the said caps which details are set out below:

*(i) Existing scale of operations and development plans of the Group*

We have discussed with the management of the Company regarding the operational strategies and development plans of the Group. As advised by the management of the Company, the Group continues to carry out its on-going strategy since its re-organisation in 2016 to become a pure terminal operator with an enlarged global network with the mission of becoming “The Ports for ALL”. The Group continues to optimise the global terminal portfolio and realise the Group's

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scale expansion strategy by focusing on project development and overseas investment, capture opportunities such as asset merger, building controlling stakes in terminals, and restructuring and sale of global terminals to expand the global terminal network. According to the Letter from the Board, the operating capacity of the Group is expected to expand further as the Group plans to continue to extend its international footprint with an aim to further enhance the global terminal network. The Group plans to focus on making investments in Southeast Asia, Middle East, Africa and South America so as to continue to extend its network of terminals and, at the same time, continue to explore investment opportunities provided by port consolidation in the PRC by capitalising on the unique advantages of the COSCO SHIPPING Group. As the COSCO SHIPPING Group has the world's largest shipping fleet and third largest container fleet, the Group can enjoy a steady source of business and has a strong competitive edge in uncovering and bidding for investment opportunities.

We noted that the Group has continued to expand its scale of operation subsequent to the completion of its re-organisation in 2016. According to the annual report of the Company for the year ended 31 December 2018, the Group operated and managed a total of 283 berths, of which 192 were container berths. The total annual handling capacity of container berths was 106 million TEUs. According to the 2020 Annual Report, the Group operated and managed a total of 357 berths, of which 210 were container berths. The total annual handling capacity of container berths was 118 million TEUs. The number of berths managed by the Group has increased by approximately 26.1% from 2018 to 2020. In-line with the increase in terminal portfolio of the Group, the total annual handling capacity of container berths increased by approximately 11.3% from 2018 to 2020. Furthermore, we noted from the 2020 Annual Report that the total number of berths is targeted to reach 413 to bring the total annual handling capacity of the container berths to approximately 135.6 million TEUs, representing an increase of approximately 14.9% over that as at 31 December 2020.

In this regard, we have reviewed the previous annual reports and announcements of the Company and have further discussed with the management of the Company and noted the following major acquisitions and development made by the Group during the past 3 years:

- (1) As advised by the Company, the Group inaugurated and operated CSP Abu Dhabi Terminal, the Group's first overseas greenfield terminal, in December 2018, with designed annual handling capacity of 2.5 million TEUs and the inclusion of the largest container freight station in the Middle East. With the support of the Group's parent company, the Group harnessed its unparalleled advantages to turn CSP Abu Dhabi Terminal into a regional hub and a competitive shipping service centre. According to the 2020 Annual Report, with its utilisation rate on the rise, CSP Abu Dhabi Terminal recorded a throughput of 665,500 TEUs in 2020, up by 72.3% year-on-year, as the terminal was stepping up its marketing efforts and actively working on route introduction.
- (2) On 23 January 2019, the Group entered into a subscription and investment agreement with Volcan Compañía Minera S.A.A and Terminales Portuarios Chancay S.A. ("TPCH"), and completed the subscription for 60% of the shares in TPCH on 10 May 2019. TPCH is principally engaged in the design, development, and construction of the terminal at Port of Chancay, Peru and will be engaged in its operation and management after the completion of construction. The construction of Port of Chancay consists of two phases. Phase One is expected to commence operation in 2024. The terminal at Port of Chancay will be a private, multipurpose port, which comprises port operations area, including two container berths and two multipurpose

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bulk berths, dry bulk storage facilities, container yards and bulk cargo yards, berth and yard for wheeled cargo. It is expected that, upon completion, the terminal at Port of Chancay, Peru will provide a target designed annual handling capacity of container berths and bulk berths of approximately 1.0 million TEUs and 6.2 million tons, respectively.

- (3) As advised by the Company, in August 2020, CSP Wuhan Terminal started phase two project of Container Water-Rail Intermodal Transport which is planned to be completed in 2022. The phase two construction consists of four container berths. According to the website of COSCO SHIPPING, the phase two project of Container Water-Rail Intermodal Transport at the Yangluo International Port is constructed in meeting the target in the coming years and boasting a container throughput of 1.0 million TEUs per year, with the capacity of water-rail intermodal transport being 500,000 TEUs per year, which is expected to significantly reduce the “last mile” logistics costs of multimodal transport. The project is planned to be built into a modern logistics collection and distribution center by integrating the functions of terminal, container transport, logistics, warehouse, storage yard, and a water-rail intermodal transport center. CSP Wuhan Terminal fully leveraged on COSCO SHIPPING’s achievements in the construction of smart port. Based on experience in the intelligent construction of CSP Abu Dhabi Terminal and the pilot application experience of first 5G full-scene smart port at Xiamen Oceangate Terminal, it realised the applications of technologies such as DCV, remote control of rail cranes at railway and storage yards, automatic identification of train wagons and containers, automatic train positioning, quay crane smart tallying and intelligent gate through the 5G network which covers the whole port area, building the first automatic water-rail intermodal terminal on the Yangtze River.
- (4) As advised by the Company, berth 5 and 6 of Quanzhou Pacific Terminal is scheduled to commence operation in 2023 such that the designed annual handling capacity will be increased by 1.5 million TEUs.
- (5) On 26 February 2021, the Group entered into a conditional equity transfer agreement with Tianjin Port Holdings in relation to the acquisition of 34.99% equity interest in Tianjin Port Container Terminal Co., Ltd.\* (天津港集裝箱碼頭有限公司) (“TCT”). Upon completion of the acquisition, TCT will be held as to 51% by the Group and will become a subsidiary of the Group. TCT enjoys favourable geographical advantage and is highly competitive in the Bohai Rim area. The Company considers the consolidation of its controlling interests in TCT is in line with its strategic planning, and will further enhance the Group’s synergy with the OCEAN Alliance and continue to strengthen the Group’s leading position in the Greater China region. TCT has a target designed annual handling capacity of container berths of 6.0 million TEUs.

In addition to the above, we also noted that the Group has made strategic investments in various port terminals including Beibu Gulf Port Co., Ltd.\* (北部灣港股份有限公司) and Guangxi Beibu Gulf International Container Terminal Co., Ltd.\* (廣西北部灣國際集裝箱碼頭有限公司) in the Southwest Coast of the PRC, Red Sea Gateway Terminal Company Limited in Saudi Arabia and HHLA Container Terminal Tollerort GmbH in Germany during the past 3 years. According to the Letter from the Board, the Group is exploring the opportunity to acquire additional interest in existing joint-venture companies which, upon completion, will also become subsidiaries of the Group, to strengthen the control and management of its ports and terminals business. We noted that the Group has continued to extend its international footprint through acquisitions and increasing

the value of existing terminals portfolio through building controlling stakes of existing terminals in the past three years, such as the acquisition of controlling stakes in TCT in 2021, which further optimise the terminals portfolio and global layout of the Group. We have further discussed with the management of the Company and understand that this will be the ongoing strategy of the Group beyond 2021 and the Group plans to focus on making investments in Southeast Asia, Middle East, Africa and South America and, at the same time, continue to explore investment opportunities provided by port consolidation in the PRC. It is anticipated that there would be an increase in the calling by the shipping fleets of COSCO SHIPPING Group at those terminals that are going to be added to the terminal network of the Group, which would result in an increasing demand for the services contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement. In this regard, we noted from the 2021 Drewry Report that in continuing to encourage greater co-ordination and planning between ports to avoid the risk of overcapacity, it is the PRC Government's directive for greater consolidation within the port sector, which we found to be in line with the expansion strategy of the Group.

In addition, we noted that despite the negative impact of the COVID-19 Epidemic, the historical transaction amounts between the Group and the COSCO SHIPPING Group for transactions of similar nature to those under the 2018 Master Agreement for the two years ended 31 December 2020 had been maintaining steady growth in line with the expanded scale of operations of the Group. The aggregate amounts received by the Group from the COSCO SHIPPING Group in relation to the provision of terminal services by the Group increased by approximately 25.2% from approximately RMB1,299.2 million for the year ended 31 December 2018 to approximately RMB1,627.0 million for the year ended 31 December 2019, and further increased by approximately 14.2% to approximately RMB1,857.7 million for the year ended 31 December 2020. According to information of the Company, the aggregate amounts received by the Group for the nine months ended 30 September 2021 amounted to approximately RMB1,528.6 million, representing an increase of approximately 17.3% over that for the nine months ended 30 September 2020. Meanwhile, the aggregate amounts paid by the Group to the COSCO SHIPPING Group in relation to the provision of shipping services by the COSCO SHIPPING Group increased by approximately 52.51% from approximately RMB49.8 million for the year ended 31 December 2018 to approximately RMB75.9 million for the year ended 31 December 2019, and further increased by approximately 15.8% to approximately RMB88.0 million for the year ended 31 December 2020. The aggregate amounts paid by the Group for the nine months ended 30 September 2021 amounted to approximately RMB55.0 million, representing a decrease of approximately 11.1% over that for the nine months ended 30 September 2020. We understand from the management of the Company that the relatively higher amounts paid by the Group to the COSCO SHIPPING Group in relation to the provision of shipping services by the COSCO SHIPPING Group for the nine months ended 30 September 2020 was mainly due to certain expenses incurred for the transitional logistics arrangements during the early phase of operation of the CSP Abu Dhabi Terminal in 2020, which were no longer required in 2021, and certain services fees in relation to a new electricity system installed at the Jinzhou Terminal and such fees were not incurred in the subsequent period.

***(ii) Demand for the COSCO SHIPPING Continuing Connected Transactions***

Amid economic disruptions from COVID-19 Epidemic, the global economy and trade has started to show signs of gradual recovery. According to the 2021 Interim Report, with the recovery of global economy and trade, total throughput of the Group increased by approximately 8.8% year-on-year to approximately 62.7 million TEUs for the six months ended 30 June 2021 from approximately 57.6 million TEUs for the six months ended 30 June 2020. As stated in the 2020 CSH Annual Report, in the second half of 2020, CSH added 40 vessels to its global routes to

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provide shipping capacity to ride on the container shipping market's recovery, thus providing a guarantee to its shipping capacity during the recovery period. We noted that CSH has been expanding its fleets and as at 31 December 2020, its container fleet comprised 536 vessels with total capacity of approximately 3.1 million TEUs, up by approximately 11.4% as compared to the end of 2018. Furthermore, according to the interim report of CSH for the six months ended 30 June 2021 (the "**2021 CSH Interim Report**"), CSH's container shipping business handled a shipping volume of approximately 13.84 million TEUs, up by approximately 16.84% compared to approximately 11.85 million TEUs for the six months 30 June 2020. COSCO SHIPPING Lines handled a shipping volume of approximately 9.91 million TEUs, representing an increase of approximately 15.83% as compared to the same period in 2020. OOCL handled a shipping volume of approximately 3.93 million TEUs, representing an increase of approximately 19.48% as compared to the same period in 2020. Moreover, in the first half of 2021, the input of shipping capacity of CSH increased by approximately 3.7% over the end of first half of 2020 and the shipping capacity of Trans-Pacific routes and Asia-Europe routes increased by approximately 12% and 13% respectively as compared to the same period of 2020. We noted that as stated on the 2021 CSH Interim Report, CSH continued to uphold the philosophy of providing "customer-centric" business by adhering to the essence of shipping service and practicing corporate responsibility through measures such as increasing shipping capacity, guaranteeing container supply, and enhancing services, thereby ensuring the stability of the global container logistics supply chain using its best endeavours. According to the management of the Company, backed by the recovery of global economy and trade and leveraging on the leading position in the global ports operator industry and growth strategy, the Group is expected to continue to grow its capacity with the ongoing support from the OCEAN Alliance and the synergies with COSCO SHIPPING Group.

We understand from the management of the Company that the key economic and industry indicators relevant to the demand for container shipping and terminal services industry include the global economic growth, global trading growth, global container throughput, freight rates, as well as fuel and oil price. According to the World Economic Outlook released by the IMF in October 2021, the global economy is projected to grow 5.9% in 2021, representing an increase of approximately 9.0 percentage points over the drop in 2020, and to grow 4.9% in 2022. The global trade volumes are projected to expand 9.7% in 2021, and moderating to 6.7% in 2022. We noted that having considered the supply chain disruption and congestion at ports around the world, Drewry forecasts a 10.2% increase in global port volume in 2021 and 5.0% average annual growth over the period 2020 to 2025, with total volumes forecast to exceed 1 billion TEUs by 2025 based on the projected regional container handling and average annual growth. With respect to the freight rates, according to the China (Export) Containerized Freight Index ("**CCFI**") published by the Shanghai Shipping Exchange, the CCFI was around 1,000 points in the first quarter of 2020 and has reached 3,315.27 points on 22 October 2021. According to the management of the Company, the average of the CCFI for the first half of 2021 amounted to 2,066.64, representing an approximately 133.86% increase as compared to that for the same period of 2020 and an approximately 92.44% increase as compared to that for the second half of 2020, and such increase was primarily attributable to the increasing demand for the turnovers of containers in the global market. The CCFI, which is sponsored by the Ministry of Transport of the PRC and formulated by the Shanghai Shipping Exchange, serves as the barometer of the container shipping market and is formulated to reflect the transport market in terms of costs and market rates to ship containers from China to major destinations around the world. In relation to the fuel and oil price, we note from the U.S. Energy Information Administration, the annual unweighted average of daily closing spot prices for Brent crude oil amounted to approximately US\$64.3/b and US\$41.96/b for 2019 and 2020, respectively. According to the short-term energy outlook published by the U.S. Energy Information Administration in October 2021, the Brent crude oil prices is expected to remain averaging US\$81/b during the fourth quarter of 2021 and decline to an annual average of US\$72/b in 2022.

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Having considered the above, in particular, the Group's on-going strategy to expand and consolidate its global terminal network, the global economy growth and the recovery, and the strong demand in container shipping market as seen by the rising level of CCFI, we concur with the management of the Company that it is reasonable to anticipate an increase in demand for the terminal services contemplated under the COSCO SHIPPING Continuing Connected Transactions. Consequently, we concur with the management of the Company that it is reasonable to expect an increase in the Group's demand for shipping services to cater for the expected increase in demand for terminal services contemplated under the COSCO SHIPPING Continuing Connected Transactions, taking into account the anticipated growth and development of the scale of operations of the business of the Group.

Moreover, the management of the Company considers that it would be in the interest of the Group to provide sufficient buffer when determining the Annual Cap amounts, so as to cater for the development plans of the Group and the inherent volatility of the business in the shipping and container-related industry, where the magnitude of which cannot be ascertained at the moment. Given that the Group and the COSCO SHIPPING Group both have demonstrated significant growth in their business scale and that such scale is anticipated to expand further, the management of the Company considers that it is possible that the Group may require and utilise a higher percentage of the Annual Caps.

### *(iii) Conclusion*

Having considered the above, in particular, (i) the reasons for and benefits of the COSCO SHIPPING Continuing Connected Transactions; (ii) the existing scale of operations and development plans of the Group; and (iii) the anticipated demand for the COSCO SHIPPING Continuing Connected Transactions, we concur with the Directors' view that the Annual Caps for the COSCO SHIPPING Continuing Connected Transactions and the major factors considered as the basis of determining the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

However, the Shareholders should note that as the Annual Caps are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire period up to 31 December 2024, they do not represent forecasts of revenue to be generated from the operations of the Group. Consequently, we express no opinion as to how closely the actual future transacted amounts of the COSCO SHIPPING Continuing Connected Transactions will correspond with the relevant Annual Caps.

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### RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the opinion that the COSCO SHIPPING Continuing Connected Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement (including the Annual Caps) are 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 advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the SGM to approve the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the transactions thereunder (including the Annual Caps).

Yours faithfully,  
For and on behalf of

**Challenge Capital Management Limited**  
**Jackson Woo**  
*Managing Director*

**Titan Financial Services Limited**  
**Wilson Fok**  
*Managing Director*

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

*Mr. Jackson Woo is the Managing Director of Challenge Capital and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as a Responsible Officer to carry out, among others, Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in corporate finance.*

*Mr. Wilson Fok is the Managing Director of Titan Financial Services Limited and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as a Responsible Officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in corporate finance.*

## 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

- (a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules were as follows:

### (i) Long position in the shares of the Company

<u>Name of Director</u>	<u>Capacity</u>	<u>Nature of interests</u>	<u>Number of Shares held as at the Latest Practicable Date</u>	<u>Percentage of total number of issued Shares as at the Latest Practicable Date</u>
Mr. FENG Boming	Beneficial owner	Personal	32,379	0.001%
Mr. DENG Huangjun	Beneficial owner	Personal	53,154	0.002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,380,865	0.042%

**(ii) Long positions in underlying shares of equity derivatives of the Company**

Options granted under the share option scheme approved by the Shareholders on 8 June 2018 (the “Share Option Scheme”):

Name of Director	Exercise price (HK\$)	Number of share options outstanding as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date	Exercisable period	Notes
Mr. ZHANG Dayu	7.27	1,200,000	0.04%	19.06.2020 – 18.06.2023	(1), (2)
Mr. DENG Huangjun	7.27	1,200,000	0.04%	19.06.2020 – 18.06.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	0.04%	19.06.2020 – 18.06.2023	(1), (2)

*Notes:*

- (1) The share options were granted on 19 June 2018 under the Share Option Scheme at an exercise price of HK\$7.27 per Share. According to the provisions of the Share Option Scheme, options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the “Restriction Period”). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the respective share options will be vested on 19 June 2020; (b) 33.3% of the respective share options will be vested on 19 June 2021; and (c) 33.4% of the respective share options will be vested on 19 June 2022. The vesting conditions for the share options are more particularly set out in the section headed “11. Performance Target before the Options can be granted and vested — Performance Conditions for the vesting of Share Options” of the circular of the Company dated 18 May 2018.
- (2) These share options represent personal interest held by the relevant Director as beneficial owner.

**(iii) Long positions in the shares of associated corporations**

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held as at the Latest Practicable Date	Percentage of total number of issued shares of the relevant class of the relevant associated corporation as at the Latest Practicable Date
COSCO SHIPPING Development Co., Ltd.	Mr. FENG Boming	Beneficial Owner	Personal	22,100 A shares	0.0003%
	Mr. DENG Huangjun	Interest of Spouse	Family	38,000 A shares	0.0005%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial Owner	Personal	508,000 H shares	0.04%
COSCO SHIPPING Holdings Co., Ltd. (“CSH”)	Mr. FENG Boming	Interest of Spouse	Family	149,370 A shares	0.001%

## (iv) Long positions in the underlying shares of equity derivatives of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Exercise price (RMB)	Number of share options as at the Latest Practicable Date	Percentage of total number of issued shares of the relevant class of the associated corporation as at the Latest Practicable Date	Notes
CSH	Mr. FENG Boming	Interest of Spouse	Family	3.15	461,630	0.004%	(1), (3)
		Beneficial Owner	Personal	2.69	1,216,800	0.010%	(2), (3)
	Mr. ZHANG Wei	Beneficial Owner	Personal	2.69	980,200	0.008%	(2), (3)

*Notes:*

- (1) Such share options were granted on 3 June 2019 pursuant to the A-shares share option incentive scheme of CSH adopted on 30 May 2019 (the “**CSH Share Option Scheme**”) and can be exercised during the period from 3 June 2021 to 2 June 2026.
- (2) Such share options were granted on 29 May 2020 pursuant to the CSH Share Option Scheme (as amended pursuant to the amendments approved by the shareholders of CSH on 18 May 2020) and can be exercised during the period from 30 May 2022 to 28 May 2027.
- (3) Such share options will be vested after 24 months from the date of grant (the “**Vesting Period**”). Subject to the fulfilment of the relevant vesting conditions, such share options will be vested in three batches after the Vesting Period, i.e. (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant; (b) 33% of the share options can be exercised during the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant; and (c) 34% of the share options can be exercised during the first trading day after 48 months from the date of grant to the last trading day within 84 months from the date of grant.

- (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:

**COSCO SHIPPING**

<b>Name of Director</b>	<b>Position</b>
Mr. CHEN Dong	General manager of financial management department

**CSH**

<b>Name of Director</b>	<b>Position</b>
Mr. FENG Boming	Executive director
Mr. DENG Huangjun	Supervisor representing employees

- (c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors 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, the Directors namely Mr. FENG Boming, Mr. DENG Huangjun and Mr. CHEN Dong held directorships or senior management positions in the associates of COSCO SHIPPING and/or other companies which have interests in terminals operation and management business (the "Terminal Interests").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Terminals Interests. When making decisions on the terminals business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group. Other than as disclosed above, none of the Directors and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

#### 4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2020, 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' INTERESTS IN CONTRACTS

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

#### 6. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors 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. EXPERTS AND CONSENTS

- (a) The following are the qualifications of the experts who have been named in this circular and whose opinion or advice is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Challenge Capital Management Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Titan Financial Services Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, none of Challenge Capital and Titan Financial was beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, none of Challenge Capital and Titan Financial had any direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

- (d) Each of Challenge Capital and Titan Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 19 November 2021 (as set out on pages 15 to 33 of this circular) and references to its name in the form and context in which they respectively appear.

## **8. 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 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## **9. DOCUMENTS ON DISPLAY**

A copy of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://ports.coscoshipping.com>) from the date of this circular up to and including the date of the SGM.

## **10. GENERAL**

- (a) The General Counsel & Company Secretary of the Company is Ms. HUNG Man, Michelle, a practising solicitor in Hong Kong. She is also qualified in England and Wales.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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## NOTICE OF THE SGM

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# COSCO SHIPPING Ports Limited

## 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of COSCO SHIPPING Ports Limited (the “**Company**”) will be held at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Tuesday, 28 December 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the agreement dated 29 October 2021 (the “**COSCO SHIPPING Shipping Services and Terminal Services Master Agreement**”) between the Company and China COSCO SHIPPING Corporation Limited\* (中國遠洋海運集團有限公司) in relation to the provision of shipping and terminal related services for a term of three years from 1 January 2022 to 31 December 2024 as described in the circular of the Company dated 19 November 2021 (the “**Circular**”) (a copy of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and a copy of the Circular have been produced to the meeting marked “A” and “B” respectively and initialed by the chairman of the meeting for identification purpose) and the transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual cap amounts for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement for the three years ending 31 December 2024 as set out in the Circular be and are hereby approved; and
- (c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and to be in the interests of the Company.”

By Order of the Board  
**COSCO SHIPPING Ports Limited**  
**HUNG Man, Michelle**  
*General Counsel & Company Secretary*

Hong Kong, 19 November 2021

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## NOTICE OF THE SGM

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**Registered Office:**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Principal Place of Business:**

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

*Notes:*

1. Shareholders of the Company who are entitled to vote at the meeting are those whose names appear as shareholders on the register of members of the Company as at the close of business on Tuesday, 21 December 2021. In order to be entitled to vote at the meeting, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 21 December 2021.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more (if the relevant member holds more than one share) proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.
3. To be valid, the form of proxy together with power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be deposited at the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so wish, and in such event, the form of proxy will be deemed to be revoked.
5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Subject to the development of COVID-19 pandemic and the requirements or guidelines of the Government of Hong Kong and/or regulatory authorities, the Company may announce further updates of the SGM arrangements on the website of the Company (<https://ports.coscoshipping.com>) as and when appropriate.
7. For the purposes of this notice, any English name with an asterisk (\*) is an unofficial English transliteration or translation and is for identification purposes only.