THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in COSCO SHIPPING Development Co., Ltd.*, you should at once hand this circular, the form of proxy and the reply slip to the purchaser or transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING HEAVY INDUSTRY SHIPBUILDING CONTRACTS
(2) MAJOR TRANSACTIONS REGARDING REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS
(3) CONTINUING CONNECTED TRANSACTIONS REGARDING VESSEL LEASING SERVICE MASTER AGREEMENT
(4) PROPOSED AMENDMENTS TO CORPORATE BONDS ISSUANCE PLAN
(5) PROPOSED APPOINTMENTS OF NON-EXECUTIVE DIRECTOR, INDEPENDENT NON-EXECUTIVE DIRECTOR AND SUPERVISOR
AND
(6) NOTICE OF THE EGM

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders

CGG 金聯資本 Goldlink Capital

Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 39 of this circular and the letter from the Independent Board Committee is set out on pages 40 to 41 of this circular. A letter from Goldlink Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 42 to 63 of this circular.

A notice convening the EGM to be held at 1:30 p.m. on Thursday, 24 October 2024 at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC is set out on pages EGM-1 to EGM-4 of this circular. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting at the EGM.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

9 October 2024

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

"A Share(s)"	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"Announcement"	the announcement of the Company dated 1 September 2024, in relation to, among other things, the Shipbuilding Contracts and Vessel Leasing Service Master Agreement and the transactions contemplated thereunder
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Chengxi Shipbuilding Contracts"	the shipbuilding contracts dated 28 June 2024 entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in relation to the construction of the twenty-two (22) 80,000 DWT bulk cargo vessels
"Chengxi Shipyard"	Chengxi Shipyard Co., Ltd.# (中船澄西船舶修造有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China CSSC Holdings Ltd.# (中國船舶工業股份有限公司)
"Chengxi Transfer Agreements"	the transfer agreements dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in relation to the transfer of all rights and responsibilities by China Shipbuilding (BVI) to COSCO SHIPPING Development (Hainan) under the Chengxi Shipbuilding Contracts in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels
"China Shipbuilding (BVI)"	China Shipbuilding Trading (BVI) Co., Ltd. (中國船舶工業貿易(BVI)有限公司), a company established under the laws of the British Virgin Islands and a wholly-owned subsidiary of China Shipbuilding Trading

"China Shipbuilding Trading"	China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China State Shipbuilding Corporation Limited (中國船舶集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"China Shipping"	China Shipping Group Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise, a direct controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
"Company"	COSCO SHIPPING Development Co., Ltd.# (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H Shares and the A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 02866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
"Computershare"	Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Bonds"	the corporate bonds which shall be issued under the Proposed Issuance of Corporate Bonds
"COSCO SHIPPING"	China COSCO SHIPPING Corporation Limited# (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling Shareholder
"COSCO SHIPPING Bulk"	COSCO SHIPPING Bulk Co., Ltd.# (中遠海運散貨運輸有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
"COSCO SHIPPING Bulk Group"	COSCO SHIPPING Bulk and its subsidiaries and/or associates (as the context may require)
"COSCO SHIPPING Development (Hainan)"	COSCO SHIPPING Development (Hainan) Co., Ltd.# (海南中遠海發航運有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company

"COSCO SHIPPING Development (Hainan) Group"	COSCO SHIPPING Development (Hainan) and its subsidiaries and/or associates (as the context may require)
"COSCO SHIPPING Heavy Industry"	COSCO SHIPPING Heavy Industry Co., Ltd.# (中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
"Dalian Shipbuilding Contracts"	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Dalian) (as seller) in relation to the construction of thirteen (13) 80,000 DWT bulk cargo vessels
"Director(s)"	director(s) of the Company
"DWT"	deadweight tonnage, a standard unit of measurement of the maximum weight a ship can carry
"EGM"	the extraordinary general meeting of the Company to be convened at 1:30 p.m. on Thursday, 24 October 2024 at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC to consider and, if thought fit, approve, among other things, the Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement; the proposed amendments to Corporate Bonds issuance plan; and the proposed appointments of non-executive Director, independent non-executive Director and Supervisor, respectively
"General Mandate"	the general mandate granted to the Board by the Shareholders at the extraordinary general meeting of the Company held on 27 February 2023 to handle all matters in connection with the issuance of Corporate Bonds
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange

"Heavy Industry (Dalian)"	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd. (大連中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
"Heavy Industry (Yangzhou)"	COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd. (揚州中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
"Heavy Industry (Zhoushan)"	COSCO SHIPPING Heavy Industry (Zhoushan) Co., Ltd. (舟山中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
"Heavy Industry Shipbuilding Contracts"	collectively, Dalian Shipbuilding Contracts, Yangzhou Shipbuilding Contracts and Zhoushan Shipbuilding Contracts
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the independent board committee of the Company comprising Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps in accordance with the Listing Rules

"Independent Financial Adviser" or "Goldlink Capital"	Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the explanation as to why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirmation that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules
"Independent Shareholder(s)"	the Shareholder(s) other than (i) COSCO SHIPPING and its associates and (ii) all other Shareholder(s) (if any) who is or are involved or interested in the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder
"Latest Practicable Date"	7 October 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Nomination Committee"	the nomination committee of the Company, comprising Mr. Chan Kwok Leung, Mr. Zhang Mingwen and Mr. Shao Ruiqing as at the Latest Practicable Date
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Proposed Issuance of Corporate Bonds"	the proposed issuance of corporate bonds of the Company in the aggregate principal amount of not more than RMB8 billion (inclusive), details of which are set out in the announcement of the Company dated 30 March 2023
"Revised and Restated Chengxi Shipbuilding Contracts"	the Chengxi Shipbuilding Contracts as revised and restated pursuant to the Chengxi Transfer Agreements dated 30 August 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shipbuilding Contracts"	collectively, the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Treasury A Shares"	28,724,292 A shares repurchased by the Company and held by it as treasury A shares for the purpose of the A share option incentive scheme of the Company
"Vessel Leasing Service Master Agreement"	the vessel leasing service master agreement dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as lessor) and COSCO SHIPPING Bulk (as lessee)
"Yangzhou Shipbuilding Contracts"	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Yangzhou) (as seller) in relation to the construction of two (2) 82,500 DWT bulk cargo vessels

"Zhoushan Shipbuilding Contracts"	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Zhoushan) (as seller) in relation to the construction of five (5) 64,000 DWT bulk cargo vessels
"%"	per cent

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

[#] *For identification purpose only.*

中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02866)

Executive Director:
Mr. Zhang Mingwen *(Chairman)*

Non-executive Directors:
Mr. Liang Yanfeng
Mr. Ip Sing Chi

Independent Non-executive Directors:
Ms. Zhang Weihua
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

Legal address in the PRC:
Room A – 538
International Trade Center
Lingang Area
China (Shanghai) Pilot Free Trade Zone
Shanghai
The PRC

Principal place of business in the PRC:
5299 Binjiang Dadao
Pudong New District
Shanghai
The PRC

Principal place of business in Hong Kong:
51/F, COSCO Tower
183 Queen's Road Central
Hong Kong

9 October 2024

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING HEAVY INDUSTRY SHIPBUILDING CONTRACTS
(2) MAJOR TRANSACTIONS REGARDING REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS
(3) CONTINUING CONNECTED TRANSACTIONS REGARDING VESSEL LEASING SERVICE MASTER AGREEMENT
(4) PROPOSED AMENDMENTS TO CORPORATE BONDS ISSUANCE PLAN
(5) PROPOSED APPOINTMENTS OF NON-EXECUTIVE DIRECTOR, INDEPENDENT NON-EXECUTIVE DIRECTOR AND SUPERVISOR
AND
(6) NOTICE OF EGM

I. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the entering into of the (i) Heavy Industry Shipbuilding Contracts, (ii) the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts, and (iii) the Vessel Leasing Service Master Agreement. Reference is also made to the announcements of the Company dated 30 August 2024 and 29 September 2024 in relation to, among other things, the proposed amendments to Corporate Bonds issuance plan and the proposed appointments of non-executive Director, independent non-executive Director and Supervisor, respectively. The purpose of this circular is to provide you with, among other things, further details of (i) the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts, and the Vessel Leasing Service Master Agreement, (ii) the proposed amendments to Corporate Bonds issuance plan, and (iii) the proposed appointments of non-executive Director, independent non-executive Director and Supervisor, and other information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

At the EGM, ordinary resolutions will be proposed to approve, among other things, (i) the Heavy Industry Shipbuilding Contracts and transactions contemplated thereunder, (ii) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) and the transactions contemplated thereunder, (iii) the Vessel Leasing Service Master Agreement and transactions contemplated thereunder (including the proposed annual caps), (iv) the proposed appointments of non-executive Director, independent non-executive Director and Supervisor, respectively. A special resolution will be proposed to approve the proposed amendments to Corporate Bonds issuance plan.

II. HEAVY INDUSTRY SHIPBUILDING CONTRACTS

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

Date: 30 August 2024

Parties: With respect to the Dalian Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Dalian), as seller.

With respect to the Yangzhou Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Yangzhou), as seller.

With respect to the Zhoushan Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Zhoushan), as seller.

Subject matter: Pursuant to the Heavy Industry Shipbuilding Contracts:

(1) Heavy Industry (Dalian) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, thirteen (13) 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2026 and 2027;

(2) Heavy Industry (Yangzhou) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, two (2) 82,500 DWT bulk cargo vessels, which are expected to be delivered in 2027; and

(3) Heavy Industry (Zhoushan) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, five (5) 64,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

Contract price and payment: Under the Heavy Industry Shipbuilding Contracts, the aggregate contract price for the twenty (20) vessels to be built shall be RMB5,832,212,389.38: (i) the aggregate contract price for thirteen (13) 80,000 DWT bulk cargo vessels is RMB4,061,061,946.89; (ii) the aggregate contract price for the two (2) 82,500 DWT bulk cargo vessels is RMB542,389,380.54; and (iii) the aggregate contract price for five (5) 64,000 DWT bulk cargo vessels is RMB1,228,761,061.95, subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts as set out below.

The twenty (20) vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) with reference to the market price of the same type of vessel. In particular:

In respect of 80,000 DWT bulk cargo vessels under the Dalian Shipbuilding Contracts, besides Heavy Industry (Dalian), the Group has also obtained the quotations on the same specifications from an independent shipbuilder and Heavy Industry (Zhoushan), respectively. The final quotation from Heavy Industry (Dalian) is approximately RMB312 million (exclusive of tax) and is the lowest as compared to those from the other two shipbuilders.

In respect of 82,000 DWT bulk cargo vessels under the Yangzhou Shipbuilding Contracts, besides Heavy Industry (Yangzhou), the Group has obtained quotations on the same specifications from two independent shipbuilders respectively. The final quotation from Heavy Industry (Yangzhou) is approximately RMB271 million (exclusive of tax) and is the lowest as compared to those from the two independent shipbuilders.

In respect of 64,000 DWT bulk cargo vessels, besides Heavy Industry (Zhoushan), the Group has obtained quotations on the same specifications from two independent shipbuilders respectively. The final quotation from Heavy Industry (Zhoushan) is approximately RMB246 million (exclusive of tax) and is the lowest as compared to those from two independent shipbuilders.

The contract price of the vessels under the Heavy Industry Shipbuilding Contracts shall be payable in five instalments, being (i) for Dalian Shipbuilding Contracts, approximately 15%, 15%, 10%, 10% and 50% of the contract price; and (ii) for Yangzhou Shipbuilding Contracts and Zhoushan Shipbuilding Contracts, approximately 20%, 10%, 10%, 10% and 50% of the contract price, at the relevant stages of their construction, respectively.

The contract price payable by COSCO SHIPPING Development (Hainan) under the Heavy Industry Shipbuilding Contracts will be funded by internal resources of the Group as to no less than 30%, and the remaining amount will be funded by bank borrowings and external debt financing.

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

Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth instalment of the contract price payable under the relevant Heavy Industry Shipbuilding Contract(s), at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the relevant Heavy Industry Shipbuilding Contract(s). The amount of liquidated damages is determined after arm's length negotiation between the parties with reference to the extent of deviation from the relevant technical specifications in respect of the relevant construction elements, the extent of delay and previous practice of downward adjustments of contract price for construction of similar types of vessels. The maximum amount of liquidated damages for a vessel under the Heavy Industry Shipbuilding Contracts shall be RMB9,071,000.

(i) Speed: actual trial speed of the vessel after correction is not lower than the guaranteed speed by certain agreed range in knot;

(ii) DWT: actual DWT of the vessel at the time of delivery is within the range of the agreed permissible difference in metric tons;

(iii) Fuel consumption rate: fuel consumption rate of the main engine measured during the vessel's platform trial is within the agreed range of permissible deviation percentage; and

(iv) Delivery date: actual delivery date of the vessel does not exceed the agreed grace period.

In the event that COSCO SHIPPING Development (Hainan) rejects the vessel(s) and rescind the relevant Heavy Industry Shipbuilding Contract(s), Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) shall refund the full amount of all sums already paid by COSCO SHIPPING Development (Hainan) under the relevant Heavy Industry Shipbuilding Contract(s), together with accrued interest.

Pursuant to applicable PRC laws and regulations, taking into account the value-added tax applicable to the present transactions, (i) the aggregate amount (inclusive of tax) of thirteen (13) 80,000 DWT bulk cargo vessels under the Dalian Shipbuilding Contracts shall be RMB4,589,000,000; (ii) the aggregate amount (inclusive of tax) of two (2) 82,500 DWT bulk cargo vessels is RMB612,900,000 under the Yangzhou Shipbuilding Contracts; and (iii) the aggregate amount (inclusive of tax) of the five (5) 64,000 DWT bulk cargo vessels shall be RMB1,388,500,000 under the Zhoushan Shipbuilding Contracts.

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

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

Effectiveness: The Heavy Industry Shipbuilding Contracts shall only take effect upon:

(1) the due execution of the Heavy Industry Shipbuilding Contracts by the authorized representatives of the parties thereto; and

(2) the respective internal approvals of the Heavy Industry Shipbuilding Contracts having been obtained by the parties thereto.

The Heavy Industry Shipbuilding Contracts shall also be subject to approval by the Independent Shareholders at a general meeting of the Company.

As at the Latest Practicable Date, the conditions (1) and (2) to the effectiveness of the Heavy Industry Shipbuilding Contracts above have been fulfilled. The effectiveness of the Heavy Industry Shipbuilding Contracts is still subject to the approval by the Independent Shareholders at the EGM.

III. CHENGXI TRANSFER AGREEMENTS AND REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS

1. Chengxi Transfer Agreements

The principal terms of the Chengxi Transfer Agreements are as follows:

Date: 30 August 2024

Parties:

(1) COSCO SHIPPING Development (Hainan), as new buyer;

(2) Chengxi Shipyard, as builder;

(3) China Shipbuilding Trading, together with Chengxi Shipyard, as sellers; and

(4) China Shipbuilding (BVI), as original buyer.

Subject matter: Pursuant to the Chengxi Transfer Agreements, COSCO SHIPPING Development (Hainan) agrees to be assigned and China Shipbuilding (BVI) agrees to assign all rights and responsibilities under the Chengxi Shipbuilding Contracts entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels. COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder) and China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) agree to enter into the Revised and Restated Chengxi Shipbuilding Contracts, which shall be appended to the Chengxi Transfer Agreements.

Effectiveness: The Chengxi Transfer Agreements shall become effective when the following conditions have been duly fulfilled:

(1) the due execution of the Chengxi Transfer Agreements by the authorized representatives of the parties thereto; and

(2) the approvals of the Chengxi Transfer Agreements from the respective board of directors of Chengxi Shipyard and China Shipbuilding Trading having been obtained.

The Chengxi Transfer Agreements shall also be subject to approval by the Shareholders at a general meeting of the Company.

As at the Latest Practicable Date, the conditions (1) and (2) above to the effectiveness of the Chengxi Transfer Agreements have been fulfilled. The effectiveness of the Chengxi Transfer Agreements was still subject to the approval by the Shareholders at the EGM.

2. Revised and Restated Chengxi Shipbuilding Contracts

The principal terms of the Revised and Restated Chengxi Shipbuilding Contracts are as follows:

Date: 30 August 2024

Parties:

(1) COSCO SHIPPING Development (Hainan), as buyer;

(2) Chengxi Shipyard, as builder; and

(3) China Shipbuilding Trading, together with Chengxi Shipyard, as sellers.

Subject matter: Chengxi Shipyard and China Shipbuilding Trading agree to build, complete and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, twenty-two (22) 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

Contract price and payment: Under the Revised and Restated Chengxi Shipbuilding Contracts, the aggregate contract price for twenty-two (22) 80,000 DWT bulk cargo vessels is RMB6,872,580,000, subject to adjustments in accordance with the terms of the Revised and Restated Chengxi Shipbuilding Contracts as set out below.

The abovementioned contract price was determined after arm's length negotiation between COSCO SHIPPING Development (Hainan), Chengxi Shipyard and China Shipbuilding Trading with reference to the market price of the same type of vessels. In respect of 80,000 DWT bulk cargo vessels under the Revised and Restated Chengxi Shipbuilding Contracts, besides Chengxi Shipyard, the Group has also obtained the quotations on the same specifications from Heavy Industry (Dalian) and Heavy Industry (Zhoushan), respectively. The final quotation from Chengxi Shipyard above is the lowest as compared to those from the other two shipbuilders.

The contract price of the vessels under the Revised and Restated Chengxi Shipbuilding Contracts shall be payable in five instalments, being approximately 20%, 10%, 10%, 10% and 50% of the contract price, at the relevant stages of their construction, respectively.

The contract price payable by COSCO SHIPPING Development (Hainan) under the Revised and Restated Chengxi Shipbuilding Contracts will be funded by internal resources of the Group as to no less than 30%, and the remaining amount will be funded by bank borrowings and external debt financing.

Adjustment to contract price and value-added tax: The contract price payable under the Revised and Restated Chengxi Shipbuilding Contracts is subject to downward adjustments or Chengxi Shipyard and China Shipbuilding Trading shall pay liquidated damages, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the relevant Revised and Restated Shipbuilding Contract(s), in the event that (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed benchmarks under the relevant Revised and Restated Chengxi Shipbuilding Contract(s); or (ii) the delay in delivery of the relevant vessel exceeds certain agreed time limits under the relevant Revised and Restated Chengxi Shipbuilding Contract(s).

Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth instalment of the contract price payable under the relevant Revised and Restated Chengxi Shipbuilding Contract(s), at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the relevant Revised and Restated Chengxi Shipbuilding Contract(s). The amount of liquidated damages is determined after arm's length negotiation between the parties with reference to the extent of deviation from the relevant technical specifications in respect of the relevant construction elements, the extent of delay and previous practice of downward adjustments of contract price for construction of similar types of vessels. The maximum amount of liquidated damages for a vessel under the Revised and Restated Chengxi Shipbuilding Contracts shall be RMB7,940,000.

(i) Speed: actual trial speed of the vessel after correction is lower than the guaranteed speed by agreed permissible difference in knot;

(ii) DWT: actual DWT of the vessel at the time of vessel delivery is less than the agreed permissible difference in metric tons;

(iii) Fuel consumption rate: fuel consumption rate of the main engine measured during the vessel's platform trial exceeds the agreed permissible deviation percentage; and

(iv) Delivery date: actual delivery date of the vessel exceeds the agreed permissible grace period.

In the event that COSCO SHIPPING Development (Hainan) rejects the vessel(s) and rescinds the Revised and Restated Chengxi Shipbuilding Contract(s), Chengxi Shipyard and China Shipbuilding Trading shall refund the full amount of all sums already paid by COSCO SHIPPING Development (Hainan) under the Revised and Restated Chengxi Shipbuilding Contract(s), together with accrued interest.

Pursuant to applicable PRC laws and regulations, taking into account the value-added tax applicable to the present transactions, the aggregate amount (inclusive of tax) of twenty-two (22) 80,000 DWT bulk cargo vessels under the Revised and Restated Chengxi Shipbuilding Contracts shall be RMB7,766,000,000.

Supervision and inspection: COSCO SHIPPING Development (Hainan) shall send at the time requested by Chengxi Shipyard and China Shipbuilding Trading and maintain at the shipyard of Chengxi Shipyard and China Shipbuilding Trading, at its own cost and expense, one or more representative(s) to supervise and survey the construction of the vessels.

Modifications: The specifications and plans in accordance with which the vessels are constructed, may be modified and/or changed at any time after the date of the Revised and Restated Chengxi Shipbuilding Contracts by written agreement of the parties thereto, provided that such modifications and/or changes or an accumulation thereof will not, in the reasonable judgment of Chengxi Shipyard and China Shipbuilding Trading, adversely affect their other commitments and provided further that COSCO SHIPPING Development (Hainan) shall assent to adjustment of the contract price, time of delivery of the vessel, specifications and other terms of the Revised and Restated Chengxi Shipbuilding Contracts, if any.

Effectiveness: The Revised and Restated Chengxi Shipbuilding Contracts, which are appended to the Chengxi Transfer Agreements, shall take effect when the Chengxi Transfer Agreements become effective.

As at the Latest Practicable Date, the Revised and Restated Chengxi Shipbuilding Contracts (as appended to the Chengxi Transfer Agreements), were still subject to the Shareholders' approval of the Chengxi Transfer Agreements at the EGM.

IV. VESSEL LEASING SERVICE MASTER AGREEMENT

The principal terms of the Vessel Leasing Service Master Agreement are as follows:

Date: 30 August 2024

Parties:

(1) COSCO SHIPPING Development (Hainan) (for itself and on behalf of its subsidiaries and/or associates), as lessor; and

(2) COSCO SHIPPING Bulk (for itself and on behalf of its subsidiaries and/or associates), as lessee.

Subject matter: Pursuant to the Vessel Leasing Service Master Agreement, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts.

Term: The Vessel Leasing Service Master Agreement will become effective upon satisfaction of all the conditions set out below with a term from the effective date thereof to 31 December 2044.

Vessels to be chartered: The vessels to be chartered under the Vessel Leasing Service Master Agreement are the forty-two (42) vessels, comprising thirty-five (35) 80,000 DWT bulk cargo vessels, two (2) 82,500 DWT bulk cargo vessels and five (5) 64,000 DWT bulk cargo vessels, which are the vessels to be built under the Shipbuilding Contracts.

Pricing policies: Pursuant to the Vessel Leasing Service Master Agreement, the COSCO SHIPPING Bulk Group will inquire about prices from a number of leasing companies in the market, and the terms of vessel leasing services to be provided by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group shall be no less favorable to the COSCO SHIPPING Development (Hainan) Group than the terms of vessel leasing services it provides to independent third parties, and no less favorable to the COSCO SHIPPING Bulk Group than the terms of vessel leasing services provided by independent third parties to the COSCO SHIPPING Bulk Group. The price of vessel leasing services shall be determined by both parties through arm’s length negotiation with reference to factors such as vessel construction price, vessel specifications and delivery date.

Lease arrangements and period: The lease period of each vessel shall commence from the date of delivery of each vessel, which shall be 180 months ± 90 days. In any event, each vessel shall be delivered no later than 31 December 2027.

Upon expiration of the lease period of each vessel, the COSCO SHIPPING Bulk Group shall return such vessel to the COSCO SHIPPING Development (Hainan) Group pursuant to the definitive vessel leasing agreement entered into between the parties thereto.

Members of the COSCO SHIPPING Bulk Group, as the lessee of the vessel, agree to pay the members of the COSCO SHIPPING Development (Hainan) Group daily rent as set out in the table below during the lease period:

Type of vessel	Rent per day per vessel (exclusive of tax)	Rent per day per vessel (inclusive of value-added tax)
80,000 DWT bulk cargo vessel	RMB110,091.74	RMB120,000
64,000 DWT bulk cargo vessel	RMB92,660.55	RMB101,000
82,500 DWT bulk cargo vessel	RMB101,834.86	RMB111,000

Effectiveness of the Vessel Leasing Service Master Agreement: The effectiveness of the Vessel Leasing Service Master Agreement is subject to the following conditions:

(1) the Vessel Leasing Service Master Agreement having been duly executed by COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk; and

(2) the applicable approvals (including, among others, those by the Board and the Independent Shareholders as applicable) of the execution and performance of the Vessel Leasing Service Master Agreement and the proposed annual caps thereunder as required under the articles of association, applicable laws and regulations and the applicable listing rules requirements having been obtained by COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk.

As at the Latest Practicable Date, the condition (1) above to the effectiveness to the Vessel Leasing Service Master Agreement has been fulfilled. For condition (2), save for approval by the Independent Shareholders, other applicable approvals in respect of the Vessel Leasing Service Master Agreement have been fulfilled. Therefore, the Vessel Leasing Service Master Agreement was still subject to the Independent Shareholders' approval at the EGM.

For the avoidance of doubt, the Vessel Leasing Service Master Agreement will take effect upon the Independent Shareholders' approval, but not upon delivery of the forty-two (42) vessels to be built under the Shipbuilding Contracts. The definitive vessel leasing agreement on the lease of each of the vessels will take effect upon delivery of each vessel. For details of the lease period of each vessel, please refer to the subsection headed "IV. Vessel Leasing Service Master Agreement – Lease arrangements and period" in this Letter from the Board.

Proposed Annual Caps under the Vessel Leasing Service Master Agreement

The table below sets out the proposed annual caps for the vessel leasing services under the Vessel Leasing Service Master Agreement for the years ending 31 December 2044:

Year ending 31 December	**Proposed annual caps** *(RMB million)*
2024	0
2025	0
2026	100
2027	900
2028	1,900
2029	1,900
2030	1,900
2031	1,900
2032	1,900
2033	1,900
2034	1,900
2035	1,900
2036	1,900
2037	1,900
2038	1,900
2039	1,900
2040	1,900
2041	1,900
2042	1,900
2043	500
2044	100

There has been no historical transaction amount with respect to the provision of vessel leasing services under the Vessel Leasing Service Master Agreement.

No transaction amount is expected to be incurred for the two years ending 31 December 2025 as the relevant vessels are expected to be delivered in 2026 and 2027, respectively. An ordinary resolution in respect of the Vessel Leasing Service Master Agreement and the proposed annual caps thereunder will be proposed at the EGM for the consideration and approval by the Independent Shareholders. Notwithstanding the aforementioned, having considered the terms of the Vessel Leasing Service Master Agreement and to allow the Directors and the Shareholders appropriate opportunities to review such proposed annual caps thereunder in case of any changes to applicable industry and market conditions, the proposed annual caps for the remaining term of the Vessel Leasing Service Master Agreement (i.e. those for the years from 1 January 2026 to 31 December 2044) will be submitted to the Board and a general meeting of the Company every three years for re-consideration and approval by the Directors and the Independent Shareholders at the relevant time, subject to compliance with the then applicable laws, regulations and listing rules requirements. In the event that such approvals from the Board and/or the Independent Shareholders are not obtained, the relevant proposed annual caps not being approved shall be revoked. The Company shall re-negotiate and determine the proposed annual cap(s) of the relevant year(s) in accordance with the then applicable laws, regulations and listing rules requirements as and when required.

In arriving at the proposed annual caps for the provision of vessel leasing services by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group under the Vessel Leasing Service Master Agreement, the Directors have considered:

1. the expected aggregated annual rent of the vessels under lease under the Vessel Leasing Service Master Agreement. The expected annual rent of each type of vessels is calculated based on the formula below:

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

   For details of the daily rent of each type of vessels, please refer to the subsection headed "IV. Vessel Leasing Service Master Agreement – Lease arrangements and period" in this Letter from the Board.

2. expected rent adjustment due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels, which constitutes a buffer of approximately 2% of the proposed annual caps; and

3. expected rent adjustment after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels, as requested by the lessee to meet international conventions and environmental requirements upgrades, which constitutes a buffer of approximately 3% of the proposed annual caps.

The aforementioned expected rent adjustments mainly considered the investment amount involved in additional equipment and upgrades, the estimated additional value created for lessee due to vessel upgrades, and the expected return on investment of equipment. The Board is of the view that it is reasonable and also in line with the industry practice for the COSCO SHIPPING Development (Hainan) Group, as lessor, to transfer to the lessee, the aforementioned additional investment costs incurred due to equipment upgrades during the course of shipbuilding or after delivery of the vessels for the compliance with the relevant environmental regulations in order to maintain the Company's investment return. Therefore, a buffer of 5% was considered when the Company determined the proposed annual caps. The Board is of the view that the aforesaid rent adjustments are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

V. FINANCIAL EFFECTS OF THE CHENGXI TRANSFER AGREEMENTS AND REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS

Following completion of the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts and upon delivery of the vessels to be built under Revised and Restated Chengxi Shipbuilding Contracts, such vessels will be accounted for as the property, plant and equipment in the consolidated financial statements of the Group based on their respective acquisition costs. It is expected that there will not be any significant immediate effect on the net assets of the Group as the increase in property, plant and equipment will be offset by the decrease in cash and the increase in liabilities due to the obtaining of bank borrowings and/or external debt financing for the payment of the purchase price of the vessels.

The vessels under the Shipbuilding Contracts will be chartered to the COSCO SHIPPING Bulk Group upon delivery pursuant to the Vessel Leasing Service Master Agreement. The charter hire receivable by the Group for the leasing of the vessels to be built under the Shipbuilding Contracts will be accounted for as revenue in the consolidated financial statements of the Group.

VI. REASONS FOR AND BENEFITS OF THE SHIPBUILDING CONTRACTS AND VESSEL LEASING SERVICE MASTER AGREEMENT

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management, continuously accelerate "integrating industry and finance and facilitating industry development with finance for synergy", so as to strive to grow into a world-class industry-finance operator in the shipping industry.

The construction of vessels under the Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group. Ship leasing constitutes a significant income stream of the Group. For the past three years ended 31 December 2023, the revenue generated from the ship leasing business of the

Group represented approximately 5.56%, 9.40% and 15.77% of the total revenue of the Group, respectively. The year-over-year increase in the proportion of revenue contribution by ship leasing business of the Group demonstrates the increasing importance of the ship leasing business segment to the operation and finance of the Group. The Group is also of the view that ship leasing business has been and will continue to significantly contribute to the development of the Group. Further, the Company will be able to actively grasp the opportunities arising from the green and low-carbon transformation of the shipping industry, will further implement its strategic development plan for a shipping industry-finance operator, will enhance its value discovery and value creation capabilities. The transactions under the Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, will effectively strengthen the cornerstone of the development of its vessel leasing business, contribute to the Group's long-term stable income and cash flow, and improve its overall financial stability. The Group will be able to collaborate with enterprises upstream and downstream of the shipping industry chain to deepen a RMB application scenario of "manufacturing, leasing and shipping", to promote the implementation of the use of RMB in the international shipping field and helping to demonstrate the new momentum of high-quality development of the Company. In addition, by settlement of the contract prices under the Shipbuilding Contracts and the ship leasing service fees under the Vessel Leasing Service Master Agreement in single currency, being RMB, it is expected that the Group will be able to minimize the risks concerning exchange rate fluctuation.

The Directors (including the independent non-executive Directors) consider that the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts, and the Vessel Leasing Service Master Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, and the proposed annual caps under the Vessel Leasing Service Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Control Procedures for the Group

Pursuant to the terms of the continuing connected transaction framework agreement of the Group, the Group may, from time to time and as necessary, enter into separate implementation agreements for each of the specific transactions contemplated under the continuing connected transaction framework agreement of the Group.

Each implementation agreement shall set out the specific terms and other relevant conditions for the particular transaction, including but not limited to rights and benefits of the parties, coordination of the parties, fees and expenses, payments, use of information, breach of agreement and exclusion of liabilities. Any execution and amendments of such implementation agreements shall not contravene the relevant continuing connected transaction framework agreement.

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented the following internal control procedures to ensure that the terms offered by the relevant connected parties are no less favourable than those available to or from independent third parties (as the case may be) and the continuing connected transactions of the Group are conducted in accordance with the pricing policy under the respective continuing connected transaction framework agreement:

(i) the Company has prepared and implemented the Methods for Management of Connected Transactions (關連交易管理辦法) which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments (including securities and public relations department, financial department, and legal and risk management departments) in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;

(ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreement, the relevant executives of the relevant departments of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties operating at the same or nearby area before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons are fair and reasonable and no less favourable to those offered by independent third parties. Where the offers made by independent third parties are more favourable to the Company, the Company would take up those offers of the independent third parties;

(iii) after entering into the implementation agreement pursuant to the continuing connected transaction framework agreements, the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreement to ensure that they are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the provision or purchase of similar goods or services to or from independent third parties, as the case may be;

(iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreement and recommendations for improvement;

(v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreement and submit periodic reports, which set out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reaches 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company or subsidiaries of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;

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

(vii) the supervision department of the Company will review and inspect the progress of the relevant continuing connected transactions on a quarterly basis.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure that the pricing basis of the continuing connected transaction agreement of the Group will be on normal commercial terms (or better to the Group), fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and the Shareholders as a whole.

The securities and public relations department and financial department of the Company will also collect statistics of the continuing connected transaction agreement of the Group on a quarterly basis to ensure that the annual caps approved by the Independent Shareholders or as announced are not exceeded.

VII. INFORMATION ON THE GROUP AND THE PARTIES TO THE HEAVY INDUSTRY SHIPBUILDING CONTRACTS, THE CHENGXI TRANSFER AGREEMENTS, THE REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS AND THE VESSEL LEASING SERVICE MASTER AGREEMENT

Information on the Group

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

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

Information on COSCO SHIPPING Development (Hainan)

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

Information on Heavy Industry (Dalian)

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

Information on Heavy Industry (Yangzhou)

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

Information on Heavy Industry (Zhoushan)

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

Information on Chengxi Shipyard

Chengxi Shipyard is a company established in the PRC with limited liability and is a wholly-owned subsidiary of China CSSC Holdings Ltd.# (中國船舶工業股份有限公司), a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600150). It is principally engaged in ship repair and conversion, shipbuilding, and manufacturing and repair of marine engineering equipment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Chengxi Shipyard and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on China Shipbuilding (BVI)

China Shipbuilding (BVI) is a limited company established in the British Virgin Islands and is a wholly owned subsidiary of China Shipbuilding Trading. It is principally engaged in trading.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of China Shipbuilding (BVI) and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on China Shipbuilding Trading

China Shipbuilding Trading is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of China State Shipbuilding Corporation Limited (中國船舶集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in import and export of goods, technology, and export agency; technology development, promotion, transfer, technical consultancy and services; and research and development, design and leasing of vessels.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of China Shipbuilding Trading and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on COSCO SHIPPING Bulk

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

VIII. IMPLICATIONS UNDER THE LISTING RULES

Heavy Industry Shipbuilding Contracts

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as Treasury A Shares). Accordingly, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the Latest Practicable Date, Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

Mr. Zhang Mingwen, being an executive Director, and Mr. Liang Yanfeng and Mr. Ip Sing Chi, all being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates, and were nominated by China Shipping to the Board. Accordingly, Mr. Zhang Mingwen, Mr. Liang Yanfeng and Mr. Ip Sing Chi have abstained from voting on the relevant Board resolutions approving the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. Therefore, no other Director has abstained from voting on such Board resolutions.

Chengxi Transfer Agreements and Revised and Restated Chengxi Shipbuilding Contracts

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

None of the Directors has a material interest in the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder. Therefore, no Director has abstained from voting on the Board resolutions approving the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder.

Vessel Leasing Service Master Agreement

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

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Vessel Leasing Service Master Agreement exceed 5%, the transactions under the Vessel Leasing Service Master Agreement constitute continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the initial term under the Vessel Leasing Service Master Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Independent Financial Adviser has expressed its opinion in this regard in the letter from the Independent Financial Adviser, which forms part of this circular.

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

Waiver from Strict Compliance with Rule 14.66(10) and Rule 14A.70(13) of, and Paragraph 43(2)(c) of Appendix D1B to the Listing Rules

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 14.66(10), Rule 14A.70(13) of and paragraph 43(2)(c) of Appendix D1B to the Listing Rules (the "**Waiver**"), so that certain sensitive information may be redacted from the Shipbuilding Contracts to be published on the websites of the Hong Kong Stock Exchange and the Company. The Hong Kong Stock Exchange has granted the Waiver to the Company, which allows the Company to redact certain sensitive commercial information relating to (a) the technical details (including the detailed description and technical specifications) of the forty-two (42) vessels to be built under the Shipbuilding Contracts (collectively, the "**Vessels**"); (b) the details of the terms of payment, the mechanism for downward adjustment of contract price, liquidated damages, and interest rate applicable to calculation of the accrued interest in the event of failure of parties to fulfill contractual obligations or rescission of Shipbuilding Contracts; (c) the operational provisions related to the fulfilment of the obligations of the shipbuilders under the Shipbuilding Contracts (collectively, the "**Sensitive Commercial Information**"); and (d) certain sensitive contact and personal information.

The Sensitive Commercial Information is highly and commercially sensitive and confidential to the parties to the Shipbuilding Contracts, which, if disclosed, will (i) significantly prejudice the Group's operation and commercial interests, (ii) adversely affect the Group's commercial bargaining power, (iii) gravely undermine the competitiveness of the respective parties and (iv) undermine the interests of the Company and the Shareholders and/or the Independent Shareholders (as the case may be) as a whole. The Sensitive Commercial Information is either highly technical or purely operational in the shipbuilding industry, and therefore is immaterial and not necessary for the Independent Shareholders' and/or the Shareholders' informed assessment of the transactions contemplated under (i) the Heavy Industry Shipbuilding Contracts and (ii) the Chengxi Transfer Agreements and Revised and Restated Chengxi Shipbuilding Contracts. Moreover, the buyer under the Shipbuilding Contracts is contractually obligated to preserve the confidentiality of the terms thereof in particular by not disclosing such terms to any third party without explicit prior approval of the relevant sellers. In this regard, the Group has been strongly requested by the counterparties to the Shipbuilding Contracts for confidential treatment of the Sensitive Commercial Information. Further, the material terms under the Shipbuilding Contracts have been summarized and disclosed in this circular, from which the Shareholders and/or Independent Shareholders will be able to have sufficient information to assess, and make an informed decision as to how to vote for transactions under the Heavy Industry Shipbuilding Contracts and the Chengxi Transfer Agreements and Revised and Restated Chengxi Shipbuilding Contracts, respectively. In addition, the sensitive contact and personal information which constitutes "personal data" as defined under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), is immaterial and not necessary to the decision of the Shareholders and/or Independent Shareholders in respect of the transactions under the Shipbuilding Contracts.

Accordingly, only the redacted versions of each of the Shipbuilding Contracts will be published by the Company on the websites of the Hong Kong Stock Exchange and the Company as documents on display, for a period of 14 days from the date of this circular.

IX. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the (i) Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, and (ii) the Vessel Leasing Service Master Agreement and transactions contemplated thereunder (including the proposed annual caps).

In this connection, Goldlink Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps; and (iii) the explanation as to why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirmation that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules.

X. PROPOSED AMENDMENTS TO CORPORATE BONDS ISSUANCE PLAN

In order to satisfy the Company's business development needs, seize the opportunity of the downward trend of Renminbi mid-and long-term interest rates, strengthen debt structure adjustment, after comprehensively considering the Company's capital expenditures for vessel leasing projects and other capital needs, the Company proposes to amend certain elements of the Corporate Bonds (the "**Proposed Amendments**") including the term of issuance and the use of proceeds of the Corporate Bonds.

The details of the Proposed Amendments are set out below:

1. Term of issuance

Original plan

The Corporate Bonds shall have a term of not more than 10 years (inclusive), and may adopt the form of single term or a combination of multiple categories with different terms.

The specific terms of maturity and the issue size of each category shall be determined by the Board (or persons authorised by the Board) before the issuance based on the capital needs of the Company and the prevailing market conditions at the time of issuance in accordance with the General Mandate.

After amendments

The Corporate Bonds shall have a term of not more than 20 years (inclusive), and may adopt the form of single term or a combination of multiple categories with different terms.

The specific terms of maturity and the issue size of each category shall be determined by the Board (or persons authorised by the Board) before the issuance based on the capital needs of the Company and the prevailing market conditions at the time of issuance in accordance with the General Mandate.

2. Use of Proceeds

Original plan

The proceeds from the Proposed Issuance of Corporate Bonds will be used to adjust the debt structure of the Company, repay matured debts, and for other purposes permitted by relevant applicable laws and regulations and/or regulatory authorities (where relevant regulatory authorities specify the use of proceeds, such requirements shall prevail).

After amendments

The proceeds from the Proposed Issuance of Corporate Bonds will be used to replenish general capital of the Company, adjust the debt structure of the Company, repay matured debts, settle the installments of consideration for purchase of vessels by the Company and its subsidiaries, and for other purposes permitted by relevant applicable laws and regulations and/or regulatory authorities (where relevant regulatory authorities specify the use of proceeds, such requirements shall prevail).

Save for the Proposed Amendments as disclosed above, other key elements of the Proposed Issuance of Corporate Bonds including, among others, the issue size, method of issuance, target investors of issuance and underwriting methods, shall remain unchanged.

The Proposed Amendments were considered and approved by the Board on 30 August 2024 and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM.

XI. PROPOSED APPOINTMENTS OF NON-EXECUTIVE DIRECTOR, INDEPENDENT NON-EXECUTIVE DIRECTOR AND SUPERVISOR

Reference is made to the announcements of the Company dated 3 September 2024 and 29 September 2024 in relation to, among other things, (i) the proposed resignation of Ms. Zhang Weihua as an independent non-executive Director, the chairman of the risk and compliance management committee of the Board and a member of remuneration committee of the Board, (ii) the resignation of Mr. Huang Jian as a non-executive Director, a member of the investment strategy committee of the Board and a member of the audit committee of the Board, and (iii) the proposed resignation of Ms. Zhu Mei as a Shareholder representative Supervisor.

The proposed resignation of Ms. Zhang Weihua and Ms. Zhu Mei shall take effect upon the Shareholders' approval of the appointments of a proposed independent non-executive Director and a proposed Shareholder representative Supervisor in replacement of Ms. Zhang Weihua and Ms. Zhu Mei, respectively, at a general meeting of the Company.

As disclosed in the announcement of the Company dated 29 September 2024, (i) the Nomination Committee proposed to the Board the appointments of Ms. Zhang Xueyan (張雪雁) ("**Ms. Zhang**") as a non-executive Director and Mr. Wu Daqi (吳大器) ("**Mr. Wu**") as an independent non-executive Director; (ii) the Supervisory Committee has unanimously agreed to nominate and appoint Mr. Zuo Zhenyong (左振永) ("**Mr. Zuo**") as a Shareholder representative Supervisor.

According to the articles of association of the Company, the proposed appointments of Ms. Zhang, Mr. Wu and Mr. Zuo ("**Proposed Appointments**") are subject to the approval by the Shareholders at a general meeting of the Company. Ordinary resolutions in relation to the Proposed Appointments will be proposed at the EGM.

Biographical details of candidates proposed for election as Directors and Supervisor as required under Rule 13.51(2) of the Listing Rules are set out below:

Ms. Zhang Xueyan

Ms. Zhang Xueyan, born in 1974, the proposed non-executive Director. Ms. Zhang has served in roles including a deputy general manager of Capital Management & Operation Division of China COSCO Shipping Corporation Limited since December 2017 and has extensive experience in capital operation; she started her career in 1999 and since 2013, she has successively served as a deputy manager of the capital operation office of the Strategic Development Division of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Co., Ltd.) and China COSCO Holdings Co., Ltd. (currently known as COSCO SHIPPING Holdings Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 1919) and a company listed on the Shanghai Stock Exchange (the "**SSE**") (stock code: 601919)), a manager of capital operation office of the Capital Management & Operation Division and a deputy general manager of the Capital Management & Operation Division of

China COSCO Shipping Corporation Limited. Ms. Zhang graduated from Beijing Normal University with a master's degree in economics, majoring in international investment and international trade. She holds a professional title of senior economist and is a certified public accountant.

Subject to the approval by the Shareholders of the proposed appointment of Ms. Zhang at the general meeting, Ms. Zhang will enter into a service contract with the Company for a term commencing from the date on which the relevant resolution is passed at the general meeting until the expiry of the term of the seventh session of the Board of the Company. Pursuant to such proposed service contract, Ms. Zhang will not receive any remuneration from the Company as a non-executive Director.

Save as disclosed above, as of the Latest Practicable Date, Ms. Zhang (i) does not hold any position in any other members of the Group; (ii) does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; (iii) did not hold any directorship in other listed companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as of the Latest Practicable Date, there is no other information relating to Ms. Zhang that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters in relation to her proposed appointment that need to be brought to the attention of the Shareholders.

Mr. Wu Daqi

Mr. Wu Daqi, born in 1954, the proposed independent non-executive Director. Mr. Wu is a national second-level professor and a non-practicing certified public accountant. He was graduated from Shanghai University of Finance and Economics, majoring in accounting. From 2005 to 2014, he served as associate dean and second-level professor of Shanghai Institute of Finance. He served as deputy director (unattending) of the People's Congress of Pudong District, Shanghai from 2007 to 2017. He served as a counselor of the Shanghai Municipal People's Government from 2014 to 2022, providing decision-making consultation and retired in June 2022. From 2003, he had successively served as an independent director and chairman of the audit committee of listed companies including Ningbo Shanshan Co., Ltd. (a company listed on the SSE, stock code: 600884), Shanghai Industrial Development Co., Ltd. (a company listed on the SSE, stock code: 600748), Oriental International Enterprise Ltd. (a company listed on the SSE, stock code: 600278), Lianhe Chemical Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002250), Shanghai Electric Power Co., Ltd. (a company listed on the SSE, stock code: 600021) and Shanghai Rural Commercial Bank Co., Ltd. (a company listed on the SSE, stock code: 601825). After his retirement in 2022, Mr. Wu has been an independent director of J-Yuan Trust Co., Ltd. (a company listed on the SSE, stock code: 600816), an independent director of Chaint Haint (Changsha) Intelligent Technology Co., Ltd. and an external supervisor of Wuxi Xishang Bank Co., Ltd., and is currently a vice chairman of the Expert Committee of the Shanghai Financial Association. He has served in academic roles including a member of the Financial Expert Committee of Accounting Society of China, vice president of the Finance Law Committee under the Shanghai Law Society, and honorary president of the Accounting Institute of Pudong New Area, Shanghai. Mr. Wu's accounting books include "Accounting Theory and Practice (《會計理論與實務》)", "Accounting Law and Auditing Law (《會計法與審計法》)", and "Theory and Practice of Financial Accounting (《金融會計的理論與實務》)". He was the editor-in-chief of the "Blue Book on the Construction of Shanghai International Financial Centre (《上海國際金融中心建設藍皮書》)" from 2009 to 2020. Mr. Wu was also a deputy to the Shanghai Municipal People's Congress and a member of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. In 1995, he was awarded a special allowance by the State Council, and the title of National Prominent Teacher. He was awarded the title of Shanghai Outstanding Professional and Technical Talent in 2004.

Subject to the approval by the Shareholders of the proposed appointment of Mr. Wu at the general meeting, Mr. Wu will enter into a service contract with the Company for a term commencing from the date on which the relevant resolution is passed at the general meeting until the expiry of the term of the seventh session of the Board. According to the service contract, Mr. Wu will be entitled to the remuneration of RMB150,000 per annum (before tax), being the remuneration standard for the domestic independent non-executive directors, which is determined with reference to the relevant position and duties as well as the prevailing market rate.

The Nomination Committee shall consider candidates on merit against objective criteria and with due regard for the benefits of diversity of the Board in identifying suitable candidates for independent non-executive Directors. The factors considered by the Nomination Committee in assessing the suitability of a proposed candidate include: (i) reputation for integrity; (ii) accomplishments, expertise and industry experience which may be relevant to the Group; (iii) commitment to the business of the Group in respect of time, interest and attention; (iv) perspectives, skills and experience that the candidate can contribute to the Board; (v) diversity in a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; (vi) Board succession planning considerations and long-term objectives of the Group; and (vii) the independence of such candidate with reference to, among other things, the requirements as set out in Rule 3.13 of the Listing Rules.

Mr. Wu has confirmed (i) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined under the Listing Rules) of the Company; and (iii) that there are no other factors that may affect his independence at the time of his appointment.

The Nomination Committee has assessed and reviewed the confirmation of independence of Mr. Wu based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and is satisfied that Mr. Wu is independent in accordance with Rule 3.13 of the Listing Rules. In addition, the Nomination Committee, is of the view that Mr. Wu will provide valuable contributions to the Company and independent, balanced and objective view to the Company's affairs. The Nomination Committee is also of the view that Mr. Wu can contribute to the diversity of the Board, especially, with his educational background, professional experience in the fields of public accounting and auditing, higher education, corporate finance, as well as personal connections in various industries.

Save as disclosed above, as of the Latest Practicable Date, Mr. Wu (i) does not hold any other position in any other members of the Group; (ii) does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; (iii) did not hold any directorship in other listed companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as of the Latest Practicable Date, there is no other information relating to Mr. Wu that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters in relation to his proposed appointment that need to be brought to the attention of the Shareholders.

Mr. Zuo Zhenyong

Mr. Zuo Zhenyong, born in 1971, the proposed Supervisor. Mr. Zuo started his career in 1995 and since 2006, he has served in roles including a deputy manager of the Supervisory Business Management Office of the Supervision Department of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Co., Ltd.), during which he served as deputy secretary of the County Party Committee of Luolong County, Qamdo Prefecture, Xizang Autonomous Region; a manager of the Supervisory Business Management Office of the Discipline Inspection Department/Supervision Department of China Ocean Shipping (Group) Company and China COSCO Holdings Co., Ltd. (currently known as COSCO SHIPPING Holdings Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 1919) and a company listed on the SSE (stock code: 601919)); the director of the Supervision Department/Case Inspection Office II of Disciplinary Inspection Department/Supervisory Business Management Office of China Ocean Shipping (Group) Company and China COSCO Holdings Co., Ltd.; the director of the Discipline Inspection and Supervision Office of the Supervision and Audit Headquarters/Party Discipline Inspection Group Working Department of China COSCO SHIPPING Corporation Limited; a member of the party committee and the secretary of the discipline inspection commission of COSCO Shipping (Shanghai) Co., Ltd.; a member of the party committee and the secretary of the discipline inspection commission of COSCO SHIPPING Logistics Co., Ltd.; member of the party committee and the secretary of the discipline inspection commission of COSCO SHIPPING Logistics Supply Chain Co., Ltd.; and a full-time external director of units directly affiliated to China COSCO Shipping Corporation Limited. Mr. Zuo graduated from Beijing Wuzi University, majoring in logistics management and obtained a bachelor's degree in economics. He is a senior political engineer.

Subject to the approval by the Shareholders of the proposed appointment of Mr. Zuo at the general meeting, Mr. Zuo will enter into a service contract with the Company in respect of his appointment as a shareholder representative Supervisor for a term commencing from the date on which the relevant resolution is passed at the general meeting of the Company until the expiry of the term of the seventh session of the Supervisory Committee. Pursuant to such proposed service contract, Mr. Zuo will not receive any remuneration from the Company as a shareholder representative Supervisor.

Save as disclosed above, as of the Latest Practicable Date, Mr. Zuo (i) does not hold any position in other members of the Group; (ii) does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company; (iii) did not hold any directorship in other listed companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as of the Latest Practicable Date, there is no other information relating to Mr. Zuo that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters in relation to his appointment that need to be brought to the attention of the Shareholders.

XII. EGM

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, (ii) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) and the transactions contemplated thereunder, (iii) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder (including the proposed annual caps), (iv) the proposed amendments to Corporate Bonds issuance plan, and (v) the proposed appointments of non-executive Director, independent non-executive Director and Supervisor.

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as Treasury A Shares). COSCO SHIPPING and its associates and all other Shareholder(s) (if any) who are involved or interested in the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement and the respective transactions contemplated thereunder (including the proposed annual caps under the Vessel Leasing Service Master Agreement) will be required to abstain from voting on the resolutions in relation to the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement to be proposed at the EGM, respectively. For the avoidance of doubt and for the purpose of the Listing Rules, the Company holding 28,724,292 Treasury A Shares as at the Latest Practicable Date shall abstain from voting at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholders have a material interest in the resolutions in relation to the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, and therefore no other Shareholders are required to abstain from voting at the EGM for such resolutions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in (i) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) and the transactions contemplated thereunder, (ii) the proposed amendments to Corporate Bonds issuance plan, and (iii) the proposed appointments of non-executive Director, independent non-executive Director and Supervisor, and therefore no Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

XIII. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 42 to 63 of this circular in connection with (i) the Heavy Industry Shipbuilding Contracts and transactions contemplated thereunder, (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder (including the proposed annual caps), and (iii) the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having considered the terms of the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement and the advice of the Independent Financial Adviser, is of the view that: (i) the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, and the respective transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Company on normal commercial terms; and (ii) the terms of the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, and (ii) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder (including the proposed annual caps).

The Board recommends (i) the Shareholders to vote in favour of the resolutions to approve (a) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to Chengxi Transfer Agreements) and the transactions contemplated thereunder, (b) the proposed amendments to Corporate Bonds issuance plan, and (c) the proposed appointments of non-executive Director, independent non-executive Director and Supervisor; and (ii) the Independent Shareholders to vote in favour of the resolutions to approve the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement at the EGM.

XIV. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 40 to 41 of this circular, containing its recommendation in respect of the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 42 to 63 of this circular, containing its recommendation in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps; and (iii) the explanation as to why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirmation that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules.

The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions approving (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder (including the proposed annual caps).

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

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

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02866)

9 October 2024

To the Independent Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND (2) CONTINUING CONNECTED TRANSACTIONS REGARDING VESSEL LEASING SERVICE MASTER AGREEMENT

We refer to the circular of the Company dated 9 October 2024 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of (i) the Heavy Industry Shipbuilding Contracts and the transaction contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder (including the proposed annual caps), details of which are set out in the "Letter from the Board" in the Circular. Goldlink Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the "Letter from the Board" set out on pages 8 to 39 of the Circular, the "Letter from Independent Financial Adviser" set out on pages 42 to 63 of the Circular and the additional information set out in appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the "Letter from the Independent Financial Adviser" in the Circular, we concur with the view of the Independent Financial Adviser and consider that (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, and (ii) the Vessel Leasing Service Master Agreement and the transaction contemplated thereunder (including the proposed annual caps) were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of (i) the Heavy Industry Shipbuilding Contracts and the transaction contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, and (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Ms. Zhang Weihua **Mr. Shao Ruiqing** **Mr. Chan Kwok Leung**
Independent non-executive Directors

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

The following is the full text of a letter of advice from Goldlink Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

金聯資本
Goldlink Capital

28/F
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

9 October 2024

*To: The Independent Board Committee and the Independent Shareholders of COSCO SHIPPING DEVELOPMENT CO., LTD.**

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND (2) CONTINUING CONNECTED TRANSACTIONS REGARDING VESSEL LEASING SERVICE MASTER AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder, 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 9 October 2024 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement made by the Company dated 1 September 2023. The Company announced that, among others, (i) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into thirteen (13) Dalian Shipbuilding Contracts on substantially the same terms in relation to the construction of thirteen (13) 80,000 DWT bulk cargo vessels at the aggregate contract price of RMB4,061,061,946.89; (ii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Yangzhou) (as the seller) entered into two (2) Yangzhou Shipbuilding Contracts on substantially the same terms in relation to the construction of two (2) 82,500 DWT bulk cargo vessels at the aggregate contract price of RMB542,389,380.54; (iii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Zhoushan) (as the seller) entered into five (5) Zhoushan Shipbuilding Contracts on substantially the same terms in relation to the construction of five (5) 64,000 DWT bulk cargo vessels at the aggregate contract price of RMB1,228,761,061.95. Accordingly, the aggregate contract price for the twenty (20) vessels to be built under the Heavy Industry Shipbuilding Contracts shall be RMB5,832,212,389.38.

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as treasury shares). Accordingly, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the Latest Practicable Date, Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute (i) discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and (ii) connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

On 30 August 2024, COSCO SHIPPING Development (Hainan) (as lessor) and COSCO SHIPPING Bulk (as lessee) entered into the Vessel Leasing Service Master Agreement, pursuant to which, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts with a term from the effective date thereof to 31 December 2044.

As at the Latest Practicable Date, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Vessel Leasing Service Master Agreement exceed 5%, the transactions under the Vessel Leasing Service Master Agreement constitute continuing connected transactions of the Company subject to reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

The Independent Board Committee (comprising all independent non-executive Directors namely, Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung) has been formed to advise the Independent Shareholders in relation to (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder. Since the initial term under the Vessel Leasing Service Master Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an Independent Financial Adviser is required to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. We, Goldlink Capital (Corporate Finance) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on one occasion. Details of which are set out in its circular dated 1 December 2022 in relation to certain continuing connected transactions. Furthermore, during the past two years, we were appointed as an independent financial adviser of COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司) (the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026), a connected person of the Company, on one occasion. Details of which are set out in its circular dated 2 February 2024 in relation to discloseable and connected transactions. Notwithstanding the above, the previous engagements with the Company and its connected persons would not affect our independence from the Company as we consider that the professional fees we received were at normal commercial terms and at insignificant sum which should not give rise to a perception that our independence would be so affected. Further, since the commencement of our work as the Independent Financial Adviser and as at the Latest Practicable Date, we (i) do not have any direct or indirect shareholdings in; (ii) are not a close associate or core connected person of; (iii) do not have any financial connections (other than with normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser and our aforementioned appointments with the Company and its connected persons) with; (iv) no other current business relationship (save for this appointment as the Independent Financial Adviser) with; (v) within 2 years prior to commencement of our work as the Independent Financial Adviser, we did not serve as as a financial adviser to; and (vi) are not an auditor or reporting accountant to, (a) the Company; (b) COSCO Shipping or its subsidiaries and (c) any core connected person of the Company. Accordingly, we are independent of the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The 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 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 therein or the document misleading.

We consider that we have been provided with sufficient information on which to form 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 material 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, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter 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 AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. Background Information on the Group

1.1 Background of the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. With a focus on the integrated logistics industry, the Group will develop container manufacturing, container leasing and shipping leasing business as the core business and shipping supply chain finance services as auxiliary business, take full advantage of the support from investment management and achieve industry-finance-investment integrated development.

1.2 Financial performance of the Group

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of the two years ended 31 December 2022 and 2023 and the six months ended 30 June 2024, which are extracted from (i) the Company's annual reports for the year ended 31 December 2023 (the "**2023 Annual Report**"); and (ii) the Company's interim result announcement for the six months ended 30 June 2024 (the "**2024 Interim Announcement**").

	Six months ended 30 June		**Year ended 31 December**	
	2024	**2023**	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	11,659,244	5,681,563	15,533,247	25,419,063
Cost of sales	(9,426,189)	(3,872,106)	(11,233,093)	(18,946,972)
Gross profit	2,233,055	1,809,457	4,300,154	6,472,091
Profit for the year/period attributable to owners of the Company	895,488	1,103,339	1,407,555	3,923,829

For the year ended 31 December 2023 ("FY2023")

According to the 2023 Annual Report, the revenue of the Group for the FY2023 was approximately RMB15.5 billion, representing a decrease of approximately 38.9% as compared to approximately RMB25.4 billion for the FY2022. Such decrease was mainly due to (i) the decrease in revenue from container manufacturing business from approximately RMB20.5 billion for the year ended 31 December 2022 ("**FY2022**") to approximately RMB10.5 billion for the FY2023, mainly due to the decline in market demand for new containers under the impact of the downturn in the container transportation market. During FY2023, the aggregate container sales was 590,600 TEU, representing a year-on-year decrease of 38.4% as compared with 958,900 TEU for the FY2022; and (ii) the decrease in revenue from container leasing business of approximately 8.8% to approximately RMB5.0 billion for the FY2023, mainly due to the decrease in the sales of the Company's container business as a result of the decline in market demand, partially offset by the slight increase in shipping leasing business of approximately 2.7% to approximately RMB2.5 billion for the FY2023, mainly due to the year-on-year increase in the size of the fleet under operating leases.

Profit for the year attributable to owners of the Company decreased significantly from approximately RMB3.9 billion for the FY2022 to approximately RMB1.4 billion for the FY2023, which was mainly attributable to (i) the decrease in revenue of approximately 38.9% as discussed above; and (ii) the increase in finance costs from approximately RMB2.5 billion for the FY2022 to approximately RMB3.9 billion for the FY2023, mainly due to the increase in interests expenses on debts and borrowings of approximately RMB1.4 billion.

For the six months ended 30 June 2024 ("6M2024")

According to the 2024 Interim Announcement, revenue of the Group for the 6M2024 was approximately RMB11.7 billion, representing a substantial increase of approximately 105.2% as compared to approximately RMB5.7 billion for the six months ended 30 June 2023 ("**6M2023**"). Such increase was mainly due to (i) the increase in revenue from container manufacturing of approximately 172.4% from approximately RMB3.6 billion for the 6M2023 to approximately RMB9.7 billion for the 6M2024, due mainly to the year-on-year increase in the sales volume of containers resulted from the increase in market demand for containers under the impact of the recovery in the container transportation market. During 6M2024, the aggregate container sales was 744,000 TEU, representing a year-on-year increase of 302.2% as compared with 185,000 TEU for the 6M2023; and (ii) the increase in revenue from container leasing of approximately 6.3%, from approximately RMB2.4 billion for 6M2023 to approximately RMB2.6 billion for 6M2024, mainly attributable to the year-on-year increase in the Company's container leasing volume and disposal of used containers driven by the recovery of container market, partially offset by the decrease in shipping leasing business of approximately 5.3% to approximately RMB1.2 billion, due to the year-on-year decrease of the scale of fleet under finance lease.

Nonetheless, the Group recorded a decrease in profit attributable to owners of the Company of approximately 18.8%, from approximately RMB1.1 billion for the 6M2023 to approximately RMB895.5 million for the 6M2024, which was mainly attributable to (i) the decrease in other gains, net from approximately RMB635.0 million for the 6M2023 to approximately RMB141.5 million for the 6M2024, due mainly to the changes in fair value of financial assets at fair value through profit or loss; and (ii) the decrease in other income from approximately RMB248.3 million for the 6M2023 to approximately RMB148.6 million for the 6M2024.

1.3 Financial position on the Group

	As at 30 June	As at 31 December	
	2024	2023	2022
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(audited)*	*(audited)*
Non-current assets	104,065,632	103,309,374	103,256,637
Current assets	20,429,588	22,621,616	24,833,994
Current liabilities	35,838,335	38,211,188	42,019,557
Non-current liabilities	58,449,029	58,436,124	57,178,447
Equity attributable to equity holders of the Company	29,840,639	29,283,678	28,892,627

As at 31 December 2023, total assets of the Group amounted to approximately RMB125.9 billion, representing a decrease of approximately RMB2.2 billion, mainly due to the decrease in current assets of approximately RMB2.2 billion as a result of the decrease in cash and cash equivalents due to net cash flows used in financing activities due to repayment of bank and other borrowings and interest paid. As at 31 December 2023, total liabilities of the Group decreased to approximately RMB96.6 billion from approximately RMB99.2 billion as at 31 December 2022, which was mainly due to the decrease in current liabilities of approximately RMB3.8 billion, due mainly to the decrease in current portion of bank and other borrowings as a result of repayment during FY2023.

As at 30 June 2024, total assets of the Group amounted to approximately RMB124.5 billion, representing a decrease of approximately RMB1.4 billion, mainly due to the decrease in current assets of approximately RMB2.2 billion, due mainly to the decrease in cash and cash equivalents of approximately RMB4.0 billion to approximately RMB9.0 billion as at 30 June 2024, due to the fact that the Company further strengthened its efforts to revitalise its existing funds, enhanced the efficiency of capital utilization and reduced the scale of financing on the basis of prevention of liquidity risks in order to control its finance costs. As at 30 June 2024, total liabilities of the Group further decreased by approximately RMB2.4 billion to approximately RMB94.3 billion, mainly attributable to the decrease in current portion of bank and other borrowings as a result of repayment during 6M2024.

As a result of the foregoing, the total equity attributable to the equity holders of the Company as at 31 December 2022, 2023 and as at 30 June 2024 amounted to RMB28.9 billion, RMB29.3 billion and RMB29.8 billion, respectively.

2. Background Information on the Parties to the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement

Information on COSCO SHIPPING Development (Hainan)

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

Information on Heavy Industry (Dalian)

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

Information on Heavy Industry (Yangzhou)

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

Information on Heavy Industry (Zhoushan)

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

Information on COSCO SHIPPING Bulk

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

3. Reasons and Benefits of Entering the Heavy Industry Shipbuilding Contracts and Vessel Leasing Service Master Agreement

We have discussed with the management of the Company on the reasons for and benefits of entering into the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement and considered the followings:

Principal business activities and development strategies of the Group

With a focus on shipping and logistics industry, it is the principal business of the Group to concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management, continuously accelerate "integrating industry and finance and facilitating industry development with finance for synergy", so as to strive to grow into a world-class industry-finance operator in the shipping industry. Going forward, according to the 2023 Annual Report, it is the Group's intention to actively seize the opportunity to optimize and develop the fleet structure in the shipping market, deeply tap the market potential, enhance the service capability of the whole life cycle of shipping assets covering ordering, leasing, management and disposal, improve the operation level of shipping assets, and strive to realize the transformation into a value-based industry and finance investor and innovative industry and finance service provider.

Based on our discussion with the management of the Company, in order to achieve the abovementioned strategy of the Group, we understand that the entering into the Heavy Industry Shipbuilding Contracts can allow the Group to expand the scale of the vessel leasing business. The construction of vessels under the Heavy Industry Shipbuilding Contracts and the subsequent leasing of vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and COSCO SHIPPING Bulk Group. It is expected that, upon the delivery of the vessels, the leasing of the vessels to COSCO SHIPPING Bulk Group under the Vessel Leasing Service Master Agreement will be accounted for as revenue in the consolidated financial statements of the Group, and will therefore provide a long term stable income stream for the Group and hence to further strengthen the ship leasing business as well as the development of the Group.

Based on the above, the Directors consider that the entering into the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement is a core development of the principal business of the Company as well as aligning the development strategies of the Company.

Promoting the green and low-carbon transformation of fleets of the Group

As advised by the management of the Company, we understand that the green and low-carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has increased significantly. According to the 2023 Annual Report, it is the Company's strategy to grasp the opportunity of green and low-carbon transformation of the fleet, and helping to upgrade the fleet of the shipping industry. For instance, we noted from the 2023 Annual Report that the Group actively implemented the major strategic deployment of "Carbon Peak and Carbon Neutrality", and gave full play to the role of industry-financing synergy to promote the launch of the project on the 700TEU of electric container vessels along Yangtze River main waterway to help the green transformation of Yangtze River shipping.

Based on our review on the Heavy Industry Shipbuilding Contracts, we note that the twenty (20) vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels. The management of the Company is of the view that such type of vessels under the Heavy Industry Shipbuilding Contracts is able to promote the optimization and adjustment of the fleet structure to a green and low-carbon direction.

Promoting the use of RMB in the international shipping field

As advised by the management of the Company, the Group aims to enhance its competitive edge by collaborating with enterprises both upstream and downstream of the shipping industry chain. As advised by the management of the Company, it is their intention to promote RMB transactions in the international shipping market and hence that the terms of the Heavy Industry Shipbuilding Contracts as well as the Vessel Leasing Service Master Agreement are denominated in RMB and will also be settled in RMB. Through these collaborative efforts and practical applications of RMB, the Group aims to (i) demonstrate a new momentum that reflects its strategic vision for the future; and (ii) minimize the risks of exchange rate fluctuations.

After taking into consideration of the above, in particular, (i) the entering into of the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement is a principal business of the Company as well as aligning the development strategies of the Company; (ii) the leasing of the vessels to COSCO SHIPPING Bulk Group under the Vessel Leasing Service Master Agreement will provide a long term stable income stream for the Group; (iii) the Company's strategy to grasp the opportunity of green and low-carbon transformation of the fleet and the vessels under the Heavy Industry Shipbuilding Contracts is in line with the strategy by promoting the optimization and adjustment of the fleet structure to a green and low-carbon direction; and (iv) the Heavy Industry Shipbuilding Contracts as well as the Vessel Leasing Service Master Agreement help promoting the use of RMB in the international shipping market, we therefore concur with the view of the Directors that the entering into of the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. The Heavy Industry Shipbuilding Contracts

4.1 Key terms of the Heavy Industry Shipbuilding Contracts

Date: 30 August 2024

Parties: With respect to the Dalian Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Dalian), as seller.

With respect to the Yangzhou Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Yangzhou), as seller.

With respect to the Zhoushan Shipbuilding Contracts:

(1) COSCO SHIPPING Development (Hainan), as buyer; and

(2) Heavy Industry (Zhoushan), as seller.

Subject matter: Pursuant to the Heavy Industry Shipbuilding Contracts:

(1) Heavy Industry (Dalian) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, thirteen (13) 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2026 and 2027;

(2) Heavy Industry (Yangzhou) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, two (2) 82,500 DWT bulk cargo vessels, which are expected to be delivered in 2027; and

(3) Heavy Industry (Zhoushan) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, five (5) 64,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

Contract price and payment: Under the Heavy Industry Shipbuilding Contracts, the aggregate contract price for the twenty (20) vessels to be built shall be RMB5,832,212,389.38: (i) the aggregate contract price for thirteen (13) 80,000 DWT bulk cargo vessels is RMB4,061,061,946.89; (ii) the aggregate contract price for the two (2) 82,500 DWT bulk cargo vessels is RMB542,389,380.54; and (iii) the aggregate contract price for five (5) 64,000 DWT bulk cargo vessels is RMB1,228,761,061.95, subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts as detailed in the Letter from Board.

The twenty (20) vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels.

The contract price of the vessels under the Heavy Industry Shipbuilding Contracts shall be payable in five instalments, being (i) for Dalian Shipbuilding Contracts, approximately 15%, 15%, 10%, 10% and 50% of the contract price; and (ii) for Yangzhou Shipbuilding Contracts and Zhoushan Shipbuilding Contracts, approximately 20%, 10%, 10%, 10% and 50% of the contract price, at the relevant stages of their construction, respectively.

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

Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth installment of the contract price payable under the relevant Heavy Industry Shipbuilding Contract(s), being the 50% of the contract price, at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the relevant Heavy Industry Shipbuilding Contract(s).

4.2 Fairness and reasonableness of the contract price under the Heavy Industry Shipbuilding Contracts

As stated in the Letter from the Board, the contract price under the Heavy Industry Shipbuilding Contracts was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) with reference to the market price of the same type of vessel.

In order to assess the fairness and reasonableness of the consideration as stipulated under the Heavy Industry Shipbuilding Contracts, we have discussed with the management of the Company and note that the Company has obtained the quotations from a number of independent ship builders on the same specifications of each type of vessel to be constructed under the Heavy Industry Shipbuilding Contracts.

In respect of 80,000 DWT bulk cargo vessels, we understand that the Group has obtained a quotation on the same specifications from (i) an independent ship builder (the "**80,000 DWT Comparable**") and (ii) Heavy Industry (Zhoushan) respectively. We have obtained the relevant quotations and compared with final quotation from Heavy Industry (Dalian). We noted that the final quotation from Heavy Industry (Dalian) is approximately RMB312 million (exclusive of tax) and is the lowest as compared to that of (i) the 80,000 DWT Comparable and (ii) Heavy Industry (Zhoushan). In addition, we have also compared the final quotation from Heavy Industry (Dalian) with that of the Revised and Restated Chengxi Shipbuilding Contracts and noted that the contract prices are at similar level (i.e. RMB312 million (exclusive of tax)). Although the 80,000 DWT Comparable is the only quotation sourced from an independent third party for the Dalian Shipbuilding Contracts, having considered that (i) the 80,000 DWT Comparable is an independent third party; and (ii) the final quotation form Heavy Industry (Dalian) is (a) slightly lower than that of the 80,000 DWT Comparable and (b) comparable to that of the Revised and Restated Chengxi Shipbuilding Contracts, we consider that the 80,000 DWT Comparable, together with the Revised and Restated Chengxi Shipbuilding Contracts are sufficient and representative and hence the contract price of the Dalian Shipbuilding Contracts is fair and reasonable and is in the interest of shareholders as a whole.

In respect of 82,000 DWT bulk cargo vessels, we understand that the Group has obtained quotations on the same specifications from 2 independent ship builders respectively (the "**82,000 DWT Comparables**"). We have obtained the relevant quotations and compared with final quotation from Heavy Industry (Yangzhou). We noted that the final quotation from Heavy Industry (Yangzhou) is approximately RMB271 million (exclusive of tax) and is the lowest as compared to that of the 82,000 DWT Comparables. Accordingly, the final quotation from Heavy Industry (Yangzhou) is more favourable than that of the 82,000 DWT Comparables. We understand that the 82,000 DWT Comparables are ultimately owned by a state-owned enterprise which is a shipbuilding conglomerate in the PRC. According to the website of that state-owned enterprise, it is the largest shipbuilder in the world. Further, based on the statistics as published by China Association of the National Shipbuilding Industry* (中國船舶工業行業協會) (http://www.cansi.org.cn/cms/document/19185.html), in 2023, among the top 10 shipbuilders in the PRC in terms of completed ships, 6 of which are subsidiaries of that state-owned enterprise while 2 of which are the subsidiaries of COSCO SHIPPING. Given its shipbuilding leader position in the globe and the wide operating arms through a number of entities as shipbuilders, it is inevitable that the Group sources quotations from leading shipbuilders who are ultimately owned by that state-own enterprise. Despite so, we note each of the 82,000 DWT Comparables are different companies which is considered to operate independently in providing quotations to the Group based on their own cost structures and target profit margins. As such, we consider that the quotations obtained from the 82,000 DWT Comparables are fair representations of the market prices and they are appropriate references in assessing the contract price of the 82,000 DWT bulk cargo vessels.

In respect of 64,000 DWT bulk cargo vessels, we understand that the Group has obtained quotations on the same specifications from 2 independent ship builders respectively (the "**64,000 DWT Comparables**"). We have obtained the relevant quotations compared with final quotation from Heavy Industry (Zhoushan) and we noted that the final quotation from Heavy Industry (Zhoushan) is approximately RMB246 million (exclusive of tax) and is the lowest as compared to that of the 64,000 DWT Comparables. Accordingly, the final quotation from Heavy Industry (Yangzhou) is more favourable than the 2 quotations from that of the 64,000 DWT Comparables.

Besides, we note that a price adjustment mechanism is included in the Heavy Industry Shipbuilding Contracts and the contract price for each vessel may be adjusted based on (i) the construction elements of the relevant vessels, being its speed, DWT and fuel consumption rate; or (ii) the delay in delivery of the relevant vessels exceeding certain agreed time limits as stipulated in the relevant shipbuilding contracts. Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth installment of the contract price payable under the relevant Heavy Industry Shipbuilding Contract(s), being the 50% of the contract price, at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the relevant Heavy Industry Shipbuilding Contract(s). We have discussed with the management of the Company and understand that before delivery of the vessels, the Company will perform relevant trial tests including but not limited to speed, deadweight tonnage and fuel consumption rate. If (i) the results of the trial tests do not conform to the requirement as stipulated in the Heavy Industry Shipbuilding Contracts; and (ii) late delivery exceeding prescribed schedule, there will be a downward adjustments in price of relevant vessels. As such, the price adjustment mechanism is included with an intention to protect the Group from overpaying should the specifications of the vessels fall short of the requirements as stipulated in the Heavy Industry Shipbuilding Contracts. In addition, we have also reviewed the Revised and Restated Chengxi Shipbuilding Contracts and note that a price adjustment mechanism is also included in those contracts and the terms of which are comparable to that of the Heavy Industry Shipbuilding Contracts. As such, we concur with the view of the Directors that the inclusion of such adjustment mechanism in the Heavy Industry Shipbuilding Contracts is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, we understand that the contract price under the Heavy Industry Shipbuilding Contracts shall be payable in five instalments in different proportions ranging from 10% to 50%. We have reviewed (i) the quotations from each of the 80,000 DWT Comparable, the 82,000 DWT Comparables and the 64,000 DWT Comparables and (ii) the Revised and Restated Chengxi Shipbuilding Contracts, and note that the proposed payment terms thereunder are also similar to that of the Heavy Industry Shipbuilding Contracts (i.e. payable in five instalments in different proportions ranging from 10% to 50%). As such, we concur with the view of the Directors that the payment structure in the Heavy Industry Shipbuilding Contracts is an industry norm and hence is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After taking into the consideration of the above, we concur with the view of the Directors that the terms of the Heavy Industry Shipbuilding Contracts are on normal commercial terms or better, and are fair and reasonable so far as the Independent Shareholders are concerned.

5. The Vessel Leasing Service Master Agreement

5.1 Key terms of the Vessel Leasing Service Master Agreement

Date:	30 August 2024
Parties:	(1) COSCO SHIPPING Development (Hainan), (for itself and on behalf of its subsidiaries and/or associates), as lessor; and (2) COSCO SHIPPING Bulk (for itself and on behalf of its subsidiaries and/or associates), as lessee.
Subject matter:	Pursuant to the Vessel Leasing Service Master Agreement, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts.
Term:	The Vessel Leasing Service Master Agreement will become effective upon satisfaction of all the conditions set out below with a term from the effective date thereof to 31 December 2044.
Pricing policies:	The COSCO SHIPPING Bulk Group will inquire about prices from a number of leasing companies in the market, and the terms of vessel leasing services to be provided by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group shall be no less favorable to the COSCO SHIPPING Development (Hainan) Group than the terms of vessel leasing services it provides to independent third parties, and no less favorable to the COSCO SHIPPING Bulk Group than the terms of vessel leasing services provided by independent third parties to the COSCO SHIPPING Bulk Group.

Lease arrangement and period: The lease period of each vessel shall commence from the date of delivery of each vessel, which shall be 180 months ± 90 days. In any event, each vessel shall be delivered no later than 31 December 2027.

Members of the COSCO SHIPPING Bulk Group, as the lessee of the vessel, agree to pay the members of the COSCO SHIPPING Development (Hainan) Group daily rent as set out in the table below during the lease period:

Type of vessel	Rent per day per vessel (exclusive of tax)	Rent per day per vessel (inclusive of value-added tax)
80,000 DWT bulk cargo vessel	RMB110,091.74	RMB120,000
64,000 DWT bulk cargo vessel	RMB92,660.55	RMB101,000
82,500 DWT bulk cargo vessel	RMB101,834.86	RMB111,000

5.2 Fairness and reasonableness of the terms of the Vessel Leasing Service Master Agreement

As stated in the Letter from the Board, the price of vessel leasing services shall be determined by both parties through arm's length negotiation with reference to factors such as vessel construction price, vessel specifications and delivery date. The COSCO SHIPPING Bulk Group will inquire about prices from a number of leasing companies in the market, and the terms of vessel leasing services to be provided by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group shall be no less favorable to the COSCO SHIPPING Development (Hainan) Group than the terms of vessel leasing services it provides to independent third parties, and no less favorable to the COSCO SHIPPING Bulk Group than the terms of vessel leasing services provided by independent third parties to the COSCO SHIPPING Bulk Group.

In assessing the fairness and reasonableness of the pricing policy in respect of the Vessel Leasing Service Master Agreement, we have enquired the management of the Company in relation to the operating lease transactions that are entered into in 2024 with the independent third parties for the same type of vessels under the Vessel Leasing Service Master Agreement. However, based on our discussion with the management of the Company, we note that there are no similar transactions entered into with the independent third parties in 2024.

Alternatively, we have obtained the statistics regarding the 3 years timecharter rate for 61,000 DWT bulkcarrier and 82,000 DWT bulkcarrier (the "**Statistics**") published by Clarkson Research Services Limited, a research arm of Clarkson Plc which is an international provider of integrated shipping services who regularly publish shipping industry data to its subscribers. Since it is an independent information provider on all aspects of shipping, we consider that it is an appropriate reference in assessing the terms of the Vessel Leasing Service Master Agreement. We understand that statistics are not available for timecharter rate of each type of vessels under the Vessel Leasing Service Master Agreement. However, based on our discussion with the management of the Company, we understand that (i) 61,000 DWT bulk carrier and 64,000 DWT bulk carrier are within the same class of vessel (i.e. Ultramax with DWT ranging from 60,000 DWT to 65,000 DWT) and (ii) 82,000 DWT bulk carrier, 80,000 DWT bulk carrier and 82,500 DWT bulk carrier are within the same class of vessel (i.e. Kamsarmax with DWT ranging from 80,000 DWT to 85,000 DWT). Having considered that the Statistics (i) match their respective class of vessels under the Vessel Leasing Service Master Agreement; (ii) are published by an independent information provider on all aspects of shipping; and (iii) represents the market rate, we consider that it could still provide a meaningful indication as to the reasonableness and fairness of the daily rent for each of type of vessel under the Vessel Leasing Service Master Agreement.

According to the Statistics, the average 3 years timecharter daily rate for 61,000 DWT bulkcarrier (from the date of firstly published, being 2 February 2018 to 30 August 2024) amounted to approximately US$13,900 (equivalent to approximately RMB94,500 with average exchange rate of US$1 to RMB6.8 of the aforesaid period) and the average 3 years timecharter daily rate for 82,000 DWT bulkcarrier (from the date of firstly published, being 4 July 2014 to 30 August 2024) is approximately US$12,600 (equivalent to approximately RMB84,400 with average exchange rate of US$1 to RMB6.7 of the aforesaid period). We have compared abovesaid market rate as published by Clarkson Research Services Limited with the daily rent for each of type of vessel under the Vessel Leasing Service Master Agreement and noted that they are comparable to the market rate.

Furthermore, we have considered whether the Company has sufficient internal control measures to ensure the pricing policies of the transaction contemplated under the Vessel Leasing Service Master Agreement will be on normal commercial terms and as such we have obtained and reviewed the internal control policies of the Group in relation to connected transactions and note the followings:

(i) the Company has prepared and implemented the Methods for Management of Connected Transactions (關連交易管理辦法) which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments (including securities and public relations department, financial department, and legal and risk management departments) in the conduct and management of connected transactions, reporting procedures and ongoing monitoring;

(ii) the relevant executives of the relevant departments of the Company will review and ensure that the terms offered by the relevant connected persons are fair and reasonable and no less favourable to those offered by independent third parties;

(iii) the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreements to ensure that they are conducted in accordance with the pricing terms thereof;

(iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreements and recommendations for improvement;

(v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports to the management of the Company;

(vi) the relevant business departments shall report to the management of the Company at least two months in advance in case the existing annual caps may be exceeded, and will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Hong Kong Listing Rules and if necessary, refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and

(vii) the supervision department of the Company will review and inspect the progress of the relevant continuing connected transactions on quarterly basis.

By implementing the above procedures, the Directors consider that, and we concur that the Company has established sufficient internal control measures to ensure that the pricing policies of the Vessel Leasing Service Master Agreement will be on normal commercial terms, fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and the Shareholders as a whole.

In respect of the lease term of each vessel under the Vessel Leasing Service Master Agreement, we note that the lease period shall be 180 months ± 90 days, commencing from the date of delivery of each vessel, which is expected to be exceeding three years. In order to assess whether the lease period under the Vessel Leasing Service Master Agreement is a normal business practice, we have, to our best endeavor, performed desktop research and identified operating lease of vessel transactions with lease term over three years which constitute notifiable transactions from 1 January 2024 to the date of the Vessel Leasing Service Master Agreement as announced by companies that are being assigned in the same subsector of the Group, i.e. "Industrials – Industrial Transportation – Shipping & Port Operation" according to the Hang Seng Industry Classification System, a comprehensive industry classification system for the listed companies on the Stock Exchange covering 12 industries, 31 sectors and 102 subsector issued by Hang Seng Indexes Company Limited. We consider the period of selecting the comparable transactions to be a reasonable period as those transactions are entered into in 2024 which can provide a general overview of latest market practice in relation to the lease terms of vessels under operating leases. Based on the above selection criteria, 3 comparable transactions (the "**Comparable Transactions**") are identified which are exhaustive and representative and the details of which are listed below:

Date of announcement	**Company Name**	**Stock code**	**Duration of lease**
20-May-24	CSSC (Hong Kong) Shipping Company Limited	3877	120 months
22-Jul-24	Seacon Shipping Group Holdings Limited	2409	144 months
30-Aug-24	CSSC (Hong Kong) Shipping Company Limited	3877	120 months

From the table above, we note that the lease term of the Comparable Transactions exceeds three years (i.e. ranging from 120 months to 144 months). Furthermore, we have obtained and reviewed announcements dated 11 June 2022 published by COSCO SHIPPING Specialized Carriers Co., Ltd* (中遠海運特種輸股份有限公司), a member of COSCO SHIPPING and its A shares are listed on the Shanghai Stock Exchange (Stock Code: 600428), that a wholly-owned subsidiary of COSCO SHIPPING Specialized Carriers Co., Ltd has entered into 2 transactions with independent third parties in relation to the operating leases of vessels, and the terms of which are up to 180 months respectively. Therefore, we consider that a period longer than three years is required for the lease terms of the transactions under the Vessel Leasing Service Master Agreement, and it is a normal business practice for lease of vessels to be of duration over three years.

Based on the above, we are of the view that that the terms of the transactions contemplated under the Vessel Leasing Service Master Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5.3 Proposed Annual Caps under the Vessel Leasing Service Master Agreement

The table below sets out the proposed annual caps for the vessel leasing services under the Vessel Leasing Service Master Agreement for the years ending 31 December 2044:

Year ending 31 December	**Proposed Annual Caps** *(RMB million)*
2024	0
2025	0
2026	100
2027	900
2028	1,900
2029	1,900
2030	1,900
2031	1,900
2032	1,900
2033	1,900
2034	1,900
2035	1,900
2036	1,900
2037	1,900
2038	1,900
2039	1,900
2040	1,900
2041	1,900
2042	1,900
2043	500
2044	100

As stated in the Letter from the Board, in arriving at the proposed annual caps for the provision of vessel leasing services by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group under the Vessel Leasing Service Master Agreement, the Directors have considered:

1. the expected aggregated annual rent of the vessels under lease under the Vessel Leasing Service Master Agreement. The expected annual rent of each type of vessels is calculated based on the formula below:

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

2. expected rent adjustment due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels, which constitutes a buffer of approximately 2% of the proposed annual caps; and

3. expected rent adjustment after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels as requested by lessee to meet international conventions and environmental requirements upgrades, which constitutes a buffer of approximately 3% of the proposed annual caps.

In assessing the fairness and reasonableness of the proposed annual caps for the lease services provided by the Group Vessel Leasing Service Master Agreement, we have (i) discussed with the management of the Company regarding the bases and assumptions; and (ii) obtained and reviewed the computations prepared by the management of the Company in arriving the proposed annual caps for the vessel leasing services under the Vessel Leasing Service Master Agreement.

We note that no transaction amount is expected to be incurred for the two years ending 31 December 2025 as the relevant vessels are expected to be delivered in 2026 and 2027, respectively. We understand from the computation that the proposed annual cap are calculated by (i) the daily rent of the respective vessels; (ii) number of days under the respective lease term during the year and (iii) the number of vessels under the respective lease term during the year. On top of that, we understand that a buffer of 5% is included in the proposed annual cap. We have discussed with the management of the Company in relation to the bases and assumptions on the buffer and we understand that the buffer of 5% comprises (i) expected rent adjustment of 2% due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels; and (ii) expected rent adjustments of 3% after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels, as requested by the lessee to meet international conventions and environmental requirements upgrades. We further understand that during the course of shipbuilding or after delivery of vessels, it is common to have additional equipment investment or upgrades as requested by the buyer or for the compliance with the relevant environmental regulations. In light of the additional costs to be invested, it is reasonable for the lessor to transfer such additional investment costs to lessee. Having considered the aforesaid, we consider that it is fair and reasonable to include a buffer of 5% in the proposed annual cap with an aim to transfer any potential additional costs for equipment investment or upgrades to lessee in order to maintain the Company's return. Based on the above, we are of the view that the proposed annual caps of the Vessel Leasing Service Master Agreement for the years ending 31 December 2044 are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Further, we understand the proposed annual caps for the Vessel Leasing Service Master Agreement are proposed to the year ending 31 December 2044 which is determined in accordance to the proposed expiry of the lease terms of the vessels. Given the long duration of the Vessel Leasing Service Master Agreement, in order to allow the Directors and the Shareholders appropriate opportunities to review such proposed annual caps thereunder in case of any changes to applicable industry and market conditions, the proposed annual caps for the remaining term of the Vessel Leasing Service Master Agreement (i.e. those for the years from 1 January 2026 to 31 December 2044) will be submitted to the Board and a general meeting of the Company every three years for re-consideration and approval by the Directors and the Independent Shareholders at the relevant time, subject to compliance with the then applicable laws, regulations and listing rules requirements. In the event that such approvals from the Board and/or the Independent Shareholders are not obtained, the relevant proposed annual caps not being approved shall be revoked. The Company shall re-negotiate and determine the proposed annual cap(s) of the relevant year(s) in accordance with the then applicable laws, regulations and listing rules requirements as and when required.

Taking into consideration that (i) the proposed annual caps for the years ending 31 December 2044 are determined based on reasonable estimation and after due and careful consideration; and (ii) the proposed annual caps for the remaining term of the Vessel Leasing Service Master Agreement (i.e. those for the years from 1 January 2026 to 31 December 2044) will be submitted to the Board and a general meeting of the Company every three years for re-consideration and approval by the Directors and the Independent Shareholders at the relevant time, we are of the view that the proposed annual caps under the Vessel Leasing Service Master Agreement is determined under fair and reasonable basis so far as the Company and the Independent Shareholders are concerned.

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that the entering into the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement 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, and the terms of the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Goldlink Capital (Corporate Finance) Limited
Vincent Cheung
Managing Director

Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Goldlink Capital (Corporate Finance) Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has more than 15 years of experience in corporate finance industry.

* *for identification purposes only*

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Group for the three years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024, together with the relevant notes thereof are disclosed in the following documents, which has been published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://development.coscoshipping.com):

(i) the annual report of the Company for the year ended 31 December 2023 published on 24 April 2024 (pages 109 to 243): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401268.pdf

(ii) the annual report of the Company for the year ended 31 December 2022 published on 25 April 2023 (pages 120 to 259): https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501338.pdf

(iii) the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 107 to 246): https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042702710.pdf

(iv) the interim report of the Company for the six months ended 30 June 2024 published on 23 September 2024 (pages 40 to 72): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0923/2024092300456.pdf

2. STATEMENT OF INDEBTEDNESS

Debt securities and term loans

As at 31 August 2024, save as disclosed in respect of the borrowings and indebtedness of the Group below, the Group has no debt securities issued or outstanding, or authorized or otherwise created but unissued, and no term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the Company or by independent third parties) or unsecured.

Borrowings, indebtedness and lease liabilities

As at 31 August 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group has outstanding borrowings, indebtedness and lease liabilities of approximately RMB87,112 million, comprising secured and unguaranteed bank and other loans of approximately RMB19,498 million, unsecured and unguaranteed bank and other loans of approximately RMB55,395 million, RMB corporate bonds of approximately RMB12,000 million and lease liabilities of approximately RMB219 million.

Contingent liabilities

As at 31 August 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group has no material contingent liabilities or guarantees.

Mortgages and charges

As at 31 August 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group's general banking facilities and the above outstanding secured borrowings were secured by the Group's property, plant and equipment, finance lease receivables and certain bank deposits.

Save as aforesaid or as otherwise disclosed in other sections of this circular and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar borrowings or indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at 31 August 2024.

The Directors confirm that there was no material change in the indebtedness status of the Group since 31 August 2024 up to the Latest Practicable Date.

3. WORKING CAPITAL ADEQUACY OF THE GROUP

After due and careful enquiry, taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since 2024, the moderate recovery of the global economy has driven trade growth, and the shipping market's transportation demand steadily increased. Meanwhile, affected by factors including the geopolitical situation and congestion in some ports, the supply and demand pattern of the shipping industry further improved. Under the combined influence of multiple factors, the container transportation market has generally shown a stable and positive trend.

In terms of the container leasing and manufacturing market, the overall demand has gradually recovered and increased steadily due to the combined effects of multiple factors. The stable recovery of foreign trade, the growth of new capacity in the container transportation industry, and the demand for the replacement of old containers have provided resilient support to the market. On the other hand, the impact of the Red Sea situation on container turnover efficiency has further catalyzed the increase in market demand. In terms of the ship leasing market, with the continued growth of global trade and the steadily increased demand for shipping, demand for the fleet in shipping market increased, and the market size of the ship leasing industry continued to expand. Meanwhile, the green and low-carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has increased significantly.

Looking ahead to the next stage, the world economic and trade environment will remain complex and severe, and the development of the shipping industry will face many uncertainties. In the face of new opportunities and challenges, the Group will insist on promoting deepening reforms and actively responding to the uncertainties in the external environment, push forward its high-quality development steadily. The Group will also proactively grasp the development opportunities brought about by the optimization and adjustment of the shipping industry's capacity to further capitalize on the synergistic advantages of the industry chain, so as to expand the Group's product portfolio through technological innovation, and enhance the Group's endogenous power through the development of new-quality productive forces. At the same time, the Group will create greater value for Shareholders while accumulating momentum for the Group's long-term steady growth.

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 document misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors, Supervisors and chief executives

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company.

Name	Position	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the relevant class total number of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
Chan Kwok Leung	Director	H Shares	Beneficial owner	235,000 (L)	0.01	0.00
		H Shares	Interest of spouse	60,000 (L) *(Note 2)*	0.00	0.00

Notes:

1. "L" means long position in the shares.

2. The spouse of Mr. Chan Kwok Leung is the beneficial owner of 60,000 H Shares. Mr. Chan Kwok Leung is deemed to be interested in the 60,000 H Shares within the meaning of Part XV of the SFO.

Positions held by Directors and Supervisors in substantial Shareholder(s)

As at the Latest Practicable Date, none of the Directors or Supervisors was, a director or employee of a company which had an interest or short position in the Shares or 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.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the Shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the Shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
China Shipping	A Shares	Beneficial owner	4,628,015,690 (L)	46.75	34.09
	A Shares	Interest of controlled corporation	1,447,917,519 (L) *(Note 2)*	14.63	10.67
	A Shares	Other	28,724,292 (L) *(Note 3)*	0.29	0.21
	H Shares	Interest of controlled corporation	100,944,000 (L) *(Note 4)*	2.75	0.74
COSCO SHIPPING	A Shares	Interest of controlled corporation	6,075,933,209 (L) *(Note 2)*	61.37	44.76
	A Shares	Beneficial owner	47,570,789 (L)	0.48	0.35
	A Shares	Other	28,724,292 (L) *(Note 3)*	0.29	0.21

Name of Shareholder	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
	H Shares	Interest of controlled corporation	100,944,000 (L) *(Note 4)*	2.75	0.74
COSCO SHIPPING Investment Holdings Co., Limited	A Shares	Beneficial owner	1,447,917,519 (L) *(Note 2)*	14.63	10.67

Notes:

1. "L" means long position in the Shares.

2. Such 1,447,917,519 A Shares represent the same block of Shares.

3. Such 28,724,292 A Shares were repurchased by the Company and held by it as Treasury A Shares for the purpose of A share option incentive scheme. As at the Latest Practicable Date, each of COSCO SHIPPING and China Shipping is taken to have an interest in such Treasury A Shares as they control one-third or more of the voting power at general meetings of the Company for the purpose of Part XV of the SFO.

4. Such 100,944,000 H Shares represent the same block of Shares and is held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interests or short positions in any Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

3. NO MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had entered into or proposed to enter into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL INTERESTS

As at the Latest Practicable Date:

(a) none of the Directors or the Supervisors had any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited accounts 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; and

(b) none of the Directors or the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, nor any of their respective close associates had any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

8. EXPERT'S QUALIFICATION AND CONSENT

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

Name	Qualification
Goldlink Capital (Corporate Finance) Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the abovementioned expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the abovementioned expert did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited statements of the Group were made up).

As at the Latest Practicable Date, the abovementioned expert had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice dated 9 October 2024 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and references to its name and/or its advice in the form and context in which they appeared.

9. MATERIAL CONTRACT

Set out below is the material contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(i) the equity transfer agreement dated 10 November 2023 entered into between COSCO SHIPPING Development (Hong Kong) Co., Ltd. (中遠海運發展(香港)有限公司) and COSCO SHIPPING International (Hong Kong) Co., Ltd. (中遠海運國際(香港)有限公司), pursuant to which COSCO SHIPPING Development (Hong Kong) Co., Ltd. conditionally agreed to sell and COSCO SHIPPING International (Hong Kong) Co., Ltd. conditionally agreed to purchase 100% of the equity interests of Helen Insurance Brokers Limited (海寧保險經紀有限公司) at the total consideration of HK$270,980,600. Details of which were disclosed in the announcement of the Company dated 10 November 2023.

Save as disclosed above, there is no material contract (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date.

10. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Cai Lei. He is qualified as a national judicial professional and an insurance assessor, and holds the title of senior economist.

(b) The registered address of the Company in the PRC is Room A-538, International Trade Center, Lingang Area, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

(c) The principal place of business of the Company in the PRC is 5299 Binjiang Dadao, Pudong New Area, Shanghai, the PRC.

(d) The principal place of business of the Company in Hong Kong is 51/F, COSCO Tower, 183 Queen's Road Central, Hong Kong.

(e) The Company's Hong Kong H Share registrar is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre 183 Queen's Road East, Hong Kong.

(f) The registered address of COSCO SHIPPING is 628 Minsheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

(g) Unless otherwise specified, the English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://development.coscoshipping.com) for a period of 14 days from the date of this circular:

(a) the Heavy Industry Shipbuilding Contracts (*note*);

(b) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) (*note*);

(c) the Vessel Leasing Service Master Agreement;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(e) the material contract referred to in the paragraph headed "Material Contract" in this appendix; and

(f) the written consent referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix.

Note: The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a Waiver from strict compliance with Rule 14.66(10) and Rule 14A.70(13) of, and paragraph 43(2)(c) of Appendix D1B to the Listing Rules, so that only the redacted version of each of the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts will be available on the websites of the Hong Kong Stock Exchange and the Company as documents on display. For details of the Waiver, please refer to the section headed "VIII. IMPLICATIONS UNDER THE LISTING RULES – Waiver from Strict Compliance with Rule 14.66(10) and Rule 14A.70(13) of, and Paragraph 43(2)(c) of Appendix D1B to the Listing Rules" in the Letter from the Board in this circular.

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中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of COSCO SHIPPING Development Co., Ltd. (the "**Company**") will be held at 1:30 p.m. on Thursday, 24 October 2024 (or at any adjournment thereof) at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC to consider and, if thought fit, pass the following resolutions.

Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 9 October 2024 (the "**Circular**").

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the Heavy Industry Shipbuilding Contracts, further details of which are set out in the Circular:

   "**THAT**:

   (a) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one Director be and is hereby authorized to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder."

2. To consider and approve the resolution in relation to the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements), further details of which are set out in the Circular:

"**THAT**:

(a) the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorized to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Chengxi Transfer Agreements (including the Revised and Restated Chengxi Shipbuilding Contracts which are appended to the Chengxi Transfer Agreements) and the transactions contemplated thereunder."

3. To consider and approve the resolution in relation to the Vessel Leasing Service Master Agreement, further details of which are set out in the Circular:

"**THAT**:

(a) the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the proposed annual caps for the vessel leasing services for the years ending 31 December 2044 be and are hereby approved, confirmed and ratified in all respects; and

(c) any one Director be and is hereby authorized to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder."

SPECIAL RESOLUTION

4. To consider and approve the Proposed Amendments to Corporate Bonds issuance plan, further details of which are set out in the Circular.

ORDINARY RESOLUTIONS

5. To consider and approve the resolution in relation to the election of Ms. Zhang Xueyan as a non-executive Director.

6. To consider and approve the resolution in relation to the election of Mr. Wu Daqi as an independent non-executive Director.

7. To consider and approve the resolution in relation to the election of Mr. Zuo Zhenyong as a Shareholder representative Supervisor.

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

Shanghai, the People's Republic of China
9 October 2024

Notes:

1. For the purpose of holding the EGM, the Register of Members will be closed from 21 October 2024 to 24 October 2024 (both days inclusive), during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the Register of Members at the close of business on 18 October 2024 are entitled to attend and vote at the EGM.

2. In order to attend and vote at the EGM, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare, the H Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 18 October 2024.

3. Each H Shareholder who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the EGM.

4. The form of proxy must be signed by the Shareholder or his/her attorney duly authorised in writing or, in the case of a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If the form of proxy is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified.

5. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to Computershare at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.

6. If a proxy attends the EGM on behalf of a Shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her legal representative or his/her duly authorised attorney, and specifies the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the EGM, such representative should produce his/her identity card and the notarised copy of the resolution passed by the board of directors or other authorities, or other notarised copy of the permit issued by such legal person Shareholder. Form(s) of proxy duly signed and submitted by HKSCC Nominees Limited are deemed to be valid, and it is not necessary for the proxy(ies) appointed by HKSCC Nominees Limited to produce the signed form of proxy when the proxy(ies) attend(s) the EGM. Completion and return of the form of proxy will not preclude a Shareholder from attending in person and voting at the EGM or any adjournment thereof should he/she so wish.

7. Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by way of poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the EGM will be voted on by poll. Results of the poll voting will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk after the EGM. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting at the EGM.

8. Where there are joint registered holders of any share of the Company, only the person whose name stands first on the Register of Members in respect of such share may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto.

9. The EGM is estimated to last for half a day. Shareholders who attend the EGM in person or by proxy shall bear their own transportation and accommodation expenses.

As at the date of this notice, the Board comprises Mr. Zhang Mingwen (Chairman), being an executive Director, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*