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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer and other registered institution in securities, 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 and the Form of Proxy to the purchaser or the 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.

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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)

- (1) CONTINUING CONNECTED TRANSACTIONS**
 - (2) MAJOR AND CONTINUING CONNECTED TRANSACTION**
 - (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
 - (4) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING**
 - (5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**
 - (6) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE**
 - (7) PROPOSED AMENDMENTS TO THE RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS**
 - (8) PROPOSED GRANT OF GENERAL MANDATE TO REPURCHASE H SHARES**
 - (9) NOTICE OF EGM**
- AND**
- (10) NOTICE OF H SHAREHOLDERS' CLASS MEETING**

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders



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

A letter from the Board is set out on pages 12 to 60 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 61 to 62 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 63 to 89 of this circular.

The Notice of EGM convening the EGM to be held at 1:30 p.m. on Monday, 19 December 2022 at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC was despatched to the Shareholders on 1 December 2022 and is set out on pages EGM-1 to EGM-5 of this circular. The notice of the H Shareholders' Class Meeting to be held on the same date and at the same place immediately after the A Shareholders' Class Meeting, which will be held immediately after the EGM on the same date and at the same place, is set out on pages HCM-1 to HCM-3 of this circular.

* *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."*

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DEFINITIONS

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

“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
“A Shareholder(s)”	holder(s) of A Share(s)
“A Shareholders’ Class Meeting”	the class meeting of the A Shareholders to be held immediately after the EGM to be held on the same date and at the same place
“Articles of Association”	the articles of association of the Company
“Asset Management Plan”	an asset management plan voluntarily invested by certain executive directors, senior management and employees, the further details of which are set out in the announcement of the Company dated 24 November 2016
“associate”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Class Meetings”	collectively, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“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 A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) 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”	has the meaning ascribed to it under the Hong Kong Listing Rules

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“Containers Services Procurement Agreement”	the containers services procurement agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the mutual provision/purchase of container and other ancillary services by the Group and the COSCO SHIPPING Group
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“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 of the Company
“COSCO SHIPPING Finance”	COSCO SHIPPING Finance Group Co., Ltd.# (中遠海運集團財務有限責任公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Group”	COSCO SHIPPING, its subsidiaries and/or its associates (excluding the Group)
“COSCO SHIPPING Insurance”	COSCO SHIPPING Captive Insurance Co., Ltd.# (中遠海運財產保險自保有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 1:30 p.m. on Monday, 19 December 2022 at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC (or any adjournment thereof) to consider and, if thought fit, approve the resolutions set out in the notice of the extraordinary general meeting

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“Existing Continuing Connected Transaction Agreements”	<p>collectively,</p> <ul style="list-style-type: none">(i) the Existing Master Vessel Charter Agreement;(ii) the Existing Master Operation Lease Services Agreement;(iii) the Existing Master Finance Lease Services Agreement;(iv) the Existing Master Vessel Services Agreement;(v) the Existing Master Containers Services Agreement;(vi) the Existing Master Insurance Brokerage Services Agreement;(vii) the Existing Master General Services Agreement;(viii) the Existing Master Tenancy Agreement;(ix) the Existing Insurance Services Agreement;(x) the Existing Trademark License Agreement; and(xi) the Existing Master Financial Services Agreement
“Existing Insurance Services Agreement”	<p>the insurance services agreement dated 11 July 2017 entered into between the Company and COSCO SHIPPING Insurance in respect of the provision of insurance services by COSCO SHIPPING Insurance to the Group</p>
“Existing Master Containers Services Agreement”	<p>the existing master containers services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the mutual provision of container and other ancillary services by the Group and the COSCO SHIPPING Group</p>
“Existing Master Finance Lease Services Agreement”	<p>the existing master finance lease services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of finance lease chartering services by the Group to the COSCO SHIPPING Group</p>

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“Existing Master Financial Services Agreement”	the existing master financial services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING Finance in respect of the provision of financial services by COSCO SHIPPING Finance to the Group
“Existing Master General Services Agreement”	the existing master general services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of general services by the COSCO SHIPPING Group to the Group
“Existing Master Insurance Brokerage Services Agreement”	the existing master insurance brokerage services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group
“Existing Master Operating Lease Services Agreement”	the existing master operating lease services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of operating lease services by the Group to the COSCO SHIPPING Group
“Existing Master Tenancy Agreement”	the existing master tenancy agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of property leasing services
“Existing Master Vessel Charter Agreement”	the existing master vessel charter agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of vessel chartering services by the Group to the COSCO SHIPPING Group
“Existing Master Vessel Services Agreement”	the existing master vessel services agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group
“Existing Trademark License Agreement”	the existing trademark license agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the grant of a non-exclusive license to the Group

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“Form of Proxy”	the form of proxy of the Company in respect of the resolutions set out in the Notice of EGM
“Fully Exempt Continuing Connected Transaction”	the transactions contemplated under the Trademark License Agreement
“Group”	the Company, its subsidiaries and/or its associates
“H Share(s)”	the overseas listed foreign shares 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
“H Shareholder(s)”	holder(s) of H Share(s)
“H Shareholders’ Class Meeting”	the class meeting of the H Shareholders to be held on the same date and at the same place immediately after the A Shareholders’ Class Meeting, which will be held immediately after the EGM on the same date and at the same place
“H Share Repurchase Mandate”	the general mandate proposed to be granted to the Board to repurchase H Shares not exceeding 10% of the number of H Shares in issue as at the date of passing of the relevant resolutions to be proposed at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising Mr. Cai Hongping, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps
“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, which has been appointed as the independent financial adviser to make advise the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps
“Independent Shareholders”	the Shareholders other than (i) COSCO SHIPPING and its associates; and (ii) any other Shareholders who have a material interest in the Relevant Continuing Connected Transactions
“Latest Practicable Date”	30 November 2022, being the latest practicable date for the purpose of ascertaining certain information contained herein
“Major and Continuing Connected Transaction”	the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement
“Master Finance Lease Services Agreement”	the master finance lease services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of finance lease services by the Group to the COSCO SHIPPING Group, and the purchase of finance lease services by the COSCO SHIPPING Group from the Group

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“Master Financial Services Agreement”	the master financial services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING Finance in respect of the provision of financial services by COSCO SHIPPING Finance to the Group, and the purchase of financial services by the Group from COSCO SHIPPING Finance
“Master General Services Agreement”	the master general services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of general services by the COSCO SHIPPING Group to the Group, and the purchase of general services by the Group from the COSCO SHIPPING Group
“Master Insurance Brokerage Services Agreement”	the master insurance brokerage services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group, and the purchase of insurance brokerage services by the COSCO SHIPPING Group from the Group
“Master Operating Lease Services Agreement”	the master operating lease services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of operating lease services by the Group to the COSCO SHIPPING Group, and the purchase of operating lease services by the COSCO SHIPPING Group from the Group
“Master Tenancy Agreement”	the master tenancy agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of property leasing services by the COSCO SHIPPING Group to the Group, and the purchase of property leasing services by the Group from the COSCO SHIPPING Group
“Master Vessel Services Agreement”	the master vessel services agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group, and the purchase of vessel and other ancillary services by the Group from the COSCO SHIPPING Group

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“Non-exempt Continuing Connected Transactions”	collectively, <ul style="list-style-type: none">(i) the transactions contemplated under the Master Operating Lease Services Agreement;(ii) the transactions contemplated under the Containers Services Procurement Agreement (the products and services to be provided by the Group); and(iii) the transactions contemplated under the Containers Services Procurement Agreement (the services to be provided to the Group);
“Notice of EGM”	the notice of the EGM of the Company dated 1 December 2022, which is set out on pages EGM-1 to EGM-5 of this circular
“Partially Exempt Continuing Connected Transactions”	collectively, <ul style="list-style-type: none">(i) the transactions contemplated under the Master Finance Lease Services Agreement;(ii) the transactions contemplated under the Master Insurance Brokerage Services Agreement;(iii) the transactions contemplated under the Master Vessel Services Agreement;(iv) the transactions contemplated under the Master General Services Agreement;(v) the transactions contemplated under the Master Tenancy Agreement;
“PBOC”	the People’s Bank of China (中國人民銀行)
“percentage ratios”	has the meaning ascribed to it under the Hong Kong Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and the region of Taiwan

DEFINITIONS

“Proposed Amendments to the Articles of Association”	the proposed amendments to the Articles of Association, the full text of which is set out in Appendix III of this circular
“Proposed Amendments to the Rules of Independent Non-executive Directors”	the proposed amendments to the Rules of Independent Non-executive Directors, the full text of which is set out in Appendix VII of this circular
“Proposed Amendments to the Rules of Procedure of the Board of Directors”	the proposed amendments to the Rules of Procedure of the Board of Directors, the full text of which is set out in Appendix V of this circular
“Proposed Amendments to the Rules of Procedure of the Shareholders’ General Meeting”	the proposed amendments to the Rules of Procedure of the Shareholders’ General Meeting, the full text of which is set out in Appendix IV of this circular
“Proposed Amendments to the Rules of Procedure of the Supervisory Committee”	the proposed amendments to the Rules of Procedure of the Supervisory Committee, the full text of which is set out in Appendix VI of this circular
“Proposed Annual Caps”	the proposed annual caps for the three years ending 31 December 2025
“Relevant Continuing Connected Transactions”	collectively, <ul style="list-style-type: none">(i) the transactions contemplated under the Master Operating Lease Services Agreement;(ii) the transactions contemplated under the Master Finance Lease Services Agreement;(iii) the transactions contemplated under the Master Insurance Brokerage Services Agreement;(iv) the transactions contemplated under the Master Vessel Services Agreement;(v) the transactions contemplated under the Containers Services Procurement Agreement;(vi) the transactions contemplated under the Master General Services Agreement;

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	(vii) the transactions contemplated under the Master Tenancy Agreement;
	(viii) the transactions contemplated under the Trademark License Agreement; and
	(ix) the transactions contemplated under the Master Financial Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Independent Non-executive Directors”	the Rules of Independent Non-executive Directors of the Company
“Rules of Procedure of the Board of Directors”	the Rules of Procedure of the Board of Directors of the Company
“Rules of Procedure of the Shareholders’ General Meeting”	the Rules of Procedure of the Shareholders’ General Meeting of the Company
“Rules of Procedure of the Supervisory Committee”	the Rules of Procedure of the Supervisory Committee of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“Trademark License Agreement”	the trademark license agreement dated 30 November 2022 entered into between the Company and COSCO SHIPPING in respect of the grant of a non-exclusive license to the Group

DEFINITIONS

“US\$” United States dollar(s), the lawful currency of the United States

“%” 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 purposes only.

LETTER FROM THE BOARD



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 Directors:

Mr. Liu Chong
Mr. Zhang Mingwen

Non-executive Directors:

Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi

Independent Non-executive Directors:

Mr. Cai Hongping
Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing

Legal address in the PRC:

Room A-538
International Trade Center
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

1 December 2022

To the Shareholders

Dear Sir or Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS
 - (2) MAJOR AND CONTINUING CONNECTED TRANSACTION
 - (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
 - (4) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF
THE SHAREHOLDERS' GENERAL MEETING
 - (5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF
THE BOARD OF DIRECTORS
 - (6) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF
THE SUPERVISORY COMMITTEE
 - (7) PROPOSED AMENDMENTS TO THE RULES OF INDEPENDENT
NON-EXECUTIVE DIRECTORS
 - (8) PROPOSED GRANT OF GENERAL MANDATE
TO REPURCHASE H SHARES
 - (9) NOTICE OF EGM
- AND
- (10) NOTICE OF H SHAREHOLDERS' CLASS MEETING

I. INTRODUCTION

References are made to (1) the announcement of the Company dated 30 November 2022 in relation to the Relevant Continuing Connected Transactions; (2) the announcement of the Company dated 30 November 2022 in relation to the Proposed Amendments to the Articles of Association, the Proposed Amendments to the Rules of Procedure of the Shareholders' General Meeting, the Proposed Amendments to the Rules of Procedure of the Board of Directors, the Proposed Amendments to the Rules of Procedure of the Supervisory Committee and the Proposed Amendments to the Rules of Independent Non-executive Directors.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things,

- (i) 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 and the H Shareholders' Class Meeting;
- (ii) further details of the continuing connected transaction agreements entered into between the Company and COSCO SHIPPING and the Proposed Annual Caps thereunder;
- (iii) further details of the continuing connected transactions under the Master Financial Services Agreement entered into between the Company and COSCO SHIPPING Finance and its Proposed Annual Caps;
- (iv) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps;
- (v) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps;
- (vi) further details of the proposed amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee and the Rules of Independent Non-executive Directors; and
- (vii) further details of the proposed grant of general mandate to repurchase H Shares.

At the EGM, ordinary resolutions will be proposed to approve: (i) the continuing connected transaction agreements entered into between the Company and COSCO SHIPPING and the Proposed Annual Caps thereunder; (ii) the continuing connected transactions under the Master Financial Services Agreement entered into between the Company and COSCO SHIPPING Finance and its Proposed Annual Caps; and (iii) the Proposed Amendments to the Rules of Independent Non-executive Directors.

At the EGM, special resolutions will be proposed to approve: (i) the Proposed Amendments to the Articles of Association; (ii) the Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting; (iii) the Proposed Amendments to the Rules of Procedures of the Board of Directors; (iv) the Proposed Amendments to the Rules of Procedures of the Supervisory Committee; and (v) the proposed grant of general mandate to repurchase H Shares.

At the H Shareholders' Class Meeting, a special resolution will be proposed to approve the proposed grant of general mandate to repurchase H Shares.

LETTER FROM THE BOARD

II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

As the term of the Existing Continuing Connected Transaction Agreements will expire on 31 December 2022, in view of the Company's intention to continue to enter into transactions of similar nature from time to time after the relevant expiry date, on 30 November 2022, the Company entered into the following agreements with COSCO SHIPPING:

- (i) Master Operating Lease Services Agreement, pursuant to which the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the operating lease services;
- (ii) Master Finance Lease Services Agreement, pursuant to which the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the finance lease services;
- (iii) Master Vessel Services Agreement, pursuant to which the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the vessel and other ancillary services;
- (iv) Containers Services Procurement Agreement, pursuant to which the Group and the COSCO SHIPPING Group agreed to mutually provide/purchase container and other ancillary services;
- (v) Master Insurance Brokerage Services Agreement, pursuant to which the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the insurance brokerage services;
- (vi) Master General Services Agreement, pursuant to which the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the general services;
- (vii) Master Tenancy Agreement, pursuant to which the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the property leasing services and other ancillary services; and
- (viii) Trademark License Agreement, pursuant to which the COSCO SHIPPING Group agreed to grant a non-exclusive license to the Group with the right to use certain trademarks owned by the COSCO SHIPPING Group.

On 30 November 2022, the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement, pursuant to which COSCO SHIPPING Finance agreed to provide to the Group, and the Group agreed to purchase from COSCO SHIPPING Finance, the financial services.

LETTER FROM THE BOARD

A. Transactions contemplated under the agreements in relation to Non-exempt Continuing Connected Transactions

Set out below is a summary of the agreements in relation to the Non-exempt Continuing Connected Transactions, the historical transaction amounts and existing annual caps, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps:

1. *Master Operating Lease Services Agreement (services to be provided by the Group)*

The principal terms of the Master Operating Lease Services Agreement are set out below.

Parties: (i) The Company; and
(ii) COSCO SHIPPING.

Nature of transactions: Pursuant to the Master Operating Lease Services Agreement, the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the operating lease services. Such services include (i) vessels operating lease services; and (ii) operating lease services for containers, car frames and other ancillary equipment and other production equipment.

As the nature of the transactions under the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement (mainly container leasing) are similar, in order to facilitate the management of connected transactions, the operating lease transactions under these agreements are aggregated into one Master Operating Lease Services Agreement.

Pricing policies: Pursuant to the Master Operating Lease Services Agreement, the prices for the provision of operating lease services shall be determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years.

The Directors are of the view that the market price determined based on the historical quotations from independent third parties reflects the terms which are commonly based by market participants in their ordinary course of business in the relevant industry, reflects the fluctuation of supply and demand in the market to a certain extent, and is commercially reasonable and in line with the industry practice, and therefore the resulting market price is fair and reasonable and in the interests of the Company and the Shareholders. In addition, the pricing of the operating lease services provided by the Group will also take into account the impact of the overall market conditions (such as the COVID-19 pandemic, the Russian-Ukraine conflicts and inflation), and on the basis of market price, a reasonable buffer will be reserved to cope with the increase in costs caused by uncertainties.

LETTER FROM THE BOARD

Term and termination: The initial term of the Master Operating Lease Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Operating Lease Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of services by the Group to the COSCO SHIPPING Group under the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement for the three years ending 31 December 2022:

	Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
Existing Master Vessel Charter Agreement	6,000,000	4,557,464	6,000,000	1,066,522	6,000,000	597,110
Existing Master Operating Lease Services Agreement	1,500,000	1,096,610	1,500,000	1,251,069	1,500,000	884,877

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of services by the Group to the COSCO SHIPPING Group under the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of lease services by the Group to the COSCO SHIPPING Group under the Master Operating Lease Services Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB6,000,000,000
Year ending 31 December 2024:	RMB6,000,000,000
Year ending 31 December 2025:	RMB6,000,000,000

LETTER FROM THE BOARD

In arriving at the Proposed Annual Caps for the provision of lease services by the Group to the COSCO SHIPPING Group under the Master Operating Lease Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of lease services by the Group to the COSCO SHIPPING Group pursuant to the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the type and number of vessels, containers, car frames and other ancillary equipment and other production equipment expected to be chartered, the respective chartering rate and the period expected to be chartered;
- (iii) the estimated market fluctuation in terms of chartering price, demands and exchange rate for US\$ to RMB;
- (iv) the estimated future needs for operating lease services of the COSCO SHIPPING Group in light of the expected growth in its transportation capacity;
- (v) the expected increase in service fees due to increase in costs; and
- (vi) the prevailing market rate of charter of vessel, containers, car frames and other ancillary equipment and other production equipment of similar classes. The Group collects market information and communicates with other enterprises in the same industry to understand the current rates and market conditions. In addition, the Group will also verify and judge on the information obtained from the above channels based on its own analysis of the historical rates and market fluctuations of the relevant services in combination with experience and internal estimation. The Directors consider that the prevailing market rates with reference to the above methods in determining the Proposed Annual Caps under the Master Operating Lease Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. Containers Services Procurement Agreement (products and services to be provided by the Group)

The principal terms of the Containers Services Procurement Agreement (products and services to be provided by the Group) are set out below.

- | | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Parties: | (i) The Company; and

(ii) COSCO SHIPPING. |
| Nature of transactions: | Pursuant to the Containers Services Procurement Agreement, the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the container and other ancillary services. Such services include sale and purchase of containers and containers commissioned manufacturing services. |

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Pricing policies: The prices for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). As there is no long-term agreed price in the new container trading market, the market price for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement shall be subject to continuous real-time adjustment mainly based on the current market condition and with reference to the historical quotations from independent third parties.

The Directors are of the view that the market price determined based on the current market conditions and with reference to the historical quotations by independent third parties reflects the terms which are commonly based by market participants in their ordinary course of business in the relevant industry, reflects the fluctuation of supply and demand in the market to a certain extent, and is commercially reasonable and in line with the industry practice, and therefore the resulting market price is fair and reasonable and in the interests of the Company and the Shareholders. In addition, the pricing of the containers services provided by the Group will also take into account the impact of the overall market conditions (such as the COVID-19 pandemic, the Russian-Ukraine conflicts and inflation), and on the basis of market price, a reasonable buffer will be reserved to cope with the increase in costs caused by uncertainties.

Term and termination: The initial term of the Containers Services Procurement Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Containers Services Procurement Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

LETTER FROM THE BOARD

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps (as revised) for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Existing Master Containers Services Agreement for the three years ending 31 December 2022:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
6,600,000	1,485,315	7,500,000	2,495,319	8,200,000	408,993

The Board confirms that, as at the Latest Practicable Date, the existing annual caps (as revised) for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Existing Master Containers Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB6,000,000,000
Year ending 31 December 2024:	RMB7,000,000,000
Year ending 31 December 2025:	RMB9,000,000,000

In arriving at the Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of containers and other ancillary services by the Group to the COSCO SHIPPING Group under the Existing Master Containers Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the existing scale of operation of the COSCO SHIPPING Group;

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- (iii) the expected increase in the demand of the COSCO SHIPPING Group for the containers manufactured by the Group and other ancillary services in light of the expected growth in the transportation capacity of the COSCO SHIPPING Group;
- (iv) the prevailing market rate for the sale and purchase and commissioned manufacturing of containers and the estimated market price of new containers for the three years ending 31 December 2025. The Group understands the prevailing market rates for relevant services through regular communication with major customers to understand their market views and future procurement intentions in the coming years. The Group also collects market information and communicates with other enterprises in the same industry to understand the prevailing rates, market prices and market conditions. In addition, the Group will also verify and judge on the information obtained from the above channels based on its own analysis of the historical rates and market fluctuations of the relevant services in combination with experience and internal estimation. The Directors consider that the prevailing market rates and market prices with reference to the above methods in determining the Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (v) the estimated market fluctuation in terms of container price, demands and exchange rate for US\$ to RMB.

3. *Containers Services Procurement Agreement (products and services to be provided to the Group)*

The principal terms of the Containers Services Procurement Agreement (products and services to be provided to the Group) are set out below.

Parties: (i) The Company; and

(ii) COSCO SHIPPING.

Nature of transactions: Pursuant to the Containers Services Procurement Agreement, the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the container and other ancillary services. Such services include sale and purchase of containers, merchandising of materials ancillary to containers, provision of containers depot, containers logistics, containers management, containers maintenance and other ancillary services.

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Pricing policies: Prices for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years. In accordance with the relevant internal rules and administrative measures of the Company, it will also obtain such market price through price inquiry or competitive negotiation provided or participated by certain independent third-party suppliers, or a bidding and tendering process before the commencement of certain projects.

Term and termination: The initial term of the Containers Services Procurement Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Containers Services Procurement Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Containers Services Agreement for the three years ending 31 December 2022:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
13,500,000	6,721,472	13,500,000	1,130,314	14,000,000	665,908

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The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Containers Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB1,250,000,000
Year ending 31 December 2024:	RMB1,350,000,000
Year ending 31 December 2025:	RMB1,450,000,000

In arriving at the Proposed Annual Caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Containers Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the prevailing market rates of containers, materials ancillary to containers, containers depot, containers logistics, containers management and containers maintenance. The market prices are generally based on the historical quotations by independent third parties in the past three years, and the Company will also obtain such market prices through price inquiry or competitive negotiation provided or participated by certain independent third party suppliers, or a tender and bidding process before the commencement of certain projects in accordance with the relevant internal rules and administrative measures of the Company. The Directors consider that the prevailing market rates and market prices with reference to the above methods in determining the Proposed Annual Caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iii) the estimated market fluctuation in terms of container price, ancillary materials price, demands and exchange rate for US\$ to RMB.

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B. Partially Exempt Continuing Connected Transactions

Set out below is a summary of the agreements in relation to the Partially Exempt Continuing Connected Transactions, the historical transaction amounts and existing annual caps, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps:

4. Master Finance Lease Services Agreement (services to be provided by the Group)

The principal terms of the Master Finance Lease Services Agreement are set out below.

Parties:	(i) The Company; and (ii) COSCO SHIPPING.
Nature of transactions:	Pursuant to the Master Finance Lease Services Agreement, the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the finance lease services. Such services include finance lease of vessels and facilities, and other ancillary services to be provided by the Group to the COSCO SHIPPING Group.
Pricing policies:	Prices for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Master Finance Lease Services Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the open market prices of finance leases of the same type of vessels and facilities with similar transaction structures.
Term and termination:	The initial term of the Master Finance Lease Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Finance Lease Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

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Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Existing Master Finance Lease Services Agreement for the three years ending 31 December 2022:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
3,000,000	25,326	3,000,000	424,537	3,000,000	515

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Existing Master Finance Lease Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Master Finance Lease Services Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB450,000,000
Year ending 31 December 2024:	RMB500,000,000
Year ending 31 December 2025:	RMB550,000,000

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In arriving at the Proposed Annual Caps for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Master Finance Lease Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of finance lease services by the Group to the COSCO SHIPPING Group under the Master Finance Lease Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the plan of the Group in finance lease business development and the estimated scope of business therein;
- (iii) the expected increase in the demand for finance lease services by the COSCO SHIPPING Group;
- (iv) the increased capacity of providing finance lease services of the Group; and
- (v) general inflation which affects the lease payments of finance lease.

5. *Master Insurance Brokerage Services Agreement (services to be provided by the Group)*

The principal terms of the Master Insurance Brokerage Services Agreement are set out below.

- Parties:
- (i) The Company; and
 - (ii) COSCO SHIPPING.

Nature of transactions: Pursuant to the Master Insurance Brokerage Services Agreement, the Group agreed to provide to the COSCO SHIPPING Group, and the COSCO SHIPPING Group agreed to purchase from the Group, the insurance brokerage services. The Group will assist the COSCO SHIPPING Group in procuring insurance policies to be taken out by third party insurers. The main duties of the Group as an insurance broker include but are not limited to assisting the COSCO SHIPPING Group to consolidate the insurance needs of each fleet, assisting in the formulation of insurance plans in accordance with the needs of each fleet, conducting price inquiry and comparison with a number of third-party insurers, assisting to organise insurance procurement and assisting each fleet in conducting the annual renewal negotiation, supervising the claims settlement services of insurers, coordinating the handling of major cases, etc.

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Pricing policies: Prices for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Master Insurance Brokerage Services Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years. The commission level in the ship insurance brokerage industry is open and transparent and there was no significant fluctuation in the past three years.

The Directors are of the view that the market price determined based on the historical quotations from independent third parties reflects the terms which are commonly based by market participants in their ordinary course of business in the relevant industry, reflects the fluctuation of supply and demand in the market to a certain extent, and is commercially reasonable and in line with the industry practice, and therefore the resulting market price is fair and reasonable and in the interests of the Company and the Shareholders. In addition, the pricing of the insurance brokerage services provided by the Group will also take into account the impact of the overall market conditions. Currently, factors such as the COVID-19 pandemic, the Russian-Ukraine conflicts and inflation have no significant impact on the commission rates in the insurance brokerage industry.

Term and termination: The initial term of the Master Insurance Brokerage Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Insurance Brokerage Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

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Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Existing Master Insurance Brokerage Services Agreement for the three years ending 31 December 2022:

	Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022	Actual amount up to 30 September 2022
35,000	23,096	35,000	32,364	35,000	25,352	

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Existing Master Insurance Brokerage Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Master Insurance Brokerage Services Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB40,000,000
Year ending 31 December 2024:	RMB40,000,000
Year ending 31 December 2025:	RMB50,000,000

In arriving at the Proposed Annual Caps for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Master Insurance Brokerage Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of insurance brokerage services by the Group to the COSCO SHIPPING Group under the Existing Master Insurance Brokerage Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the existing scale and the estimated growth of the operation of the COSCO SHIPPING Group;

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- (iii) the expected increase in the demand for insurance brokerage services by the COSCO SHIPPING Group;
- (iv) the current insurance coverage of the COSCO SHIPPING Group; and
- (v) the prevailing market conditions of the insurance market, including the prevailing market rates of insurance brokerage for comparable insurance products. The commission rates in the ship insurance brokerage industry are open and transparent and are not expected to fluctuate significantly due to changes in insurance premium rates. The Group also collects market information and communicates with other enterprises in the same industry to understand the current rates and market conditions. The Directors consider that the determination of the Proposed Annual Caps under the Master Insurance Brokerage Services Agreement is fair and reasonable with reference to the prevailing market rates and in the interests of the Company and the Shareholders as a whole.

6. *Master Vessel Services Agreement (services to be provided to the Group)*

The principal terms of the Master Vessel Services Agreement are set out below.

- | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Parties: | (i) The Company; and

(ii) COSCO SHIPPING. |
| Nature of transactions: | Pursuant to the Master Vessel Services Agreement, the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the vessel and other ancillary services, including material merchandising services (such as paint, vessel fuel, lubricants, spare parts and steel), supply of crew members, vessel repair and maintenance services, shipping agent services and other ancillary services. |
| Pricing policies: | Prices for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Master Vessel Services Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years. In accordance with the relevant internal rules and administrative measures of the Company, it will also obtain such market price through price inquiry or competitive negotiation provided or participated by certain independent third-party suppliers, or a bidding and tendering process before the commencement of certain projects. |

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Term and termination: The initial term of the Master Vessel Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Vessel Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Vessel Services Agreement for the three years ending 31 December 2022:

Year ended 31 December 2020	Year ended 31 December 2021		Year ending 31 December 2022		Actual amount up to 30 September 2022
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	
1,450,000	1,359,593	1,450,000	202,439	1,500,000	196,073

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Vessel Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Master Vessel Services Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB850,000,000
Year ending 31 December 2024:	RMB850,000,000
Year ending 31 December 2025:	RMB850,000,000

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In arriving at the Proposed Annual Caps for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Master Vessel Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Vessel Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) as more existing vessels approach their respective inspection and maintenance cycles, the demand by the Group in materials, crew members, vessel repair and maintenance services, shipping agent services and other ancillary services is expected to continue to increase;
- (iii) the estimated fluctuation in the exchange rate for US\$ to RMB;
- (iv) the prevailing market rates for the merchandising services, supply of crew members, vessel repair and maintenance services and shipping agent services. The above market rates are generally based on the historical quotations by independent third parties in the past three years, and the Company will also obtain such market rates through price inquiry or competitive negotiation provided or participated by certain independent third party suppliers, or a tender and bidding process before the commencement of certain projects in accordance with the relevant internal rules and administrative measures of the Company. The Directors consider that the prevailing market rates with reference to the above methods in determining the Proposed Annual Caps for the provision of vessel and other ancillary services by the COSCO SHIPPING Group to the Group under the Master Vessel Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (v) the vessel management expenses arising from the Group's new expansion of vessel charter business.

7. *Master General Services Agreement (services to be received by the Group)*

The principal terms of the Master General Services Agreement are set out below.

- Parties:
- (i) The Company; and
 - (ii) COSCO SHIPPING.

Nature of transactions: Pursuant to the Master General Services Agreement, the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the general services, including technology services (such as purchase of information technology equipment, products and services), computer maintenance services, ticket and hotel reservation services, network services, insurance services and other related services.

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In order to facilitate the management of connected transactions, the insurance services will be integrated into the Master General Services Agreement.

Pricing policies:	Prices for the provision of general services by the COSCO SHIPPING Group to the Group under the Master General Services Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years or the price level publicly available on third-party trading platforms, if applicable. In accordance with the relevant internal rules and administrative measures of the Company, it will also obtain such market price through price inquiry or competitive negotiation provided or participated by certain independent third-party suppliers, or a bidding and tendering process before the commencement of certain projects.
Term and termination:	The initial term of the Master General Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master General Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the provision of general services by the COSCO SHIPPING Group to the Group under the Existing Master General Services Agreement and the Existing Insurance Services Agreement for the three years ending 31 December 2022:

	Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	30 September 2022 Actual amount up to
Existing Master General Services Agreement	120,000	71,289	120,000	72,830	120,000	69,121
Existing Insurance Services Agreement	100,000	36,521	110,000	971	110,000	937

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The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of general services by the COSCO SHIPPING Group to the Group under the Existing Master General Services Agreement and the provision of insurance services by COSCO SHIPPING Insurance to the Group under the Existing Insurance Services Agreement for the year ending 31 December 2022 have not been exceeded.

Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of general services by the COSCO SHIPPING Group to the Group under the Master General Services Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB300,000,000
Year ending 31 December 2024:	RMB300,000,000
Year ending 31 December 2025:	RMB300,000,000

In arriving at the Proposed Annual Caps for the provision of general services by the COSCO SHIPPING Group to the Group under the Master General Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of general services by the COSCO SHIPPING Group to the Group under the Master General Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the expected increase in demand of the Group for the technology related services provided by the COSCO SHIPPING Group (which represent the majority of the transactions under the Master General Services Agreement) in light of the business demand of the Group; and
- (iii) the estimated future demand for other general services to support the business operations of the Group.

8. *Master Tenancy Agreement (lease of properties to the Group)*

The principal terms of the Master Tenancy Agreement are set out below.

- Parties:
- (i) The Company; and
 - (ii) COSCO SHIPPING.

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Nature of transactions:	Pursuant to the Master Tenancy Agreement, the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the property leasing services and other ancillary services.
Pricing policies:	Prices for the lease of properties by the COSCO SHIPPING Group to the Group under the Master Tenancy Agreement are determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market prices (being the prices at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years or the price level publicly available on third-party trading platforms, if applicable. In accordance with the relevant internal rules and administrative measures of the Company, it will also obtain such market price through price inquiry or competitive negotiation provided or participated by certain independent third-party suppliers, or a bidding and tendering process before the commencement of certain projects.
Term and termination:	The initial term of the Master Tenancy Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Tenancy Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and the existing annual caps for the lease of properties by the COSCO SHIPPING Group to the Group under the Master Tenancy Agreement for the three years ending 31 December 2022:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
300,000	133,608	300,000	28,197	300,000	17,382

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the lease of properties by the COSCO SHIPPING Group to the Group under the Existing Master Tenancy Agreement for the year ending 31 December 2022 have not been exceeded.

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Proposed Annual Caps and basis for determining the Proposed Annual Caps

The HKFRS applicable to the Group include HKFRS 16 “Leases” which came into effect on 1 January 2019. Under HKFRS 16, the Group, as lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position of the Group.

The table below sets out the Proposed Annual Caps for the total value of right-of-use assets relating to the leases of properties by the COSCO SHIPPING Group to the Group to be entered into under the Master Tenancy Agreement for the three years ending 31 December 2025:

Year ending 31 December 2023:	RMB350,000,000
Year ending 31 December 2024:	RMB350,000,000
Year ending 31 December 2025:	RMB350,000,000

In arriving at the Proposed Annual Caps for the total value of right-of-use assets relating to the leases of properties by the COSCO SHIPPING Group to the Group to be entered into under the Master Tenancy Agreement, the Directors have considered:

- (i) the historical transaction amounts for the lease of properties by the COSCO SHIPPING Group to the Group under the Existing Master Tenancy Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the value of right-of-use assets relating to (a) existing leases of properties by the COSCO SHIPPING Group to the Group; and (b) leases of properties by the COSCO SHIPPING Group to the Group expected to be entered into;
- (iii) the estimated increase in demand of the Group for rental premises for its daily operation and management activities; and
- (iv) the expected increase in rental costs due to general inflation.

C. Fully Exempt Continuing Connected Transaction

Set out below is a summary of the Fully Exempt Continuing Connected Transaction:

Trademark License Agreement

The principal terms of the Trademark License Agreement are set out below.

- Parties:
- (i) The Company; and
 - (ii) COSCO SHIPPING.

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Nature of transactions:	Pursuant to the Trademark License Agreement, the COSCO SHIPPING Group agreed to grant a non-exclusive license to the Group with the right to use certain trademarks owned by the COSCO SHIPPING Group at the rate of RMB1.00 per annum.
Term and termination:	The initial term of the Trademark License Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Trademark License Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

D. Implementation Agreements

Pursuant to the terms of the agreements in relation to the Non-exempt Continuing Connected Transactions and the Partially Exempt Continuing Connected Transactions, 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 transactions agreements. The entering into of such separate implementation agreements is necessary because the terms of each individual transaction between the relevant counterparties may vary depending on, among other things, (i) the particular type of products or services required; (ii) the detailed specifications of the products or services to be provided or received; (iii) the results of each individual negotiation between the transaction counterparties; and (iv) the actual prevailing market price at the time the products or services are provided or received. Based on the different types of products or services to be provided or obtained, the actual market price will be determined in a proper manner, including taking into account the historical quotations by independent third parties in the past three years or the price level published by the third-party trading platforms or trading agents (if applicable) and the industry practices, price inquiry or competitive negotiation provided or participated by certain independent third party suppliers, or a tender and bidding process before the commencement of certain projects. In addition, as disclosed in the section headed “Letter from the Board – VII. Internal control procedures of the Group” in the circular, before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, 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 comparable 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. Therefore, the Directors are of the view that the entering into implementation agreements depending on the change in the actual prevailing market price of the products or services to be provided or obtained is considered to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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Each implementation agreement shall set out the specific terms and 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 agreements in relation to the Non-exempt Continuing Connected Transactions and the Partially Exempt Continuing Connected Transactions. The terms of each implementation agreement are also subject to the agreements in relation to the Non-exempt Continuing Connected Transactions and the Partially Exempt Continuing Connected Transactions.

As the implementation agreements only provide for further elaborations on the transactions contemplated under the agreements in relation to the Non-exempt Continuing Connected Transactions and the Partially Exempt Continuing Connected Transactions, they do not constitute new categories of continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

E. Reasons for and benefits of entering into the transactions contemplated under the agreements in relation to the Non-exempt Continuing Connected Transactions, the Partially Exempt Continuing Connected Transactions and the Fully Exempt Continuing Connected Transaction

Due to the long established and close business relationship between the members of the Group and the COSCO SHIPPING Group, a number of transactions have been and will continue to be entered into between the Group and the COSCO SHIPPING Group, which are individually significant and collectively essential to the core business of the Group, and will continue to be beneficial to the Group. In addition, the renewal of the continuing connected transactions under the agreements in relation to the Non-exempt Continuing Connected Transactions, the Partially Exempt Continuing Connected Transactions and the Fully Exempt Continuing Connected Transaction is in line with the business strategy of the Company and will facilitate the future development of the Company as a world-class excellent shipping industry-finance operator with COSCO SHIPPING characteristics.

In view of the rapid expansion and development of the international and domestic container shipping markets, the improvement of the shipping route network and the good corporate brand and reputation of the COSCO SHIPPING Group, the Group believes that the entering into of the Master Operating Lease Services Agreement will help to continue the long-term cooperation between the Group and the COSCO SHIPPING Group in operating lease of vessels, containers and other production equipment, reducing operating costs and achieving complementary advantages as well as synergies in the domestic and international shipping markets.

Under the Containers Services Procurement Agreement, the container and other ancillary services to be provided to the Group and those to be received by the Group are of different nature. The container and other ancillary services (including container commissioned production services) provided by the Group to the COSCO SHIPPING Group are supported by

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the container and other ancillary services provided by the COSCO SHIPPING Group to the Group, including sales of ancillary materials to containers, provision of container stacking yard, container logistics, container management and container repairs. The mutual provision of complementary services between the Group and the COSCO SHIPPING Group under the Containers Services Procurement Agreement enables the Group to focus on its principal business through the entrustment of various operational support functions such as the delivery and storage of manufactured containers to external service providers, being professional companies owned by the COSCO SHIPPING Group. Through such arrangement and in light of the above-mentioned long established and close business relationship between the Group and the COSCO SHIPPING Group, the Group will be able to (i) continue to negotiate more favourable terms with the COSCO SHIPPING Group compared with those offered by other external service providers; and (ii) enhance its operational efficiency while reducing operating costs.

Pursuant to the Master Insurance Brokerage Services Agreement, the insurance brokerage services provided by the Group to the COSCO SHIPPING Group can generate synergy and reduce costs and risks for the fleets. In particular, the Group will be able to (i) collect market information and important information at home and abroad, thereby assisting each fleet of the COSCO SHIPPING Group in risk assessment and formulation of more scientific and reasonable insurance plans; (ii) simultaneously conduct renewal negotiations for each fleet to reflect the overall advantages of the Group and effectively reduce costs and risks for the fleets; and (iii) assist the COSCO SHIPPING Group in handling fleet cases and claims, and coordinate with insurance companies/the protection and indemnity clubs to improve claims efficiency and achieve synergy.

In addition, COSCO SHIPPING is a key state-owned enterprise and part of a large shipping conglomerate that operates across different regions, sectors and countries, and the COSCO SHIPPING Group entails well-known marine transportation corporations with outstanding competency in the shipping industry and has developed good experience, familiarity and service systems in respect of the products and services under the agreements in relation to the Non-exempt Continuing Connected Transactions, the Partially Exempt Continuing Connected Transactions and the Fully Exempt Continuing Connected Transaction. The cooperation with the COSCO SHIPPING Group facilitates and supports the growth of the core business of the Group, and enables the Group to fully leverage on their advantages and to achieve better operating performance.

Finally, the terms and conditions provided by the COSCO SHIPPING Group in relation to the continuing connected transactions under the agreements in relation to the Non-exempt Continuing Connected Transactions, the Partially Exempt Continuing Connected Transactions and the Fully Exempt Continuing Connected Transaction are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the COSCO SHIPPING Group to independent third parties. The cooperation between the Group and the COSCO SHIPPING Group enables a development of steady relationship between them.

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F. Implications under the Hong Kong 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 45.81% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

As one or more applicable percentage ratios in respect of the Proposed Annual Caps for each of the Non-exempt Continuing Connected Transactions calculated in accordance with the Hong Kong Listing Rules are expected to exceed 5%, the Non-exempt Continuing Connected Transactions, together with their respective Proposed Annual Caps, are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Master Operating Lease Services Agreement

In respect of the provision of operating lease services by the Group to the COSCO SHIPPING Group under the Master Operating Lease Services Agreement (i) it is of a revenue nature in the ordinary and usual course of business of the Company; and (ii) the leases involved are operating leases which have no material impact on the operation of the Company and the amount or value of the leases involved will not result in the expansion of the Company's existing scale of operation through such lease arrangement by 200% or more, the Board considers that it does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

Containers Services Procurement Agreement

The sale of containers manufactured by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement is of a revenue nature in the ordinary and usual course of business of the Company. Accordingly, the Board considers that the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

As one or more applicable percentage ratios in respect of the Proposed Annual Caps for the Partially Exempt Continuing Connected Transactions calculated in accordance with the Hong Kong Listing Rules are expected to exceed 0.1% but are less than 5%, the Partially Exempt Continuing Connected Transactions, together with their respective Proposed Annual Caps, are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios in respect of the Proposed Annual Caps for the Fully Exempt Continuing Connected Transaction calculated in accordance with the Hong Kong Listing Rules is expected to be less than 0.1%, the Proposed Annual Caps for the Fully Exempt Continuing Connected Transaction are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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III. MASTER FINANCIAL SERVICES AGREEMENT

A. Principal terms of the Master Financial Services Agreement

On 30 November 2022, the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement, pursuant to which COSCO SHIPPING Finance has agreed to provide to the Group, and the Group agreed to purchase from COSCO SHIPPING Finance the financial services. The principal terms of the Master Financial Services Agreement are set out below.

- | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Parties: | (i) The Company; and

(ii) COSCO SHIPPING Finance. |
| Nature of transactions: | Pursuant to the Master Financial Services Agreement, COSCO SHIPPING Finance agreed to provide financial services to the Group. Such services include:

(i) deposit services;

(ii) loan services (including loan, bills acceptance and discounting, letter of guarantee and other services);

(iii) settlement services;

(iv) foreign exchange services; and

(v) other businesses as approved by CBIRC (including entering into implementation agreements pursuant to the Master Financial Services Agreement to engage COSCO SHIPPING Finance as the financial adviser to provide financial advisory services relating to direct financing in the capital markets such as securities financing.) |
| Pricing policies: | (i) Deposit services:

COSCO SHIPPING Finance shall provide deposit services to the Group at interest rates not lower than (a) the benchmark rates stipulated by the PBOC for the same types of deposits; and (b) the rates offered by the major and independent PRC commercial banks in the service location or adjacent areas in the normal course of business for such types of deposits. |

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(ii) Loan services:

COSCO SHIPPING Finance shall provide loan services (including, among other things, loan, bills acceptance and discounting, letter of guarantee and other services) to the Group at interest rates not higher than (a) the benchmark rates stipulated by the PBOC for the same type of loan; and (b) the interest rate or charging rate offered by the major and independent PRC commercial banks in the service location or adjacent areas in the normal course of business for such types of loans.

(iii) Settlement services:

COSCO SHIPPING Finance shall provide settlement services to the Group at fees not higher than (a) the minimum fees stipulated by the PBOC to be charged for the same type of services (if any); (b) the fees charged by any independent third party for the same type of services; and (c) the fees charged by COSCO SHIPPING Finance for similar type of services on any independent third party with the same credit rating.

Pursuant to the Master Financial Services Agreement, COSCO SHIPPING Finance shall not charge the Group any fees for settlement services.

(iv) Foreign exchange services:

COSCO SHIPPING Finance shall provide foreign exchange services to the Group at fees not higher than (a) the minimum fees stipulated by the PBOC to be charged for the same type of services (if any); (b) the fees charged by any independent third party for the same type of services; and (c) the fees charged by COSCO SHIPPING Finance for similar type of services on any independent third party with the same credit rating.

(v) Other services (including financial advisory services):

The fees charged by COSCO SHIPPING Finance for the provision of other financial services to the Group shall not be higher than (a) the minimum fees stipulated by the PBOC to be charged for similar type of services (if any); (b) the fees charged by any independent third party for similar type of services; or (c) the fees charged by COSCO SHIPPING Finance for similar type of services on any independent third party with the same credit rating.

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Implementation agreements: Pursuant to the Master Financial Services Agreement, the Group and COSCO SHIPPING Finance shall enter into separate implementation agreements in respect of specific financial services and other relevant matters.

Term and termination: The Master Financial Services Agreement shall become effective upon the execution and affixation of seals by the legal or authorised representatives of the parties, subject to the relevant approvals from the empowered bodies (including the Board) in respect of the annual caps, pursuant to the Master Financial Services Agreement, the respective articles of association of the parties, applicable laws, regulations and rules of stock exchanges.

The initial term of the Master Financial Services Agreement shall be three years from 1 January 2023 to 31 December 2025. Upon expiry of the initial term, the Master Financial Services Agreement shall be automatically extended for three years (subject to compliance with the requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules and written consent of the parties) unless a written notice of termination is served by either party on the other three months prior to the expiry date.

Risk assessment and control: Pursuant to the Master Financial Services Agreement, the Company has the right to understand the operating conditions and financial conditions of COSCO SHIPPING Finance, and to conduct assessment on the operating qualifications, business and risks of COSCO SHIPPING Finance, so as to control and respond to possible capital risks of COSCO SHIPPING Finance in a timely manner.

COSCO SHIPPING Finance shall notify the Company in writing within two business days of the occurrence of the following events and take measures to avoid the occurrence or increase of losses:

- (1) COSCO SHIPPING Finance has breached the provisions of Articles 31, 32 or 33 of the Measures for the Administration of Finance Companies of Enterprise Groups;
- (2) any one of the financial indicators of COSCO SHIPPING Finance does not comply with the requirements under Article 34 of the Measures for the Administration of Finance Companies of Enterprise Groups;

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- (3) the occurrence of material events such as bank run, inability to pay debts when they fall due, large amount of overdue loans or guarantee advances, material failure of computer system, robbery or fraud, serious disciplinary violations or criminal cases involving directors or senior management of COSCO SHIPPING Finance;
- (4) the occurrence of major institutional changes, equity transactions or operational risks that may affect the normal operation of COSCO SHIPPING Finance;
- (5) the deposit balance of the Company and its subsidiaries with COSCO SHIPPING Finance accounts for more than 30% of the deposit balance absorbed by COSCO SHIPPING Finance;
- (6) the liabilities due from the shareholders of COSCO SHIPPING Finance to COSCO SHIPPING Finance are outstanding for more than one year;
- (7) COSCO SHIPPING Finance experiences a serious payment crisis;
- (8) the loss of COSCO SHIPPING Finance for the year exceeds 30% of its registered capital or for three consecutive years exceeds 10% of its registered capital;
- (9) COSCO SHIPPING Finance is subject to administrative penalties imposed by regulatory authorities such as the China Banking and Insurance Regulatory Commission due to violation of laws and regulations;
- (10) COSCO SHIPPING Finance is ordered to make rectifications by the China Banking and Insurance Regulatory Commission; and
- (11) other matters that may cause potential safety hazards to the funds deposited by the Company.

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B. Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts and existing annual caps for the provision of deposit services, loan services and foreign exchange services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the three years ending 31 December 2022:

	Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022	
	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount	Annual cap (RMB'000)	Actual amount up to 30 September 2022
Deposit services	13,300,000	11,200,915	13,300,000	12,764,477	14,620,000	12,770,404
Loan services ⁽¹⁾	–	–	–	–	14,000,000	11,110,709
Foreign exchange services ⁽²⁾	2,100	85	2,100	254	2,100	105

Note:

- (1) In accordance with the requirements of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 5 – Transactions and Related Party Transactions issued by the Shanghai Stock Exchange on 7 January 2022, the Company and COSCO SHIPPING Finance entered into a supplemental agreement to the Existing Master Financial Services Agreement on 30 March 2022 to clarify the estimated amounts and risk assessment and control measures for each type of transactions under the Existing Master Financial Services Agreement. Pursuant to the supplemental agreement to the Existing Master Financial Services Agreement, both parties confirmed that, in accordance with the Existing Master Financial Services Agreement, the amount of loan services (including loans, guarantee, bill acceptance and discount and finance lease services) provided by COSCO SHIPPING Finance to the Group for the year of 2022 was expected to be not more than RMB14,000,000,000, which would be utilized in a revolving manner within the credit facilities. For details, please refer to the overseas regulatory announcement of the Company dated 30 March 2022.
- (2) Including the historical transaction amounts and annual caps of foreign exchange services and other financial services under the Existing Master Financial Services Agreement. As the handling fees of the foreign exchange services and other financial services under the Existing Master Financial Services Agreement are of the same nature, they are presented on a consolidated basis. Pursuant to the Existing Master Financial Services Agreement, COSCO SHIPPING Finance shall not charge the Group any fees for settlement services.

The Board confirms that, as at the Latest Practicable Date, the existing annual caps for the provision of deposit services, loan services and foreign exchange services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the year ending 31 December 2022 have not been exceeded.

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C. Proposed Annual Caps and basis for determining the Proposed Annual Caps

The table below sets out the Proposed Annual Caps for the provision of deposit services, loan services and foreign exchange services, financial advisory services and other financial services by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement for the three years ending 31 December 2025:

	Year ending 31 December 2023 Proposed Annual Cap (RMB'000)	Year ending 31 December 2024 Proposed Annual Cap (RMB'000)	Year ending 31 December 2025 Proposed Annual Cap (RMB'000)
Deposit services	18,000,000	18,000,000	18,000,000
Loan services	19,000,000	20,000,000	21,000,000
Foreign exchange services, financial advisory services and other financial services ⁽¹⁾	4,000	4,100	4,200

Note:

- (1) Including the Proposed Annual Caps of the foreign exchange services, financial advisory services and other financial services under the Master Financial Services Agreement. As the handling fees of the foreign exchange services, financial advisory services and other financial services under the Master Financial Services Agreement are of the same nature, they are presented on a consolidated basis. Pursuant to the Master Financial Services Agreement, COSCO SHIPPING Finance shall not charge the Group any fees for settlement services.

In arriving at the Proposed Annual Caps for the maximum outstanding balance of deposits (including accrued interest and handling fee for the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement), the Directors have considered:

- (i) the historical transaction amounts for the provision of deposit services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the container shipping market has continued to improve in recent years, the operating results of the Group has steadily improved, the net operating cash flow has increased significantly, and the transaction amount of the deposit services under the Master Financial Services Agreement is expected to increase correspondingly. As at 30 June 2022, the cash and cash equivalents of the Group reached approximately RMB14.1 billion, which accounted for approximately 78.5% of the Proposed Annual Caps of RMB18.0 billion for the three years ending 31 December 2025, respectively;

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- (iii) the expected fluctuation in the exchange rate of RMB against US\$ after taking into account that the Group has a certain proportion of revenue denominated in US\$;
- (iv) the general expansion of business of COSCO SHIPPING Finance. In particular, following the completion of the equity adjustment and capital increase transactions of COSCO SHIPPING Finance in 2022, the shareholding structure of COSCO SHIPPING Finance has been further optimised and its capital adequacy ratio has been further improved, which is conducive to the establishment and integration of an industry-finance ecosystem that is more closely connected to the shipping industry and the further enhancement of its financial service capabilities;
- (v) the expected increase in financing demands of the Group, including capital injection in subsidiaries, repayment of the maturing corporate bonds and replenishment of working capital;
- (vi) Pursuant to the Master Financial Services Agreement, the Group has full discretion to withdraw all funds under the deposit services of the Master Financial Services Agreement on an as-needed basis without any restriction. The Group has also adopted more stringent capital risk control measures in respect of the deposits under the Master Financial Services Agreement. For further details, please refer to the section headed “Principal terms of the Master Financial Services Agreement – Risk assessment and control” above. Therefore, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to deposit the Group’s funds with COSCO SHIPPING Finance subject to the Proposed Annual Caps.

In determining the Proposed Annual Caps for the provision of loan services by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement, the Directors have considered:

- (i) the historical transaction amounts for the provision of loan services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the Group’s capital management strategy; and
- (iii) the expected increase in demand for other loan services as a result of the business growth of the Group.

In arriving at the Proposed Annual Caps for the foreign exchange services, financial advisory services and other financial services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement, the Directors have considered:

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- (i) the historical transaction amounts for the provision of foreign exchange services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- (ii) the general expansion of business of COSCO SHIPPING Finance. In particular, following the completion of the equity adjustment of COSCO SHIPPING Finance in 2022, the shareholding structure of COSCO SHIPPING Finance has been further optimised and its capital adequacy ratio has been further improved, which is conducive to the establishment and integration of an industry-finance ecosystem that is more closely connected to the shipping industry and the further enhancement of its financial service capabilities; and
- (iii) the expected increase in foreign exchange service and financial advisory service demands of the Group.

D. Implementation agreements

Pursuant to the terms of the Master Financial Services Agreement, the Group may, from time to time and as necessary, enter into separate implementation agreements in respect of specific financial services and other relevant matters contemplated under the Master Financial Services Agreement.

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 Master Financial Services Agreement.

As the implementation agreements only provide for further elaborations on the transactions contemplated under the Master Financial Services Agreement, they do not constitute new categories of continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

E. Reasons for and benefits of entering into the Master Financial Services Agreement

It is common for large corporate groups in the PRC to set up and maintain a finance company to provide financial services to the group members as this improves centralised management and utilisation efficiency of group funds, and assists the group members in reducing financing costs and investment risks. COSCO SHIPPING Finance is an indirect non-wholly owned subsidiary of COSCO SHIPPING and may provide financial services to the COSCO SHIPPING Group and the Group. COSCO SHIPPING Finance has obtained all approvals, permits and licenses necessary for its operations, and is operating under the routine supervision and regulation of regulatory authorities including the PBOC and CBIRC. To the best knowledge and belief of the Directors, COSCO SHIPPING Finance operates in strict

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compliance with the risk monitoring indicators issued by the CBIRC. The capital risk control measures are well-established and the internal control procedures are effective, which is conducive to the Company's strengthening of capital supervision and prevention of capital risks. At the same time, the Group has also adopted more stringent capital risk control measures in respect of the deposits under the Master Financial Services Agreement. For further details, please refer to the section headed "Principal terms of the Master Financial Services Agreement – Risk assessment and control" above.

As at the Latest Practicable Date, the Company held 13.3840% equity interests in COSCO SHIPPING Finance and was the third largest shareholder of COSCO SHIPPING Finance. Therefore, the Company can participate in the decision-making process of COSCO SHIPPING Finance while obtaining the economic benefits brought by the improvement of the service level of COSCO SHIPPING Finance. The Company has certain influence on the operation of COSCO SHIPPING Finance, so that it could better serve the development of the Group.

The Board has checked the continuing validity of the license of COSCO SHIPPING Finance and looked at various key financial ratios of COSCO SHIPPING Finance including capital adequacy ratio and self-owned fixed assets to total capital ratio when assessing the capability of COSCO SHIPPING Finance for the provision of the financial services. Such key financial ratios reviewed by the Board are all better than the standard stipulated by CBIRC for finance companies. In particular, (i) the capital adequacy ratio of COSCO SHIPPING Finance was approximately 11.13% as at 31 December 2021, which was better than the basic requirement of 10.5% for finance companies as required by CBIRC; (ii) non-performing asset ratio of COSCO SHIPPING Finance was nil as at 31 December 2021, which was better than the basic requirement of 4% for finance companies as required by CBIRC; and (iii) bad loan ratio of COSCO SHIPPING Finance was nil as at 31 December 2021, which was better than the basic requirement of 5% for finance companies as required by CBIRC. As such, the Board believes that COSCO SHIPPING Finance has the financial capability in providing the deposit services, loan services, settlement services, foreign exchange services and financial advisory services and other financial services under the Master Financial Services Agreement, and the credit risk involved in the underlying transactions is low.

In addition, pursuant to the Master Financial Services Agreement, the Company has the right to understand the operating condition and financial position of COSCO SHIPPING Finance, to evaluate the operating qualification, business and risks of COSCO SHIPPING Finance, and to control and respond to possible capital risks of COSCO SHIPPING Finance in a timely manner. During the term of the Master Financial Services Agreement, the Company will conduct a risk assessment on COSCO SHIPPING Finance on a semi-annual basis. The Company will obtain and review information including but not limited to the financial reports of COSCO SHIPPING Finance. The Company will also continue to evaluate the operating qualification and risk control measures of COSCO SHIPPING Finance to effectively prevent capital risks.

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The terms and conditions of the deposit services, loan services, settlement services, foreign exchange services and financial advisory services and other financial services to be provided by COSCO SHIPPING Finance under the Master Financial Services Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by COSCO SHIPPING Finance to independent third parties.

Furthermore, the Group is not restricted under the Master Financial Services Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be based on costs and quality of services. Pursuant to the Master Financial Services Agreement, the Group has full discretion to withdraw all funds under the deposit services of the Master Financial Services Agreement on an as-needed basis without any restriction. Therefore, the Group may, but is not obliged to, continue to use the deposit services, loan services, settlement services, foreign exchange services and financial advisory services and other financial services of COSCO SHIPPING Finance if the service quality provided is competitive. With such flexibility under the Master Financial Services Agreement, the Group is able to better manage its capital and cash flow position.

As COSCO SHIPPING Finance is familiar with the business of the Group, it is able to provide funds required by the Group in a more efficient and timely way as compared to independent third party banks. The Group believes that obtaining financial assistance through COSCO SHIPPING Finance will help to satisfy the Group's funding needs and reduce its financing costs. Under the current rising uncertainties in the global macro environment, sufficient cash reserves will help to enhance the Group's ability to resist risks and mitigate cyclical fluctuations, and help the Group to seize potential industry opportunities and achieve high-quality and sustainable development.

F. Capital Risk Control Measures

In addition to the measures disclosed in the section headed "Principal terms of the Master Financial Services Agreement – Risk assessment and control" above, the Group has adopted risk management policy on transactions with COSCO SHIPPING Finance applicable to deposit services, including:

- (i) COSCO SHIPPING Finance is required to comply with risk management protocols and guidelines promulgated by the CBIRC and the relevant laws and regulations;
- (ii) COSCO SHIPPING Finance is required to provide the Company a copy of all relevant licenses;
- (iii) COSCO SHIPPING Finance is required to report to the Company the financial ratios of COSCO SHIPPING Finance as set out in "the Interim Measures for the Assessment of Risk Supervision Indicators of Finance Company of Enterprise Group" (《企業集團財務公司風險監管指標考核暫行辦法》) issued by CBIRC within 15 business days after the end of each quarter; COSCO SHIPPING Finance is required to provide the Company a copy of every regulatory report submitted by COSCO SHIPPING Finance to CBIRC; and

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- (iv) COSCO SHIPPING Finance is required to provide the Company a copy of the financial statements of COSCO SHIPPING Finance on a regular basis.

The Directors are of the view that the above capital risk control measures will allow the management of the Group to be informed and notified of any material risks which may harm the recoverability of the deposits placed by the Group with COSCO SHIPPING Finance.

G. COSCO SHIPPING Letter of Undertaking

On 30 November 2022, COSCO SHIPPING issued a letter of undertaking to the Company in relation to the Master Financial Services Agreement, pursuant to which COSCO SHIPPING unconditionally and irrevocably undertakes, during the effective term of the Master Financial Services Agreement:

- (i) to maintain actual control over COSCO SHIPPING Finance and ensure the standardised operation of COSCO SHIPPING Finance;
- (ii) to use its best endeavours and take all reasonable steps to ensure that COSCO SHIPPING Finance will perform its obligations in respect of the deposit services under the Master Financial Services Agreement for the years of 2023 to 2025;
- (iii) in respect of the deposits placed by the Company and its subsidiaries (including subsidiaries within the meaning under the Hong Kong Listing Rules and the meaning of “controlling subsidiaries” under the Shanghai Listing Rules) and associates (within the same meaning under the Hong Kong Listing Rules) with COSCO SHIPPING Finance through the deposit services under the Master Financial Services Agreement, to use its best endeavours and take all reasonable steps to ensure that COSCO SHIPPING Finance will primarily use such deposits for the provision of fund transfer services and entrusted loan services to the Company and its subsidiaries and associates; and
- (iv) within ten business days after the occurrence of the failure of COSCO SHIPPING Finance to perform its obligations under the Master Financial Services Agreement for the years of 2023 to 2025, to bear all losses incurred therefrom, including but not limited to the deposit principal, interest and expenses incurred therefrom, to the Company and its subsidiaries and associates.

COSCO SHIPPING has confirmed that it has obtained all necessary approvals and authorisations for the implementation of the above letter and that the implementation of the above letter of undertakings will not violate the PRC laws and regulations or conflict with other agreements entered into by COSCO SHIPPING.

LETTER FROM THE BOARD

H. Implications under the Hong Kong 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 45.81% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. COSCO SHIPPING Finance is an indirect non-wholly owned subsidiary of COSCO SHIPPING and therefore an associate of COSCO SHIPPING. Accordingly, COSCO SHIPPING Finance is a connected person of the Company.

Deposit services

As one or more applicable percentage ratios in respect of the Proposed Annual Caps for the Major and Continuing Connected Transaction (being the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement) calculated in accordance with the Hong Kong Listing Rules are expected to exceed 25%, such transaction, together with the Proposed Annual Caps thereof, constitute (i) a continuing connected transaction which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules; and (ii) a major transaction of the Company which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

Loan services

The loan services to be provided by COSCO SHIPPING Finance to the Group will constitute financial assistance received by the Group from a connected person. As such transactions will be entered into on normal commercial terms (or better to the Group) and are not secured by the assets of the Group, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Settlement services, foreign exchange services and financial advisory services and other financial services

As each of the applicable percentage ratios in respect of the Proposed Annual Caps for the settlement services, foreign exchange services and financial advisory services and other financial services under the Master Financial Services Agreement calculated in accordance with the Hong Kong Listing Rules is expected to be less than 0.1%, such transactions are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

IV. REQUIREMENTS UNDER THE SHANGHAI LISTING RULES

Pursuant to the Shanghai Listing Rules, transaction amounts under all types of related party transactions conducted by the Company and entered into between the Company and the same related party within a 12-month period should be aggregated (save for those which have complied with the relevant approval and/or disclosure procedures), and if the total aggregated transaction amount exceeds 5% of the net asset value of the Group as at the end of the preceding financial year, such related party transactions should be presented to a general meeting for Independent Shareholders' approval.

Although only (i) the Non-exempt Continuing Connected Transactions and (ii) the Major and Continuing Connected Transaction and their respective Proposed Annual Caps are subject to the approval of the Independent Shareholders under the Hong Kong Listing Rules, as the Relevant Continuing Connected Transactions also constitute related party transactions of the Company under the Shanghai Listing Rules and are entered into between the Group and the COSCO SHIPPING Group, all the Proposed Annual Caps for the Relevant Continuing Connected Transactions shall be aggregated pursuant to the requirements of the Shanghai Listing Rules. It is expected that such aggregated amount for the three years ending 31 December 2025 will exceed 5% of the net asset value of the Group as at 31 December 2021. Accordingly, ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve each of the Relevant Continuing Connected Transactions and their Proposed Annual Caps.

V. INFORMATION ON THE GROUP AND THE COSCO SHIPPING GROUP

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 Company will develop shipping leasing, container leasing and container manufacturing 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

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise 90% owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and 10% owned by the National Council for Social Security Fund.

LETTER FROM THE BOARD

The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

Information on COSCO SHIPPING Finance

COSCO SHIPPING Finance is a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of COSCO SHIPPING. It is principally engaged in the provision of deposit services, loan services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation.

As at the Latest Practicable Date, the shareholding structure of COSCO SHIPPING Finance was as follows:

Shareholders	Shareholding percentage in equity interests of COSCO SHIPPING Finance	Amount of capital contribution
COSCO SHIPPING	31.2083%	RMB6,085,614,272
COSCO SHIPPING Holdings Co., Ltd. (中遠海運控股股份有限公 司)	15.1258%	RMB2,949,531,333
The Company	13.3840%	RMB2,609,880,268
COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海 運能源運輸股份有限公司)	10.9145%	RMB2,128,329,960
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	10.0000%	RMB1,950,000,000
COSCO SHIPPING Lines Co., Ltd. (中遠海運集裝箱運輸有限 公司)	7.8430%	RMB1,529,385,380
COSCO SHIPPING Specialized Carriers Co., Ltd. (中遠海運特 種運輸股份有限公司)	6.7226%	RMB1,310,906,526
COSCO SHIPPING Logistics Co., Ltd. (中遠海運物流有限公司)	4.8018%	RMB936,352,261
Total	100%	RMB19,500,000,000

LETTER FROM THE BOARD

VI. CONFIRMATIONS OF THE BOARD

Mr. Liu Chong and Mr. Zhang Mingwen, both being executive Directors, and Mr. Huang Jian, 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 COSCO SHIPPING to the Board. Accordingly, Mr. Liu Chong, Mr. Zhang Mingwen, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi have therefore abstained from voting on the relevant Board resolutions approving the Relevant Continuing Connected Transactions and their respective Proposed Annual Caps. Save as aforementioned, none of the other Directors has a material interest in the Relevant Continuing Connected Transactions and their respective Proposed Annual Caps, and therefore no other Director has abstained from voting on such Board resolutions.

The Directors (including the independent non-executive Directors) consider that (i) the Non-exempt Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Non-exempt Continuing Connected Transactions and their respective Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Major and Continuing Connected Transaction will be conducted in the ordinary and usual course of business of the Group and is on normal commercial terms, and that the terms of the Major and Continuing Connected Transaction and the Proposed Annual Caps thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that (i) the Partially Exempt Continuing Connected Transactions and the Fully Exempt Continuing Connected Transaction will be conducted in the ordinary and usual course of business of the Group and are on normal commercial terms; (ii) the transactions contemplated under the Master Financial Services Agreement (other than the provision of deposit services) will be conducted in the ordinary and usual course of business of the Group and are on normal commercial terms; (iii) the terms of (a) the Partially Exempt Continuing Connected Transactions; (b) the Fully Exempt Continuing Connected Transaction; and (c) the transactions contemplated under the Master Financial Services Agreement (other than the provision of deposit services) and their respective Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VII. INTERNAL CONTROL PROCEDURES FOR THE GROUP

Pursuant to the terms of the continuing connected transaction framework agreements 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 agreements of the Group.

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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 agreements.

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Hong Kong 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 agreements:

- (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 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 Hong Kong Listing Rules) in relation to connected transactions;
- (ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, 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 comparable 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 agreements pursuant to the continuing connected transaction framework agreements, 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, 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 agreements and recommendations for improvement;

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- (v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements 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 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 periodically review and inspect the progress of the Relevant Continuing Connected Transactions.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure that the pricing basis of each of the continuing connected transaction agreements 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 relevant departments of the Company will also collect statistics of each of the continuing connected transaction agreements of the Group on a quarterly basis to ensure that the annual caps approved by the Independent Shareholders or as announced are not exceeded.

VIII. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING, THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS, THE RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE AND THE RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As disclosed in the announcement of the Company dated 30 November 2022, the Board proposed to make certain amendments to (i) the Articles of Association, (ii) the Rules of Procedure of the Shareholders' General Meeting, (iii) the Rules of Procedure of the Board of Directors, (iv) the Rules of Procedure of the Supervisory Committee and (v) the Rules of Independent Non-executive Directors to, among other things, (i) bring the relevant provisions of the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting,

LETTER FROM THE BOARD

the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee and the Rules of Independent Non-executive Directors in compliance with the relevant requirements of the prevailing applicable laws and regulations; (ii) further improve the corporate governance of the Company; and (iii) amend the registered capital of the Company based on cancelation of treasury shares.

The Directors are of the view that the proposed amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee and the Rules of Independent Non-executive Directors are in the interests of the Company and the Shareholders as a whole.

The full text of the proposed amendments to the Articles of Association and the Rules of Procedure of the Shareholders' General Meeting is prepared in Chinese and is set out in Appendix III, Appendix IV, Appendix V, Appendix VI and Appendix VII to this circular, respectively. If there is any inconsistency between the English translation and the Chinese version of the proposed amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee and the Rules of Independent Non-executive Director, the Chinese version shall prevail.

The proposed amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Supervisory Committee are subject to the approval by the Shareholders by way of special resolutions at the EGM and the approval, registration or filing with the relevant PRC government authorities.

IX. PROPOSED GRANT OF H SHARE REPURCHASE MANDATE

In order to maintain the value of the Company and the interests of the Shareholders and give the Company the flexibility to repurchase Shares if and when appropriate, the resolution in relation to the proposed grant of the H Share Repurchase Mandate was considered and approved by the Board on 30 November 2022. The resolution in relation to the proposed grant of the H Share Repurchase Mandate will be proposed by way of special resolution for consideration and approval at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, details of which are set out below and in the notices of the EGM and the H Shareholders' Class Meeting contained in this circular.

Pursuant to the H Share Repurchase Mandate, the total number of H Shares repurchased by the Company with its self-raised funds during the Relevant Period (as defined below) shall not exceed 10% of the total number of H Shares in issue as at the date of consideration and approval of the resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

LETTER FROM THE BOARD

For the purpose of the H Share Repurchase Mandate, the “Relevant Period” means the period from the date of passing of the special resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution; or
- (ii) the date on which the H Share Repurchase Mandate is revoked or varied by a special resolution at any general meeting, A Shareholders’ class meeting and H Shareholders’ class meeting of the Company.

If, during the Relevant Period, the Board or the authorised person of the Board has signed the necessary documents, completed the necessary formalities, and such documents, formalities may need to be performed, carried out or continued after the end of the Relevant Period, the Relevant Period will be extended accordingly.

The proposed grant of the H Share Repurchase Mandate is only an authorisation to the Board at the EGM to deal with matters relating to the repurchase of Shares. Upon consideration and approval at the general meeting, the Company will determine the timing for implementing the repurchase based on the Company’s actual situation and share price performance in compliance with the relevant requirements of the Hong Kong Listing Rules.

An explanatory statement containing information regarding the proposed grant of the H Share Repurchase Mandate is set out in Appendix VIII to this circular.

The proposed grant of the general mandate to repurchase H Shares is subject to the approval of the Shareholders at the EGM and the approval of A Shareholders and H Shareholders at the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting, respectively, by way of special resolution.

X. EGM AND CLASS MEETINGS

The EGM of the Company will be held at 1:30 p.m. on Monday, 19 December 2022 at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC, the A Shareholders’ Class Meeting will be held at the same place immediately after the conclusion of the EGM, and the H Shareholders’ Class Meeting will be held at the same place immediately after the conclusion of the A Shareholders’ Class Meeting.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the above resolutions. The resolutions in relation to (i) the continuing connected transaction agreements entered into between the Company and COSCO SHIPPING and the Proposed Annual Caps thereunder; (ii) the continuing connected transactions under the Master Financial Services Agreement entered into between the Company and COSCO SHIPPING Finance and its Proposed Annual Caps; (iii) the Proposed Amendments to the Rules of Independent Non-executive Directors will be submitted, by way of ordinary resolutions, for the Shareholders’ approval at the EGM. The resolutions in relation to (i) the Proposed Amendments

LETTER FROM THE BOARD

to the Articles of Association; (ii) the Proposed Amendments to the Rules of Procedure of the Shareholders' General Meeting; (iii) the Proposed Amendments to the Rules of Procedure of the Board of Directors; (iv) the Proposed Amendments to the Rules of Procedure of the Supervisory Committee; and (v) the proposed grant of general mandate to repurchase H Shares will be submitted, by way of special resolutions, for the Shareholders' approval at the EGM. The H Share Class Meeting will be convened to consider and, if thought fit, approve the special resolution in respect of the proposed grant of the H Share Repurchase Mandate. The voting in relation to such resolutions will be conducted by way of poll.

The Notice of the EGM, which contains the resolutions to be proposed at the EGM, is set out on pages EGM-1 to EGM-5 of this circular. The notice of the H Shareholders' Class Meeting, which contains the resolution to be proposed at the H Shareholders' Class Meeting, is set out on pages HCM-1 to HCM-3 of this circular.

COSCO SHIPPING and its associates and those who are interested in the Relevant Continuing Connected Transactions will be required to abstain from voting on the resolutions in relation to the Relevant Continuing Connected Transactions and their respective Proposed Annual Caps. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Relevant Continuing Connected Transactions and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the proposed amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee, the Rules of Independent Non-executive Directors and the proposed grant of general mandate to repurchase H Shares, and therefore no Shareholder is required to abstain from voting on the relevant resolutions at the EGM and the H Shareholders' Class Meeting.

For H Shareholders, the Form of Proxy shall be returned by hand or by post to the Company's H Share registrar, Computershare, not less than 24 hours before the time appointed for holding the EGM and/or H Share Class Meeting or any adjournment thereof.

Completion and return of the Form of Proxy will not preclude a Shareholder from attending and voting in person at the EGM and/or H Share Class Meeting or any adjourned meeting thereof should the Shareholder so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

XI. RECOMMENDATIONS

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

Goldlink Capital has been appointed by the Company as the Independent Financial Adviser with the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that (i) the Non-exempt Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Non-exempt Continuing Connected Transactions and their respective Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Major and Continuing Connected Transaction will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Major and Continuing Connected Transaction and its Proposed Annual Caps 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 in relation to the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

The Board considers that the resolutions to be proposed at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of such resolutions to be proposed at the EGM.

XII. OTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 61 to 62 of this circular which contains its recommendation in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps; (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 63 to 89 of this circular which contains its recommendation in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps; and (iii) the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

The Independent Shareholders are advised to read the aforesaid letters and appendices before deciding as to how to vote on the resolutions regarding the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

By order of the Board
COSCO SHIPPING Development Co., Ltd.*
Cai Lei
Joint 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)

1 December 2022

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
AND
(2) MAJOR AND CONTINUING CONNECTED TRANSACTION**

We refer to the circular of the Company dated 1 December 2022 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised 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 the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps, details of which are set out in the “Letter from the Board” in the Circular. The appointment of Goldlink Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard has been approved by us.

We wish to draw your attention to the “Letter from the Board” set out on pages 12 to 60 of the Circular, the “Letter from the Independent Financial Adviser” set out on pages 63 to 89 of the Circular and the additional information set out in the appendices thereto.

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 Non-exempt Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Non-exempt Continuing Connected Transactions and their respective Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Major and Continuing Connected Transaction will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Major and Continuing Connected Transaction and its Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

Yours faithfully,

Independent Board Committee

Mr. Cai Hongping Mr. Lu Jianzhong

Ms. Zhang Weihua Mr. Shao Ruiqing

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."*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Goldlink Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps for the purpose of inclusion in this circular.



28/F

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

1 December 2022

*To: The Independent Board Committee and the Independent Shareholders of
COSCO SHIPPING Development Co., Ltd.**

Dear Sirs,

**(1) CONTINUING CONNECTED TRANSACTIONS
AND
(2) MAJOR AND CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transactions, and their respective Proposed Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 1 December 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

References are made to (i) the announcement of the Company dated 30 November 2022, in relation to the Relevant Continuing Connected Transactions. As the current terms of the respective agreements of the Non-exempt Continuing Connected Transactions will expire on 31 December 2022, in view of the Company’s intention to continue to enter into transactions of similar nature from time to time after the relevant expiry date, the Company entered into the Non-exempt Continuing Connected Transactions agreements with COSCO SHIPPING for a term of three years commencing on 1 January 2023 and ending on 31 December 2025. In addition, on 30 November 2022, the Company and COSCO SHIPPING Finance entered into the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Master Financial Services Agreement, pursuant to which COSCO SHIPPING Finance has agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Finance, the financial services. The initial term of the Master Financial Services Agreement shall be three years from 1 January 2023 to 31 December 2025.

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 45.81% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. In addition, COSCO SHIPPING Finance is an indirect non-wholly owned subsidiary of COSCO SHIPPING and therefore an associate of COSCO SHIPPING. Accordingly, COSCO SHIPPING Finance is also a connected person of the Company.

As one or more applicable percentage ratios in respect of the Proposed Annual Caps for each of the Non-exempt Continuing Connected Transactions calculated in accordance with the Hong Kong Listing Rules are expected to exceed 5%, the Non-exempt Continuing Connected Transactions, together with their respective Proposed Annual Caps, are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios in respect of the Proposed Annual Caps for the Major and Continuing Connected Transaction (being the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement) calculated in accordance with the Hong Kong Listing Rules are expected to exceed 25%, such transaction, together with the Proposed Annual Caps thereof, constitute (i) a continuing connected transaction subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules; and (ii) a major transaction of the Company which is subject to the reporting, announcement, and the Independent Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

Mr. Liu Chong and Mr. Zhang Mingwen, both being executive Directors, and Mr. Huang Jian, 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 COSCO SHIPPING to the Board. Accordingly, Mr. Liu Chong, Mr. Zhang Mingwen, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi have therefore abstained from voting on the relevant Board resolutions approving the Relevant Continuing Connected Transactions and their respective Proposed Annual Caps. Save as aforementioned, none of the other Directors has a material interest in the Relevant Continuing Connected Transactions and their respective Proposed Annual Caps, and therefore no other Director has abstained from voting on such Board resolutions.

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The Independent Board Committee (comprising Mr. Cai Hongping, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, being all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps. 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 relationships with or interests 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 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 two occasions. Details of which are set out in its circulars dated (i) 7 December 2021 in relation to the major and continuing connected transactions; and (ii) 8 June 2022 in relation to the connected transactions on the non-exercise of the right of first refusal. Notwithstanding the above, the previous engagements with the Company's connected person would not affect our independence from the Company and we are independent from the Company pursuant to Rule 13.84 of the Hong Kong Listing Rules, in particular that we did not serve as a financial adviser to (i) the Company, (ii) COSCO SHIPPING Group, and (iii) any core connected person of the Company within 2 years prior to 4 November 2022, being the date of making our independence declaration to the Hong Kong Stock Exchange pursuant to Rule 13.85(1) of the Hong Kong 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 Hong Kong 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.

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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 the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps. 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

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 Company will develop shipping leasing, container leasing and container manufacturing 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 integrated development.

1.1 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 three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, which are extracted from the Company's interim report for the six months ended 30 June 2022 (the "**2022 Interim Report**"), the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**") and the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**").

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	Six months ended 30 June		Year ended 31 December		
	2022	2021	2021	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
		<i>(restated)</i>		<i>(restated)</i>	<i>(restated)</i>
<i>Continuing operations</i>					
Revenue	13,107,007	14,948,584	34,914,585	12,853,145	7,668,504
Costs of sales	(9,915,937)	(11,013,968)	(24,944,934)	(10,324,027)	(6,503,965)
Gross profit	3,191,070	3,934,616	9,969,651	2,529,118	1,164,539
Profit/(loss) for the period/year					
from continuing operations	2,695,009	3,020,373	6,073,165	1,005,020	(55,207)

Note: The financial statements for the year ended 31 December 2019, 2020 and the six months ended 30 June 2021 has been restated due to the completion of acquisition of certain subsidiaries in November 2021 and such transactions are accounted for as business combination involving entities under common control

For the year ended 31 December 2020 (“FY2020”)

Revenue of the Group increased from approximately RMB7.7 billion (after restatement) for the year ended 31 December 2019 to approximately RMB12.9 billion (after restatement) for the FY2020, representing an increase of approximately RMB5.2 billion or 67.5%. According to the 2020 Annual Report, the increase in revenue was mainly attributable to the increase in revenue from the container manufacturing business to approximately RMB12.0 billion (after restatement), which was mainly due to the increase in both sales volume and price of containers as a result of shortage in repositioned containers in shipping routes across Europe and the USA and buoyant demands in the domestic container market cause by the COVID-19 pandemic.

The Group recorded a profit from continuing operations for the FY2020 of approximately RMB1.0 billion (after restatement) as compared to a loss of approximately RMB55.2 million (after restatement) for the year ended 31 December 2019. Such turnaround from loss to profit was mainly attributable to (i) the increase in revenue of approximately 67.5%; and (ii) the decrease in finance cost of approximately 37.3% from approximately RMB3.5 billion for the year ended 31 December 2019 to approximately RMB2.2 billion for the FY2020, as a result of the decrease in interests on debts and borrowings due to the repayment of corporate bonds and bank and other borrowings.

For the year ended 31 December 2021 (“FY2021”)

Revenue of the Group increased from approximately RMB12.9 billion (after restatement) for the FY2020 to approximately RMB34.9 billion for the FY2021, representing an increase of approximately RMB22.1 billion or 171.6%. According to the 2021 Annual Report, the increase in the revenue was mainly attributable to the combined effect of (i) the increase in the revenue from the container manufacturing business by

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approximately 161.3% to RMB31.3 billion, mainly due to increase in both sales volume and price of containers as a result of shortage in repositioned containers in shipping routes across Europe and the USA and buoyant demands in the domestic container market caused by the COVID-19 pandemic; and (ii) the increase in revenue from the shipping and industry-related leasing business by approximately RMB3.0 billion to approximately RMB8.0 billion for the FY2021, mainly due to the conversion of 74 ships of the Group from operating lease to financial leasing during the year, and the change from the time charter business to the bare charter business.

The Group achieved substantial growth from continuing operations at approximately 504.3% to RMB6.1 billion for the FY2021 as compared to approximately RMB1.0 billion (after restatement) for the FY2020, mainly due to (i) the increase in revenue with reasons as stated above; and (ii) the decrease in finance costs to approximately RMB1.8 billion due to the continued repayment of corporate bonds and bank and other borrowings.

For the six months ended 30 June 2022 (“6M2022”)

Revenue of the Group decreased from approximately RMB14.9 billion (after restatement) for the six months ended 30 June 2021 to approximately RMB13.1 billion for the 6M2022, representing a decrease of approximately RMB1.8 billion or 12.3%. According to the 2022 Interim Report, the decrease in the revenue was mainly attributable to the decrease in revenue from container manufacturing business from approximately RMB14.5 billion (after restatement) for the six months ended 30 June 2021 to approximately RMB12.7 billion for the 6M2022, due to declined demand for new containers as a result of the increase in the number of containers on the market and gradual recovery of the container turnover rate.

For the 6M2022, the Group recorded a profit from continuing operations of approximately RMB2.7 billion as compared to a profit of approximately RMB3.0 billion (after restatement) for the six months ended 30 June 2021. The decrease in profit from continuing operations was mainly attributable to (i) the decrease in revenue with reason as discussed above; and (ii) the increase in finance costs from approximately RMB873.9 million (after restatement) for the six months ended 30 June 2021 to approximately RMB971.5 million for the 6M2022.

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1.2 Financial position of the Group

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December		
		2021 RMB'000 (audited)	2020 RMB'000 (audited) (restated)	2019 RMB'000 (audited)
Non-Current Assets	102,201,333	99,048,643	110,854,512	114,693,373
Current Assets	29,442,184	33,567,680	42,380,371	29,800,746
Total Assets	131,643,517	132,616,323	153,234,883	144,494,119
Current Liabilities	56,120,993	53,884,645	69,010,602	54,271,559
Non-Current Liabilities	47,770,923	46,042,781	56,818,591	66,014,842
Net current liabilities	(26,678,809)	(20,316,965)	(26,630,231)	(24,470,813)
Total assets less current liabilities	75,522,524	78,731,678	84,224,281	90,222,560
Total equity	27,751,601	32,688,897	27,405,690	24,207,718

As at 31 December 2019, 2020 and 2021 and as at 30 June 2022, property, plant and equipment, cash and cash equivalents, finance lease receivables as well as investments in associates were the major assets of the Group, which accounted for approximately 92.9%, 88.9%, 86.5% and 86.9% of the total assets of the Group as at 31 December 2019, 2020 and 2021 and as at 30 June 2022, respectively.

As at 31 December 2019, 2020 and 2021 and as at 30 June 2022, interest-bearing bank and other borrowings and corporate bonds were the major liabilities of the Group, which accounted for approximately 91.8%, 89.8%, 90.8% and 87.2% of the total liabilities of the Group as at 31 December 2019, 2020 and 2021 and as at 30 June 2022, respectively.

As a result of the foregoing, the total equity of the Group as at 31 December 2019, 2020 and 2021 and as at 30 June 2022 amounted to RMB24.2 billion, RMB27.4 billion, RMB 32.7 billion and 27.8 billion respectively. The net gearing ratio was approximately 275% as at 30 June 2022 as compared to that of approximately 223% as at 31 December 2021.

Despite the Group had net current liabilities as at 31 December 2019, 2020 and 2021 and as at 30 June 2022, we have reviewed the 2021 Annual Report and further understand from the management of the Company that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 31 December 2021, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. As such, we concur with the Directors' view that it is appropriate to prepare the financial statements on a going concern basis.

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2. Background Information on COSCO SHIPPING

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise 90% owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and 10% owned by the National Council for Social Security Fund.

The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

3. Background Information on COSCO SHIPPING Finance

COSCO SHIPPING Finance is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of COSCO SHIPPING. It is principally engaged in the provision of deposit services, loan services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation.

4. Non-Exempt Continuing Connected Transactions

As the current term of the respective agreements of the Non-exempt Continuing Connected Transactions will expire on 31 December 2022, in light of the Company's intention to continue to enter into transactions of the same nature from time to time after the expiry date, the Company entered into the Non-exempt Continuing Connected Transactions agreements with COSCO SHIPPING for a term of three years commencing on 1 January 2023 and ending on 31 December 2025. The following table sets out the details of the Non-exempt Continuing Connected Transactions:

**Agreements in relation to
the Non-exempt**

Continuing Connected Transactions	Products and/or service providers	Products and/or services recipients	Key services
(1) Master Operating Lease Services Agreement	The Group	COSCO SHIPPING Group	Operating lease services including (i) vessels operating lease services; and (ii) operating lease services for containers, car frames and other ancillary equipment and other production equipment

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**Agreements in relation to
the Non-exempt**

Continuing Connected Transactions	Products and/or service providers	Products and/or services recipients	Key services
(2) Containers Services Procurement Agreement	The Group	COSCO SHIPPING Group	Container and other ancillary services including sale and purchase of containers and containers commissioned manufacturing services
(3) Containers Services Procurement Agreement	COSCO SHIPPING Group	The Group	Container and other ancillary services include sale and purchase of containers, merchandising of materials ancillary to containers, provision of containers depot, containers logistics, containers management, containers maintenance and other ancillary services.

4.1 Reasons for and benefits of the renewal of the Non-exempt Continuing Connected Transactions

According to the Letter from the Board, due to the long established and close business relationship between the members of the Group and the COSCO SHIPPING Group, a number of transactions have been and will continue to be entered into between the Group and the COSCO SHIPPING Group, which are individually significant and collectively essential to the core business of the Group, and will continue to be beneficial to the Group. In addition, the Non-exempt Continuing Connected Transactions are in line with the business strategy of the Company and will facilitate the future development of the Company as a worldclass excellent shipping industry-finance operator with COSCO SHIPPING characteristics. Moreover, COSCO SHIPPING is a key state-owned enterprise and part of a large shipping conglomerate that operates across different regions, sectors and countries, and the COSCO SHIPPING Group entails well-known marine transportation corporations with outstanding competency in the shipping industry and have developed good experience, familiarity and service systems in respect of the products and services under the Non-exempt Continuing Connected Transaction Agreements.

We are advised by the management of the Company that given the established relationship between the COSCO SHIPPING Group and the Group and as intra-group services providers, both parties generally have better understandings on the types of products and/or services to be provided. The cooperation with the COSCO SHIPPING Group facilitates and supports the growth of the core business of the Group, and enables the Group to fully leverage on their

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advantages and to achieve better operating performance. In particular, the mutual provision of complementary services between the Group and the COSCO SHIPPING Group under the Containers Services Procurement Agreement enables the Group to focus on its principal business through the entrustment of various operational support functions such as the delivery and storage of manufactured containers to external service providers, being professional companies owned by the COSCO SHIPPING Group.

Furthermore, the transactions in respect of the provision of products and services by the Group under the Master Operating Lease Services Agreement and the Containers Services Procurement Agreement are revenue in nature to the Group, whereas the transactions in respect of procurement of products and services by the Group under the Containers Services Procurement Agreement support the principal business of the Group. These agreements provide the Group with the option, but not the obligation, to provide/procure the relevant products and services to/from the COSCO SHIPPING Group. Through such arrangement, the Group will be able to (i) continue to negotiate more favourable terms with the COSCO SHIPPING Group compared with those offered by other external service providers; and (ii) enhance its operational efficiency while reducing operating costs.

After taking into account (i) the principal business of the Group and the COSCO SHIPPING Group; (ii) the established cooperative relationship between the Group and the COSCO SHIPPING Group, where the Group can leverage on the strengths of the COSCO SHIPPING Group to achieve better performance; (iii) the transactions are either revenue in nature or support the principal business of the Group; and (iv) the terms of the transactions are fair and reasonable as discussed below, we are of the view that the Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the entering of the Non-exempt Continuing Connected Transactions agreements is in the interests of the Company and the Shareholders as a whole.

4.2 Principal terms and internal control measures in respect of the Non-exempt Continuing Connected Transactions

4.2.1 Terms

The Company and COSCO SHIPPING have agreed to continue to enter into the Non-exempt Continuing Connected Transactions under the Master Operating Lease Services Agreement and the Containers Services Procurement Agreement for a term of three years commencing on 1 January 2023 and ending on 31 December 2025.

4.2.2 Pricing policy and internal control measures in respect of the Non-exempt Continuing Connected Transactions agreements

As stated in the Letter from the Board, in respect of the Master Operating Lease Services Agreement, the pricing policy is determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third

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parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years. The Directors are of the view that the market price determined based on the historical quotations from independent third parties reflects the terms which are commonly based by market participants in their ordinary course of business in the relevant industry, reflects the fluctuation of supply and demand in the market to a certain extent, and is commercially reasonable and in line with the industry practice, and therefore the resulting market price is fair and reasonable and in the interests of the Company and the Shareholders. In addition, the pricing of the operating lease services provided by the Group will also take into account the impact of the overall market conditions (such as the COVID-19 pandemic, the Russian-Ukraine conflicts and inflation), and on the basis of market price, a reasonable buffer will be reserved to cope with the increase in costs caused by uncertainties.

In respect of the Containers Services Procurement Agreement (products and services to be provided by the Group), the pricing policy is determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). As there is no long-term agreed price in the new container trading market, the market price for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement shall be subject to continuous real-time adjustment mainly based on the current market condition and with reference to the historical quotations from independent third parties. The Directors are of the view that the market price determined based on the current market conditions and with reference to the historical quotations by independent third parties reflects the terms which are commonly based by market participants in their ordinary course of business in the relevant industry, reflects the fluctuation of supply and demand in the market to a certain extent, and is commercially reasonable and in line with the industry practice, and therefore the resulting market price is fair and reasonable and in the interests of the Company and the Shareholders. In addition, the pricing of the containers services provided by the Group will also take into account the impact of the overall market conditions (such as the COVID-19 pandemic, the Russian-Ukraine conflicts and inflation), and on the basis of market price, a reasonable buffer will be reserved to cope with the increase in costs caused by uncertainties.

In respect of products and services to be provided to the Group under the Containers Services Procurement Agreement, the pricing policy is determined in accordance with the principles of fairness and reasonableness with reference to the corresponding market price (being the price at which the same or similar type of services are provided by independent third parties in the ordinary course of business in the same area and on normal commercial terms). The above market price is generally based on the historical quotations from independent third parties in the past three years. In accordance with the relevant internal rules and administrative measures of the Company, it will also obtain such market

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price through price inquiry or competitive negotiation provided or participated by certain independent third-party suppliers, or a bidding and tendering process before the commencement of certain projects.

In considering the fairness and reasonableness of the terms of Non-exempt Continuing Connected Transactions, we have reviewed the internal control measures in place as detailed in the Letter from the Board and sample documents in connection with each of the aforementioned categories of the Non-exempt Continuing Connected Transactions during the current terms of the respective master agreements carried out during the past three years. Set out below is a summary of our work done:

- We are given to understand that the majority of transactions under the Master Operating Lease Services Agreement were covered by the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement. We have obtained and reviewed a list of transactions entered into between the Group and COSCO SHIPPING Group under the Existing Master Vessel Charter Agreement and Existing Master Operating Lease Services Agreement in 2022, and we randomly selected from the aforesaid list and reviewed (i) 4 sample contracts entered into with the COSCO SHIPPING Group under the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement (which we considered such number of sample contracts are fair and representative as those covered (i) the latest pricing terms in 2022 and (ii) different and major types of leasing services as contemplated under the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement (i.e. the lease of containers and lease of vessels services) and (ii) 4 sets of comparable leasing services transactions contracts entered into between the Group and the independent third parties. We noted that the prices in the sample contracts entered into with the COSCO SHIPPING Group were no less favourable to the Group than the prices stated in the contracts with independent third parties;
- for the provision of products and services by the Group under the Containers Services Procurement Agreement, we have obtained and reviewed a list of transactions entered into between the Group and COSCO SHIPPING Group under the Existing Master Containers Services Agreement in 2022, and we (i) from the aforesaid list randomly selected and reviewed 3 sample contracts entered into with the COSCO SHIPPING Group in relation to the sale of containers (which we considered such number of sample contracts are fair and representative as those covered (i) the latest pricing terms in 2022 and (ii) the sales of different and major types of containers) and (ii) obtained 3 sets of transaction documents with independent third parties in 2022 in relation to the sales of containers in comparable specifications. We noted that the prices in the sample contracts entered into with the COSCO SHIPPING Group were no less favourable to the Group than the prices stated in the documents with independent third parties;

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- for the procurement of products and services by the Group under the Container Services Procurement Agreement, we have obtained and reviewed a list of transactions entered into between the Group and COSCO SHIPPING Group under the Existing Master Containers Services Agreement in 2022, and we noted that the majority of the transactions (in terms of transaction amounts) were (i) merchandising of materials ancillary to containers and (ii) containers logistics. In light of the aforesaid, we randomly selected and reviewed 2 sets of sample contracts entered into with the COSCO SHIPPING Group (which we considered such sample contracts are fair and representative as those covered (a) the latest pricing terms in 2022 and (b) different and major types of products/services under the Existing Master Containers Services Agreement, being materials ancillary to containers and containers logistics). We have also obtained and reviewed 2 sets of transaction documents covering the merchandising of materials ancillary to containers and the purchase of containers logistics with independent third parties. We noted that the prices in the sample contracts entered into with the COSCO SHIPPING Group were no less favourable to the Group than the prices stated in the documents with independent third parties; and

- we have reviewed the 2020 Annual Report and the 2021 Annual Report, and we noted that (i) the independent non-executive Directors have reviewed the continuing connected transactions and confirmed these transactions have been entered into (1) in the ordinary and usual course of business of the Company; (2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to independent third parties; and (3) in accordance with the relevant agreement of the above continuing connected transactions governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (ii) the independent auditor of the Company has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditors' attention that causes them to believe that (1) the continuing connected transactions have not been approved by the Board; (2) the transactions were not conducted, in all material aspects, in accordance with the pricing policies of the Company; (3) the transactions were not conducted, in all material aspects, in accordance with the relevant agreements governing such transactions; and (4) the continuing connected transactions have exceeded the relevant maximum aggregate annual cap amount in respect of each of the continuing connected transactions.

Based on the aforesaid, in particular (i) we have reviewed the 2020 Annual Report and the 2021 Annual Report and note that the Non-exempt Continuing Connected Transactions conducted in 2020 and 2021 are on normal commercial terms; and (ii) our review of sample contracts conducted in 2022 are fair and representative as discussed above, we are therefore of the view that the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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4.3 *Historical transaction amounts and the Proposed Annual Caps for the Non-exempt Continuing Connected Transactions*

The following table sets out the historical transaction amounts of the Non-exempt Continuing Connected Transactions for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022 as well as the Proposed Annual Caps for each of the three years ending 31 December 2023, 2024 and 2025:

Non-exempt Continuing Connected Transactions	Historical transaction amounts for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022			Proposed Annual Caps for the three years ending 31 December 2025		
	2020	2021	30 September 2022	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
(1) Services provided by the Group under the Existing Master Vessel Charter Agreement	4,557,464	1,066,522	597,110	6,000,000 ¹	6,000,000 ¹	6,000,000 ¹
(2) Services provided by the Group under the Existing Master Operating Lease Services Agreement	1,096,610	1,251,069	884,877			
(3) Services provided by the Group under the Existing Master Containers Services Agreement	1,485,315	2,495,319	408,993	6,000,000	7,000,000	9,000,000
(4) Services provided to the Group under the Existing Master Containers Services Agreement	6,721,472	1,130,314	665,908	1,250,000	1,350,000	1,450,000

Note 1: The Master Operating Lease Services Agreement will cover the services as currently set out in the Existing Master Vessel Charter Agreement and the Existing Master Operating Lease Services Agreement.

4.3.1 *Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group*

The Proposed Annual Caps for the provision of lease services by the Group to the COSCO SHIPPING Group under the Master Operating Lease Services Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB6.0 billion, RMB6.0 billion and RMB6.0 billion, respectively.

According to the Letter from the Board, in arriving at the Proposed Annual Caps for the provision of lease services by the Group to the COSCO SHIPPING Group under the Master Operating Lease Services Agreement, the Directors have considered (i) the historical transaction amounts for the provision of lease services by the Group to the

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COSCO SHIPPING Group under the Existing Master Vessel Chartering Agreement and the Existing Master Operating Lease Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; (ii) the type and number of vessels, containers, car frames, and other ancillary equipment and other production equipment expected to be chartered, the respective chartering rate and the period expected to be chartered; (iii) the estimated market fluctuation in terms of chartering price, demands and exchange rate for US\$ to RMB; (iv) the estimated future needs for operating lease services of the COSCO SHIPPING Group in light of the expected growth in its transportation capacity; (v) the expected increase in service fees due to increase in costs; and (vi) the prevailing market rate of charter of vessel, containers, car frames and other ancillary equipment and other production equipment of similar classes.

In assessing the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the lease services provided by the Group under the Master Operating Lease Services Agreement, we have (i) obtained from the management of the Company and reviewed the computations in arriving the Proposed Annual Caps; and (ii) discussed with the management of the Company regarding the bases and assumptions in arriving the Proposed Annual Caps for the provision of lease services.

Based on our review on the aforesaid computations, we note that containers leasing and vessels leasing comprise a vast majority of the Proposed Annual Caps under the Master Operating Lease Services Agreement. Based on our discussion with the management of the Company, we understand that the estimated transaction amounts for the leasing of vessels and containers are determined based on (i) the estimated number of vessels and containers to be leased by COSCO SHIPPING Group for each of the three years ending 31 December 2025; and (ii) the estimated fee rates.

In respect of the estimated number of vessels to be leased by the COSCO SHIPPING Group for the three years ending 31 December 2025, we understand from the management of the Company that it is determined based on (i) the existing lease orders on hand from the COSCO SHIPPING Group and it is expected that such existing orders continues to sustain for the three years ending 31 December 2025; (ii) the new vessels leasing business along with the expansion of business of the COSCO SHIPPING Group where the Group intends to lease different types of new vessels including liquefied natural gas carriers, very large gas carriers as well as crude oil carriers etc to COSCO SHIPPING Group for the three years ending 31 December 2025.

In respect of the estimated number of containers to be leased by the COSCO SHIPPING Group for the three years ending 31 December 2025, we note from the computations that there is an increase in the lease of containers for the three years ending 31 December 2025. Based on our discussion with the management of the Company, we are given to understand that the expected increase in lease of containers is mainly due to the expected growth in the transportation capacity of the COSCO SHIPPING Group.

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According to the announcement of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919.HK) dated 2 September 2021, a company who mainly engages in container shipping for both international and domestic customers and is indirectly controlled by COSCO SHIPPING, there were 32 new vessels in aggregate under purchase orders placed by COSCO SHIPPING Holdings Co., Ltd, which were expected to be delivered during the three years ending 31 December 2025, with aggregated transportation capacity of approximately 585,000 TEUs. Further, according to the annual report of COSCO SHIPPING Holdings Co., Ltd for the year ended 31 December 2021, in January 2022, it upgraded its shipping routes by upgrading the route product for 8 routes with an additional of 3 routes, totalling to 42 routes with a shipping capacity of 4.43 million TEUs, representing additional capacity of approximately 0.3 million TEUs. Based on the above, it is expected that there will be an increase in demand in the leasing of containers from COSCO SHIPPING Holdings Co., Ltd. for the three years ending 31 December 2025.

In respect of the estimated price of leasing of vessels and containers, we are given to understand that it is estimated based on (i) the historical transacted price of leasing of vessels and containers in 2021 and we note that the estimated price of leasing of vessels and containers are generally in line with the historical rates based on our review on the list of transactions in relation to the lease of containers and vessels, and (ii) expected growth of the fee rates in light of the (a) increase in demand of vessels and containers leasing as a result of the expected increase in transportation capacities of the COSCO SHIPPING Group in the coming years and (b) anticipated fluctuations in the exchange rate of RMB against USD.

In respect of the growth rate, we understand from the management that they have made reference to the inflation rate of China and the US. We have searched the inflation rate of China and the US from 3 January 2022 to 29 November 2022, (the “**Review Period**”), as quoted from the National Bureau of Statistics and the US Bureau of Labor Statistics. We noted that the year-on-year monthly inflation rate of China ranged from 0.9% in January 2022 to 2.1% in October 2022, with the highest monthly inflation rate of 2.8% in September 2022, while the year-on-year monthly inflation rate of the US ranged from 7.5% in January 2022 to 7.7% in October 2022, with the highest monthly inflation rate of 9.1% in June 2022. We consider the duration of the Review Period is an appropriate reference as it covers the impact of the recent overall market conditions (such as the COVID-19 pandemic, the high inflation as caused by the Russian-Ukraine conflicts as well as global monetary easing policies).

In respect of the anticipated fluctuations in the exchange rate of RMB against USD, we searched for the exchange rates of US Dollar to RMB during the Review Period, as quoted from the website of State Administration of Foreign Exchange of the PRC. We noted that (i) the exchange rate of US Dollar to RMB quoted on the last day of the Review Period increased by approximately 12.85% as compared to that quoted on 3 January 2022; and (ii) the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 15.14% over the lowest exchange rate of US Dollar to RMB during the Review Period.

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Based on the above, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group are fair and reasonable so far as the Independent Shareholders are concerned.

4.3.2 Proposed Annual Caps for the Containers Services Procurement Agreement in respect of products and services to be provided by the Group

The Proposed Annual Caps for the provision of the container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB6.0 billion, RMB7.0 billion and RMB9.0 billion, respectively.

According to the Letter from the Board, in arriving at the Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Containers Services Procurement Agreement, the Directors have considered (i) the historical transaction amounts for the provision of containers and other ancillary services by the Group to the COSCO SHIPPING Group under the Existing Master Containers Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; (ii) the existing scale of operation of the COSCO SHIPPING Group; (iii) the expected increase in the demand of the COSCO SHIPPING Group for the containers manufactured by the Group and other ancillary services in light of the expected growth in the transportation capacity of the COSCO SHIPPING Group; (iv) the prevailing market rate for the sale and purchase and commissioned manufacturing of containers and the estimated market price of new containers for the three years ending 31 December 2022; and (v) the estimated market fluctuation in terms of container price, demands and exchange rate for US\$ to RMB.

In assessing the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the container and other ancillary services to be provided by the Group under the Container Services Procurement 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 container and other ancillary services to be provided by the Group.

We understand from the aforesaid computations that the Proposed Annual Caps are mainly derived from (i) the expected sales of containers for the three years ending 31 December 2025; (ii) the estimated price of containers; and (iii) a buffer for growth rate and anticipated fluctuations in the exchange rate of RMB against US dollars.

We note from the computations that there is an increase in the expected sales of containers for the three years ending 31 December 2025. Based on our discussion with the management of the Company, we are given to understand that the expected increase in sales of containers is mainly due to the expected growth in the transportation capacity of the COSCO SHIPPING Group. As discussed in the above paragraph headed “4.3.1

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Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group”, there were 32 new vessels in aggregate under purchase orders placed by COSCO SHIPPING Holdings Co., Ltd, which were expected to be delivered during the three years ending 31 December 2025, with aggregated transportation capacity of approximately 585,000 TEUs. Further, according to the annual report of COSCO SHIPPING Holdings Co., Ltd for the year ended 31 December 2021, in January 2022, it upgraded its shipping routes by upgrading the route product for 8 routes with an additional of 3 routes, totalling to 42 routes with a shipping capacity of 4.43 million TEUs, representing additional capacity of approximately 0.3 million TEUs. Based on the above, it is expected that there is an increase in demand in containers services from COSCO SHIPPING Holdings Co., Ltd. for the three years ending 31 December 2025.

In respect of the estimated price of containers, we are given to understand that it is estimated based on (i) the average historical transacted prices of sales of containers in 2021; (ii) expected growth of the fee rates in light of (a) the increase in demand of containers as a result of the expected increase in transportation capacities of the COSCO SHIPPING Group in the coming years and (b) anticipated fluctuations in the exchange rate of RMB against USD.

In respect of the growth rate of the price of containers, we understand from the management of the Company that they have made reference to the forecast increasing price trends of containers with a growth of ranging from approximately 5% to 6% in 2025 as compared to that in 2023 according to a report published by an independent consulting firm in June 2022. Based on our desktop research, such firm is an independent provider of research and consulting services to the maritime and shipping industry, and have been employing over 100 professionals across an international network of offices in London, Delhi, Singapore and Shanghai. Given the background and its expertise in the maritime shipping industry, we consider that the forecast price trends of containers published by such consulting firm is an appropriate reference in assessing forecast price trends of containers from 2023 to 2025.

In respect of the anticipated fluctuations in the exchange rate of RMB against USD, as discussed in the above paragraph headed “4.3.1 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group”, (i) the exchange rate of US Dollar to RMB quoted on the last day of the Review Period increased by approximately 12.85% as compared to that quoted on 3 January 2022; and (ii) the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 15.14% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Based on the above, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Container Services Procurement Agreement in respect of the container and other ancillary services to be provided by the Group are fair and reasonable so far as the Independent Shareholders are concerned.

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4.3.3 Proposed Annual Caps for the Containers Services Procurement Agreement in respect of products and services to be provided to the Group

The Proposed Annual Caps for the provision of the container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB1.25 billion, RMB1.35 billion and RMB1.45 billion, respectively.

According to the Letter from the Board, in arriving at the Proposed Annual Caps for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Containers Services Procurement Agreement, the Directors have considered: (i) the historical transaction amounts for the provision of containers and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Containers Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; (ii) the prevailing market rate of containers, materials ancillary to containers, containers depot, containers logistics, containers management and containers maintenance; and (iii) the estimated market fluctuation in terms of container price, ancillary materials price, demands and exchange rate for US\$ to RMB.

In assessing the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the container and other ancillary services to be provided by the COSCO SHIPPING Group to the Group under the Container Services Procurement 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 container and other ancillary services to be provided to the Group.

Based on our review and our discussion with the management of the Company, we note that the historical transaction amount of the containers services provided to the Group for the year ended 31 December 2021 amounted to approximately RMB1.1 billion during the current terms of the Existing Master Containers Services Agreement, closes to the Proposed Annual Caps. The Directors consider that the historical transaction amount is an appropriate reference in determining the proposed annual cap of RMB1.25 billion for the year ending 31 December 2023 with the assumption that the transaction volume would reach the similar historical level.

We understand from the computations that the vast majority (i.e. over 70%) of the Proposed Annual Caps for the container and other ancillary services to be provided by the COSCO SHIPPING Group to the Group under the Container Services Procurement Agreement are (i) purchase of materials ancillary to containers and (ii) containers logistics. We note that the proposed transactions amounts regarding the purchase of materials ancillary to containers are determined based on (a) the actual historical percentage of purchases of materials ancillary to containers from COSCO SHIPPING Group and (b) the estimated production of containers in the coming three years. On the other hand, we also note that the proposed transactions amounts regarding the containers logistics services are determined based on (a) actual transacted price as specified in the contracts entered into between the Group and the COSCO SHIPPING Group and (b) the estimated demand of containers in the coming three years.

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After taking into consideration above and (i) our workdone as discussed in above paragraph headed “4.2.2 Pricing policy and internal control measures in respect of the Non-exempt Continuing Connected Transactions agreements” and (ii) the transactions are on normal commercial terms as confirmed by the independent non-executive Directors in the 2021 Annual Report, we concur with the view of the Directors that historical amount is an appropriate reference and fair and reasonable in determining the proposed annual cap for the year ending 31 December 2023.

We note from the computations that the Proposed Annual Caps increase gradually along the three years ending 31 December 2025. Based on our discussion with the management of the Company, we understand that the demand of products and services from the COSCO SHIPPING Group contemplated under the Containers Services Procurement Agreement is expected to increase along with the expected increase in demand of containers as a result with the increase in transportation capacities of the COSCO SHIPPING Group in the coming years with reasons as discussed above in the paragraph headed “4.3.2 Proposed Annual Caps for the Containers Services Procurement Agreement in respect of products and services to be provided by the Group”.

We further note that in arriving the Proposed Annual Caps, the Directors considered the (i) estimated market fluctuation in terms of container price and ancillary materials price and (ii) anticipated exchange rate between USD and RMB. In respect estimated market fluctuation in terms of container price and ancillary materials price, we understand from the management that they have made reference to the recent inflation rate of China and US. As discussed in the above paragraph headed “4.3.1 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group”, the year-on-year monthly inflation rate of China during the Review Period ranged from 0.9% in January 2022 to 2.1% in October 2022, with the highest monthly inflation rate of 2.8% in September 2022, while the year-on-year monthly inflation rate of US ranged from 7.5% in January 2022 to 7.7% in October 2022, with the highest monthly inflation rate of 9.1% in June 2022.

In respect of the anticipated exchange rate between USD and RMB, as discussed in the above paragraph headed “4.3.1 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group”, (a) the exchange rate of US Dollar to RMB quoted on the last day of the Review Period increased by approximately 12.85% as compared to that quoted on 3 January 2022; and (b) the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 15.14% over the lowest exchange rate of US Dollar to RMB during the Review Period.

After taking into account, in particular, (i) the Proposed Annual Caps is determined based on the historical transaction amounts of container services provided by the COSCO SHIPPING Group; (ii) the expected growth in demand for container services of COSCO SHIPPING Group; (iii) the Proposed Annual Caps are determined after consideration the estimated market fluctuation in terms of container price and ancillary materials price with

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reference to the inflation rate of China and US as well as the anticipated exchange rate between USD and RMB, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Container Services Procurement Agreement in respect of the container and other ancillary services to be provided by the COSCO SHIPPING Group to the Group are fair and reasonable so far as the Independent Shareholders are concerned.

5. Major and Continuing Connected Transaction – The Deposit Services Under the Master Financial Services Agreement

On 30 November 2022, the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement, pursuant to which COSCO SHIPPING Finance has agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Finance, the financial services. The initial term of the Master Financial Services Agreement shall be three years from 1 January 2023 to 31 December 2025. The following table sets out the details of the Master Financial Services Agreement.

Agreement	Service provider	Products and/or services recipient	Key services
Master Financial Services Agreement	COSCO SHIPPING Finance	The Company	Financial services include: (i) deposit services; (ii) loan services (including loan, bills acceptance and discounting, letter of guarantee and other services); (iii) settlement services; (iv) foreign exchange services; and (v) other businesses as approved by CBIRC (including entering into implementation agreements pursuant to the Master Financial Services Agreement to engage COSCO SHIPPING Finance as the financial adviser to provide financial advisory services relating to direct financing in the capital markets such as securities financing.)

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As one or more applicable percentage ratios in respect of the Proposed Annual Caps for the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement calculated in accordance with the Hong Kong Listing Rules are expected to exceed 25%, such transaction, together with the Proposed Annual Caps thereof, constitute the Major and Continuing Connected Transaction.

5.1 Reasons for and benefits of the Major and Continuing Connected Transaction

According to the Letter from the Board, it is common for large corporate groups in the PRC to set up and maintain a finance company to provide financial services to the group members as this improves centralised management and utilisation efficiency of group funds, and assists the group members in reducing financing costs and investment risks. COSCO SHIPPING Finance is an indirect non-wholly owned subsidiary of COSCO SHIPPING and may provide financial services to the COSCO SHIPPING Group and the Group. The Board believes that as an intra-group service provider, COSCO SHIPPING Finance generally has better and more efficient communication with the Group compared with the independent banks and financial institutions, and the receipt of deposits services from COSCO SHIPPING Finance for the three years ending 31 December 2025 would ensure flexibility to manage its working capital should the terms offered by the COSCO SHIPPING Finance be better than that of the independent banks or financial institutions.

In order to understand the financial position of COSCO SHIPPING Finance, we have obtained and reviewed its financial information for the year ended 31 December 2021 and the six months ended 30 June 2022. We noted that COSCO SHIPPING Finance recorded net assets of approximately RMB32.7 billion and RMB27.8 billion as at 31 December 2021 and 30 June 2022, respectively. We have also obtained and reviewed the regulatory report for the year ended 31 December 2021 (the “**2021 Regulatory Report**”) prepared by COSCO SHIPPING Finance which, among others, summarise the current financial position of COSCO SHIPPING Finance. We noted from the 2021 Regulatory Report that various financial ratios of COSCO SHIPPING Finance met the requirements as set out in “The Interim Measures for the Assessment of Risk Supervision Indicators of Finance Company of Enterprise Group” (《企業集團財務公司風險監管指標考核暫行辦法》) issued by CBIRC. In particular, (i) the capital adequacy ratio of COSCO SHIPPING Finance was approximately 11.13% as at 31 December 2021, which was better than the basic requirement of 10.5% for finance companies as required by CBIRC; (ii) non-performing asset ratio of COSCO SHIPPING Finance was nil as at 31 December 2021, which was better than the basic requirement of 4% for finance companies as required by CBIRC; and (iii) bad loan ratio of COSCO SHIPPING Finance was nil as at 31 December 2021, which was better than the basic requirement of 5% for finance companies as required by CBIRC. Further, we have reviewed the capital risk control measures adopted by the Group in respect of the deposits under the Master Financial Services Agreement so that the Group can conduct assessment on the operating qualifications, business and risks of COSCO SHIPPING Finance, so as to control and respond to possible capital risks of COSCO SHIPPING Finance in a timely manner. As such, we concur with the Directors’ views that COSCO SHIPPING Finance has the financial capability in providing the deposit services under the Master Financial Services Agreement, and the credit risk involved in the underlying transactions is low.

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As at the Latest Practicable Date, the Company held 13.3840% equity interests in COSCO SHIPPING Finance and was the third largest shareholder of COSCO SHIPPING Finance. Therefore, the Company can participate in the decision-making process of COSCO SHIPPING Finance while obtaining the economic benefits brought by the improvement of the service level of COSCO SHIPPING Finance. The Company has certain influence on the operation of COSCO SHIPPING Finance, so that it could better serve the development of the Group. Furthermore, the Group is not restricted under the Master Financial Services Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Therefore, the Group may, but is not obliged to, continue to use the deposit services, loan services, settlement services, foreign exchange services and financial advisory services and other financial services of COSCO SHIPPING Finance if the service quality provided is competitive. Pursuant to the Master Financial Services Agreement, the Group has full discretion to withdraw all funds under the deposit services of the Master Financial Services Agreement on an as-needed basis without any restriction. With such flexibility under the Master Financial Services Agreement, the Group is able to better manage its capital and cash flow position.

Based on the above, in particular that (i) it is in the ordinary and usual course of business of the Company to maintain deposits with different financial institutions; (ii) the established relationship between the Group and COSCO SHIPPING Finance; (iii) the background and the healthy financial position of COSCO SHIPPING Finance; and (iv) the Group would enjoy the flexibility to choose the deposit services from any bank or financial institution to satisfy its financial service needs, we concur with the view of the Directors that the deposit services under the Master Financial Services Agreement are in the ordinary and usual course of business of the Group and that the entering into of the Master Financial Services Agreement is in the interests of the Company and the Shareholders as a whole.

5.2 Principal terms and internal control measures in respect of the Major and Continuing Connected Transaction

5.2.1 Terms

The initial term of the Master Financial Services Agreement shall be three years from 1 January 2023 to 31 December 2025.

5.2.2 Pricing policy in respect of the Master Financial Services Agreement

In respect of the pricing policy under the Master Financial Services Agreement, as stated in the Letter from the Board, COSCO SHIPPING Finance shall provide deposit services to the Group at interest rates not lower than (i) the benchmark rates stipulated by the PBOC for the same types of deposits; and (ii) the rates offered by the major and independent PRC commercial banks in the service location or adjacent areas in the normal course of business for such types of deposits.

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In assessing the fairness and reasonableness on the interest rate chargeable under the Master Financial Services Agreement, we have enquired the management of the Company and understand that there was no change on the demand deposit rate offered by COSCO SHIPPING Finance over the past three years and hence we randomly selected and reviewed 2 set of demand deposit sample documents in connection with (i) historical deposit services provided by COSCO SHIPPING Finance to the Group during past years; (ii) the relevant benchmark rates stipulated by the PBOC; and (iii) the relevant rates offered by 6 major and independent PRC commercial banks. Based on our review, we noted that the interest rates offered by COSCO SHIPPING Finance to the Group in relation to demand deposits were higher than (i) the benchmark rates stimulated by PBOC; or (ii) the rates offered by those 6 major and independent PRC commercial banks which were equivalent to the rate as stimulated by PBOC. We consider that the above number of sample documents are fair and representative (i) those covered the latest pricing terms of the transactions and (ii) there is no change on the demand deposit rate offered by COSCO SHIPPING Finance under the Existing Master Financial Services Agreement. Furthermore, we have reviewed the 2020 Annual Report and the 2021 Annual Report and noted that both the auditors and the independent non-executive Directors confirmed that, among others, the terms of the deposit services, was conducted on normal commercial terms and in accordance with the relevant pricing policies of the Group.

Based on the above, in particular (i) we have reviewed the 2020 Annual Report and the 2021 Annual Report and noted that both the auditors and the independent non-executive Directors confirmed that, among others, the terms of the deposit services in 2020 and 2021, was conducted on normal commercial terms and in accordance with the relevant pricing policies of the Group; and (ii) our review of sample documents conducted in 2022 which we consider are fair and representative as discussed above, we are of the view that the terms of the deposit services to be provided to the Group under the Master Financial Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5.3 *Proposed Annual Caps for the Major and Continuing Connected Transaction*

The Major and Continuing Connected Transaction	Proposed Annual Caps for the three years ending 31 December 2025		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
The maximum daily outstanding balance of deposits (including accrued interest and handling fee for the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement)	18,000,000	18,000,000	18,000,000

The Proposed Annual Caps for the maximum daily outstanding balance of deposits (including accrued interest and handling fee for the deposit services to be provided by COSCO SHIPPING Finance under the Master Financial Services Agreement) for each of the three years ending 31 December 2025 are RMB18.0 billion, RMB18.0 billion and RMB18.0 billion, respectively.

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According to the Letter from the Board, in arriving at the Proposed Annual Caps for the maximum outstanding balance of deposits (including accrued interest and handling fee for the deposit services to be provided by COSCO SHIPPING Finance by COSCO SHIPPING Finance under the Master Financial Services Agreement), the Directors have considered (i) the historical transaction amounts for the provision of deposit services by COSCO SHIPPING Finance to the Group under the Existing Master Financial Services Agreement for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022; (ii) the container shipping market has continued to improve in recent years, the operating results of the Group has steadily improved, the net operating cash flow has increased significantly, and the transaction amount of the deposit services under the Master Financial Services Agreement is expected to increase correspondingly; (iii) the expected fluctuation in the exchange rate of RMB against US\$ after taking into account that the Group has a certain proportion of revenue denominated in US\$; (iv) the general expansion of business of COSCO SHIPPING Finance; and (v) the expected increase in financing demands of the Group, including capital injection in subsidiaries, repayment of the maturing corporate bonds and replenishment of working capital.

In order to assess the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the deposit services under the Master Financial Services Agreement, we have discussed with the management of the Company regarding the bases and assumptions in arriving at the Proposed Annual Caps for the deposit services and we have considered the following:

- We note that, in arriving the Proposed Annual Caps for the deposit services, the Company has considered the highest historical transaction amount of the provision of deposit services of approximately RMB12.8 billion during the two years ended 31 December 2021 and up to 30 September 2022, which represents approximately 71.1% of the Proposed Annual Cap. Taking into account of the cash position of the Group as of 30 June 2022, the Directors consider that and we concur that the historical transaction amount is an appropriate reference in determining the Proposed Annual Caps of RMB18.0 billion for the three years ending 31 December 2025, respectively with the assumption that the transaction volume would reach the similar historical level;
- the Company has considered that the financing demands of the Group will increase along with the expected expansion of the Group's business in the coming years. As discussed in the above paragraphs headed "4.3.1 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group" and "4.3.2 Proposed Annual Caps for the Containers Services Procurement Agreement in respect of products and services to be provided by the Group", it is expected that the demand of services by the Group on the leasing of vessels as well as leasing and sales of containers will increase along with the increase in transportation capacities of the COSCO SHIPPING Group. Such the management of the Company considers that the demand for the financial services from COSCO SHIPPING Finance (including deposit services) will increase to support its business growth;

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- We have reviewed the announcement of the Company dated 19 May 2022 and note that the shareholders of the COSCO SHIPPING Finance entered into the capital increase agreement where the shareholders of COSCO SHIPPING Finance agree to increase in the registered capital of COSCO SHIPPING Finance by the aggregate of RMB13.5 billion. Upon the completion of the aforesaid capital increase, it is expected that the capacity of COSCO SHIPPING Finance in providing financial services (including deposit services) will be strengthened and in turn enable COSCO SHIPPING Finance to provide stable and favorable financial services to the Group in the coming three years;
- We have reviewed the 2021 Annual Report and noted that there was significant cash inflow and/or outflow from its operating activities, investing activities and financing activities. During the FY2021, the net cash inflow from operating activities and financing activities amounted to approximately RMB14.5 billion and RMB5.9 billion, respectively, while the net cash outflow from investing activities amounted to approximately RMB15.1 billion. The high volume of cash inflow and outflow demonstrates the high demand on financial services from financial institutions (including COSCO SHIPPING Finance) to support the Group’s normal operations. Moreover, as at 30 June 2022, the cash and cash equivalents of the Group amounted to approximately RMB14.1 billion, which accounted for approximately 78.5% of the Proposed Annual Caps of RMB18.0 billion for the three years ending 31 December 2025, respectively; and
- we understand from the management of the Company that certain proportion of revenue of the Group was denominated in US Dollar whereas the Proposed Annual Caps are denominated in RMB. As discussed in the above paragraph headed “4.3.1 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group”, (i) the exchange rate of US Dollar to RMB quoted on the last day of the Review Period increased by approximately 12.85% as compared to that quoted on 3 January 2022; and (ii) the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 15.14% over the lowest exchange rate of US Dollar to RMB during the Review Period. The recent appreciation in US Dollar therefore justified the Proposed Annual Caps amount for the three years ending 31 December 2025.

Taking into consideration of (i) the highest historical transaction amount of the deposit services is an appropriate reference in determining the Proposed Annual Caps with the assumption that the transaction volume would reach the similar historical level; (ii) the financing demands of the Group will increase along with the expected expansion of the Group’s business in the coming years; (iii) there is the high volume of cash inflow and outflow for the FY2021; and (iv) the recent appreciation in US Dollar to RMB, we therefore are of the view that the Proposed Annual Caps for the deposit services under the Master Financial Services Agreement for the three years ending 31 December 2025 are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that (i) the Non-exempt Continuing Connected Transactions have been conducted and will continue to be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, and that the terms of the Non-exempt Continuing Connected Transactions and their respective Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Major and Continuing Connected Transaction has been conducted and will continue to conduct in the ordinary and usual course of business of the Group and is therefore in the interests of the Company and the Shareholders as a whole, and that the terms of the Major and Continuing Connected Transaction and the Proposed Annual Caps thereof are on normal commercial terms and are fair and reasonable as 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 resolutions in relation to the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction, and their respective Proposed Annual Caps to be proposed at the EGM.

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 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

* *For identification purpose 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 2019, 2020 and 2021, and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022, together with the relevant notes thereof are disclosed in the following documents:

- (i) the annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (pages 91 to 220)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700731.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2020 published on 23 April 2021 (pages 99 to 232)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300513.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 102 to 248)

<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 2022 published on 23 September 2022 (pages 31 to 60)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0923/2022092300857.pdf>

2. STATEMENT OF INDEBTEDNESS

Debt securities and term loans

As at 31 October 2022, being the latest practicable date for the purpose of this statement of indebtedness, save as disclosed in respect of the borrowings and indebtedness of the Group below, the Group has no debt securities issued or outstanding, or authorised 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 and indebtedness

As at 31 October 2022, being the latest practicable date for the purpose of this statement of indebtedness, the Group has outstanding borrowings and indebtedness of approximately RMB97,178.26 million, comprising secured bank and other loans of approximately RMB18,884.75 million, unsecured bank and other loans of approximately RMB67,293.51 million and RMB bonds of approximately RMB11,000.00 million.

Contingent liabilities

As at 31 October 2022, 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 October 2022, 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, certain equity investments and certain bank deposits.

Save as aforesaid or as otherwise disclosed in other sections of the 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 October 2022.

The Directors confirm that there was no material change in the indebtedness status of the Group since 31 October 2022 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.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up, no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditor's report or the next published accounts of the Group.

6. FINANCIAL EFFECTS OF THE MAJOR AND CONTINUING CONNECTED TRANSACTION

Master Financial Services Agreement

The Proposed Annual Caps for the maximum deposit balance (including accrued interest and handling fee for the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement) for the three years ending 31 December 2025 are RMB18,000,000,000, RMB18,000,000,000 and RMB18,000,000,000, respectively. As described in "Letter from the Board III. Master Financial Services Agreement – A. Principal terms of the Master Financial Services Agreement – Pricing policies" in the circular, COSCO SHIPPING Finance shall provide deposit services to the Group at interest rates not lower than (i) the benchmark rates stipulated by the PBOC for the same types of deposits; and (ii) the rates offered by the major and independent PRC commercial banks in the service location or adjacent areas in the normal course of business for such types of deposits.

As a term of the Master Financial Services Agreement, the deposit services provided by COSCO SHIPPING Finance shall comply with the above requirements. The Group will also inquire about and compare the interest rates of deposits with independent commercial banks in or near the service areas to ensure that the deposit services provided by COSCO SHIPPING Finance comply with the requirements of the Master Financial Services Agreement. The Group is not restricted under the Master Financial Services Agreement to approach and in fact choose any bank or financial institution to satisfy its financial services needs. At the same time, the Group has also adopted more stringent capital risk control measures for the deposits under the Master Financial Services Agreement. For further details, please refer to the section headed "Letter from the Board – III. Master Financial Services Agreement – Principal terms of the Master Financial Services Agreement – Risk assessment and control" in the circular. In addition, as disclosed in the section headed "Letter from the Board – III. Master Financial Services Agreement – E. Reasons for and benefits of entering into the Master Financial Services Agreement" in the circular, as at the Latest Practicable Date, the Company held 13.3840% equity interests in COSCO SHIPPING Finance and was the third largest shareholder of COSCO SHIPPING Finance. Therefore, the Company can participate in the decision-making process of COSCO SHIPPING Finance while obtaining the economic benefits brought by the improvement of the service level of COSCO SHIPPING Finance. The Company has certain influence on the operation of COSCO SHIPPING Finance, so that it could better serve the development of the Group. As such, the Directors are of the view that the interest rates for the

deposit services provided by COSCO SHIPPING Finance are expected to meet the requirements under the Master Financial Services Agreement, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

It is expected that the deposit services to be provided by COSCO SHIPPING Finance to the Group under the Master Financial Services Agreement will earn interest income for the Group at the above rates. As the potential interest income to be earned from the deposit services for the three years ending 31 December 2025 is not expected to constitute a significant portion of the profits and assets of the Group, the Company anticipates that such potential interest income will not have any material impact on the profits, assets and liabilities of the Group.

7. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company's development goal is to focus on the main line of the integrated logistics industry, with container manufacturing, container leasing and shipping leasing business chains as the core and investment as the support for the development of the industry-finance-investment integration business. Leveraging the advantages of the container logistics industry chain, the Company will explore container-based financial technology, open up cargo flow, capital flow and information flow, empower the shipping logistics ecosystem, enhance the industrial chain stickiness, and create value for customers. With market-oriented mechanism, professional advantages and international vision, the Company will build a world-class excellent shipping industry-finance operator with the characteristics of COSCO SHIPPING.

In terms of vessel leasing business, the Company will, on the basis of its existing business, gradually set up a high-level professional investment and financing team, and strengthen the synergy between "leasing and manufacturing, leasing and trading, and leasing and shipping", so as to become a first-class domestic ship owner leasing enterprise. In the short term, the Company will enhance its current business model of industry-finance integration for the fleet, explore the lightweight path of vessel investment and financing, and build a leading management platform for shipping equipment leasing within the COSCO Shipping Group (including the Group). In the long run, it will gradually increase the proportion of external business and work out a "one-stop" business model leveraging the COSCO SHIPPING Group's advantages of full industry chain deployment, in an attempt to establish a unique competitive edge in the industry.

In terms of container leasing business, the Company will strive to develop as a leading world-class leasing company with unique competitive edges on the basis of the current leasing business of Florens International Limited. In the short term, the Company will follow the guideline of "consolidating core businesses while seizing market opportunities", strengthen the development on special container and reefer container business, study smart container leasing, improve the coordination between "leasing and manufacturing" and between "leasing and shipping", promote the dual model of lease and sale, and leverage the cyclical supply of and demand for containers to tap profits externally and generate synergy internally. In the long term, the Company will strive to seize market opportunities, actively enhance asset quality,

prepare for seizing consolidation opportunities in the industry, optimize its contract portfolios, explore on the optimization of its capital structure and corporate governance, and strengthen its independent development capabilities so as to enhance the rate of return and long-term core competitiveness.

In terms of container manufacturing business, the Company will focus on the three key directions of industry collaboration, intelligent manufacturing and diversified development, guarantee the container supply security of the principal shipping business, and actively coordinate the industry-finance platform while creating value for the real industry, in a drive to achieve high-quality development of the container manufacturing segment. The Company will enhance the integrated management of entrusted assets and improve quality and efficiency, prepare for assets consolidation, improve the synergy in the container industry chain, strengthen dry container manufacturing, enhance the development of special container and reefer container business, explore the research and development of smart containers, and branch out into peripheral equipment of containers relating to the application scenarios of containers. We will improve and maintain the industry's healthy operating environment, with an aim to develop ourselves into a world-class container manufacturing company with strong technological edge and high capacity efficiency and profitability.

In terms of investment management business, the Company will give equal weight to strategic value and financial returns, adhere to the principal business of shipping logistics, aim at integration of industry and finance through investment measures, continuously focus on investment areas, enhance investment portfolios, strengthen asset operation, gradually exit non-core financial investments strategically, reduce the risks from portfolio volatility, and increase investment gains to smooth out the shipping business cycle. The Company will maintain its investment focus and make full use of capital to attract and integrate high-quality assets, intellectual property and resources based on the application scenarios of shipping, port and logistics industries, and provide intelligence and capital channelling services for the "digital, networking and intelligent" development of the shipping logistics industry, in an effort to boost industry upgrade.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 executive(s)

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.

Interests in the Shares

Name	Position	Class of Shares	Capacity	Number of Shares interested (Note 1)	Approximate percentage of the relevant class of Shares (%)	Approximate percentage of the issued share capital of the Company (%)
Liu Chong	Chairman	H Shares	Other	1,112,903(L) (Notes 3 and 4)	0.03	0.01
		A Shares	Beneficial owner	1,490,100(L) (Note 2)	0.02	0.01

Notes:

- “L” means long position in the Shares.
- Such interests relate to share options granted to the Director on 30 March 2020 pursuant to the A Share option incentive scheme of the Company.
- As disclosed in the announcement of the Company dated 24 November 2016, certain executive Directors, senior management and employees of the Company have voluntarily invested, with their own fund, in the Asset Management Plan, pursuant to which the executive Directors, senior management and employees of the Company had subscribed to the units of the Asset Management Plan and entrusted the manager of the Asset

Management Plan to manage the Asset Management Plan, which would invest in the H Shares. The manager of the Asset Management Plan shall be responsible for, among other things, the investment and re-investment of the assets under the Asset Management Plan and shall be entitled to exercise the voting rights and other relevant rights in respect of the H Shares held under the Asset Management Plan. The Company did not participate in the Asset Management Plan, and the Asset Management Plan does not constitute a share option scheme or any type of employee benefit scheme of the Company. As at the Latest Practicable Date, the Asset Management Plan has been fully funded and has acquired 6,900,000 H Shares on the market at an average price of HK\$1.749 per H Share.

4. Mr. Liu Chong was one of the participants of the Asset Management Plan through which he held approximately 16.13% of the total number of units of the Asset Management Plan as at the Latest Practicable Date. Accordingly, the 1,112,903 H Shares represent the interests derived from the units subscribed by Mr. Liu Chong in the Asset Management Plan as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Liu Chong did not hold any Shares.

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

As at the Latest Practicable Date:

- (a) Mr. Liu Chong, an executive Director, the chairman of the Company, was also the chairman of COSCO SHIPPING Investment Holdings Co., Ltd.;
- (b) Mr. Zhang Mingwen, an executive Director, was also a director of COSCO SHIPPING Investment Holdings Co., Ltd.;
- (c) Mr. Huang Jian, a non-executive Director, was also a department general manager of COSCO SHIPPING;

Save as disclosed above, none of the Directors or Supervisors was, as at the Latest Practicable Date, 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	Approximate
				percentage of the total number of the relevant class of Shares of the Company (%)	percentage of the issued share capital of the Company (%)
China Shipping Group Company Limited	A Shares	Beneficial owner	4,628,015,690 (L)	46.70	34.06
	A Shares	Interest of controlled corporation	1,447,917,519 (L) (Note 2)	14.61	10.66
	H Shares	Interest of controlled corporation	100,944,000 (L) (Note 3)	2.75	0.74
China COSCO SHIPPING Corporation Limited	A Shares	Interest of controlled corporation	6,075,933,209 (L)	61.30	44.72
	A Shares	Beneficial owner	47,570,789 (L)	0.48	0.35
	H Shares	Interest of controlled corporation	100,944,000 (L) (Note 3)	2.75	0.74
COSCO SHIPPING Investment Holdings Co., Ltd.	A Shares	Beneficial owner	1,447,917,519 (L) (Note 2)	14.61	10.66

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

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. 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).

4. LITIGATION

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

5. MATERIAL CONTRACTS

Set out below are the material contracts (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 Latest Practicable Date:

- (a) On 19 May 2022, China Ocean Shipping Company Limited and the Company entered into the equity transfer agreement, pursuant to which the Company conditionally agreed to sell and China Ocean Shipping Company Limited conditionally agreed to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance. (Please refer to the announcement of the Company dated 19 May 2022 for further details);
- (b) On 19 May 2022, (1) the Company, (2) COSCO SHIPPING Lines Co., Ltd., (3) COSCO SHIPPING, (4) China Ocean Shipping Company Limited, (5) COSCO SHIPPING Holdings Co., Ltd., (6) COSCO SHIPPING Energy Transportation Co., Ltd., (7) COSCO SHIPPING Specialized Carriers Co., Ltd. and (8) COSCO SHIPPING Logistics Co., Ltd. entered into the capital increase agreement, pursuant to which the aforesaid parties conditionally agreed to increase the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500,000,000 after completion of the shareholding restructuring. (Please refer to the announcement of the Company dated 19 May 2022 for further details);
- (c) On 13 April 2021, COSCO SHIPPING Leasing Co., Ltd., the Company, China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd. and China Insurance Investment Co., Ltd. entered into the capital increase agreement and the supplemental agreement, pursuant to which China Insurance Investment Co., Ltd. shall make a capital increase of RMB3,000,000,000 to COSCO SHIPPING Leasing Co., Ltd. (Please refer to the announcement of the Company dated 13 April 2021 for further details);

- (d) On 27 January 2021, the Company and COSCO SHIPPING Investment Co., Ltd. entered into the acquisition agreement, pursuant to which the Company conditionally agreed to purchase and COSCO SHIPPING Investment Co., Ltd. conditionally agreed to sell the entire equity interests in Dong Fang International Container (Qidong) Co., Ltd., Dong Fang International Container (Qingdao) Co., Ltd., Dong Fang International Container (Ningbo) Co., Ltd. and Shanghai Universal Logistics Technology Co., Ltd. in consideration of the allotment and issuance of the consideration shares by the Company to COSCO SHIPPING Investment Co., Ltd. (Please refer to the announcement of the Company dated 27 January 2021 for further details); and
- (e) On 10 December 2020, the Company and Chengtong Mixed Reform Equity Investment Fund Management Co., Ltd. entered into the equity transfer agreement, pursuant to which and subject to the terms thereof, Chengtong Mixed Reform Equity Investment Fund Management Co., Ltd. (on behalf of China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd.) agreed to acquire and the Company agreed to sell 35.22% of the equity interest in COSCO SHIPPING Leasing Co., Ltd. held by the Company at the consideration of RMB1,800,000,000. (Please refer to the announcement of the Company dated 10 December 2020 for further details).

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 issue of this circular.

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 2021 (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 were treated as a controlling shareholder under Rule 8.10 of the Hong Kong Listing Rules.

8. EXPERT'S QUALIFICATION AND CONSENT

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

Name	Qualification
Goldlink Capital	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 had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and/or the reference to its name and opinions in the form and context in which they respectively appear.

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 were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021 (being the date to which the latest published audited accounts of the Group were made up).

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://development.coscoshipping.com>) during the period of 14 days from the date of this circular:

- (a) each of the agreements in relation to the Relevant Continuing Connected Transactions;
- (b) the letter from Goldlink Capital to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps; and
- (c) the written consent referred to in the section headed "Expert's Qualification and Consent" in this appendix.

10. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Cai Lei and Ms. Ng Sau Mei.
- (b) The registered office of the Company is at Room A-538, International Trade Center, 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 Hong Kong H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The full text of the Proposed Amendments to the Articles of Association is set out below.

Existing articles of the Articles of Association	To be amended as
Chapter I General provisions	Chapter I General provisions
<p>Article 1.9 The Articles of Association is binding upon the Company’s shareholders, directors, supervisors, chief executive officer, general manager, deputy general managers and other top management. The above mentioned personnel may file right claims regarding company’s matters as per the Articles of Association.</p> <p>As per the Articles of Association, shareholders may raise a claim against other shareholders; shareholders may raise a claim against the Company’s directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives; shareholders may raise a claim against the Company, and the Company may raise a claim against the shareholders. Shareholders may raise a claim against shareholders, or against company’s directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives.</p> <p>The claims as mentioned in the preceding clause include lawsuits brought to the court or arbitration application filed with arbitration institutions.</p>	<p>Article 1.9 The Articles of Association is binding upon the Company’s shareholders, directors, supervisors, general manager, deputy general managers and other top management. The above mentioned personnel may file right claims regarding company’s matters as per the Articles of Association.</p> <p>As per the Articles of Association, shareholders may raise a claim against other shareholders; shareholders may raise a claim against the Company’s directors, supervisors, general manager, deputy general manager and other senior executives; shareholders may raise a claim against the Company, and the Company may raise a claim against the shareholders. Shareholders may raise a claim against shareholders, or against company’s directors, supervisors, general manager, deputy general manager and other senior executives.</p> <p>The claims as mentioned in the preceding clause include lawsuits brought to the court or arbitration application filed with arbitration institutions.</p>
<p>Article 1.10 Senior executives as referred to in the Articles of Association include the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer, general counsel, Board secretary and other senior management personnel appointed by the Company’s Board of Directors.</p>	<p>Article 1.10 Senior executives as referred to in the Articles of Association include the general manager, deputy general managers, chief accountant or chief financial officer, general counsel, Board secretary and other senior management personnel appointed by the Company’s Board of Directors.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Nil	<p>Additional article:</p> <p>Article 1.14 <u>In accordance with the requirements of the Constitution of the Communist Party of China, an organization of the Communist Party of China shall be established to conduct related Party activities. The Party committee shall perform the leadership functions to provide directions, manage overall situations and ensure implementation. The Company shall establish a working organ for the Party, equip with sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organization. The Company shall provide necessary conditions for its Party organization to carry out activities.</u></p>
<p align="center">Chapter III Shares and registered capital</p>	<p align="center">Chapter III Shares and registered capital</p>
<p>Article 3.5 With approval of the SASAC, the number of ordinary shares issued by the Company at the time of its incorporation was 3,830,000,000, which ordinary shares were state-owned corporate shares, all held by China Shipping (Group) Company.</p> <p>The number of H Shares at the IPO of the Company was 2,200,000,000 upon approval of the securities regulatory authority of the State Council. After issue of the aforesaid H Shares, the equity structure of the Company is: 6,030,000,000 ordinary shares, including 3,610,000,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 2,420,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.</p>	<p>Article 3.5 With approval of the SASAC, the number of ordinary shares issued by the Company at the time of its incorporation was 3,830,000,000, which ordinary shares were state-owned corporate shares, all held by China Shipping (Group) Company.</p> <p>The number of H Shares at the IPO of the Company was 2,200,000,000 upon approval of the securities regulatory authority of the State Council. After issue of the aforesaid H Shares, the equity structure of the Company is: 6,030,000,000 ordinary shares, including 3,610,000,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 2,420,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>Upon approval by a special resolution at a provisional general meeting and approval by the examination and approval authority authorized by the State Council, the Company distributed its dividends as at June 30, 2007 to holders of domestic shares and H Shares. After the aforesaid distribution of dividends, the equity structure of the Company is: 9,346,500,000 ordinary shares, including 5,595,500,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.</p>	<p>Upon approval by a special resolution at a provisional general meeting and approval by the examination and approval authority authorized by the State Council, the Company distributed its dividends as at June 30, 2007 to holders of domestic shares and H Shares. After the aforesaid distribution of dividends, the equity structure of the Company is: 9,346,500,000 ordinary shares, including 5,595,500,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.</p>
<p>Upon approval by special resolutions at a general meeting, domestic general meeting and H general meeting respectively and approval by the examination and approval authority authorized by the State Council, the Company issued 2,336,625,000 A Shares. After the aforesaid issue of A Shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,595,500,000 shares held by promoter China Shipping (Group) Company, accounting for approximately 47.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,336,625,000 shares held by shareholders of A Shares other than the promoter, accounting for 20% of the ordinary shares issued by the Company.</p>	<p>Upon approval by special resolutions at a general meeting, domestic general meeting and H general meeting respectively and approval by the examination and approval authority authorized by the State Council, the Company issued 2,336,625,000 A Shares. After the aforesaid issue of A Shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,595,500,000 shares held by promoter China Shipping (Group) Company, accounting for approximately 47.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,336,625,000 shares held by shareholders of A Shares other than the promoter, accounting for 20% of the ordinary shares issued by the Company.</p>

Existing articles of the Articles of Association	To be amended as
<p>In accordance with the “Implementing Measures for the Transfer of Certain State-owned Shares from the Domestic Securities Market to the National Social Security Fund” issued by Ministry of Finance of the PRC along with other ministries of the PRC and the relevant provisions of the State Council, China Shipping (Group) Company has transferred 233,662,500 A Shares held by it to the National Council for Social Security Fund. Upon the completion of such transfer of state-owned shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,361,837,500 shares held by China Shipping (Group) Company, accounting for approximately 45.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,570,287,500 shares held by shareholders of A Shares other than the promoter, accounting for 22% of the ordinary shares issued by the Company.</p> <p>Upon approval by special resolutions at a general meeting, meeting of shareholders of A Shares and meeting of shareholders of H Shares respectively, the Company repurchased 75,000,000 H Shares and cancelled such H Shares. Following completion of the cancellation, the equity structure of the Company is: 11,608,125,000 ordinary shares, including 3,676,000,000 shares held by shareholders of H Shares, accounting for approximately 31.667% of the ordinary shares issued by the Company, and 7,932,125,000 shares held by shareholders of A Shares, accounting for 68.333% of the ordinary shares issued by the Company.</p>	<p>In accordance with the “Implementing Measures for the Transfer of Certain State-owned Shares from the Domestic Securities Market to the National Social Security Fund” issued by Ministry of Finance of the PRC along with other ministries of the PRC and the relevant provisions of the State Council, China Shipping (Group) Company has transferred 233,662,500 A Shares held by it to the National Council for Social Security Fund. Upon the completion of such transfer of state-owned shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,361,837,500 shares held by China Shipping (Group) Company, accounting for approximately 45.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,570,287,500 shares held by shareholders of A Shares other than the promoter, accounting for 22% of the ordinary shares issued by the Company.</p> <p>Upon approval by special resolutions at a general meeting, meeting of shareholders of A Shares and meeting of shareholders of H Shares respectively, the Company repurchased 75,000,000 H Shares and cancelled such H Shares. Following completion of the cancellation, the equity structure of the Company is: 11,608,125,000 ordinary shares, including 3,676,000,000 shares held by shareholders of H Shares, accounting for approximately 31.667% of the ordinary shares issued by the Company, and 7,932,125,000 shares held by shareholders of A Shares, accounting for 68.333% of the ordinary shares issued by the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>With approval of the China Securities Regulatory Commission, the Company implemented the issuance of A Shares for the acquisition of assets and non-public issuance of A Shares to raise ancillary funds, and upon the completion of the above transactions, the equity structure of the Company became 13,586,477,301 ordinary shares, including 3,676,000,000 shares held by shareholders of H Shares, accounting for approximately 27.06% of the ordinary shares issued by the Company and 9,910,477,301 shares held by shareholders of A Shares, accounting for approximately 72.94% of the ordinary shares issued by the Company.</p>	<p>With approval of the China Securities Regulatory Commission, the Company implemented the issuance of A Shares for the acquisition of assets and non-public issuance of A Shares to raise ancillary funds, and upon the completion of the above transactions, the equity structure of the Company became 13,586,477,301 ordinary shares, including 3,676,000,000 shares held by shareholders of H Shares, accounting for approximately 27.06% of the ordinary shares issued by the Company and 9,910,477,301 shares held by shareholders of A Shares, accounting for approximately 72.94% of the ordinary shares issued by the Company.</p> <p><u>The Board of Directors of the Company cancelled some share options according to the authorization of general meeting, meeting of shareholders of A Shares and meeting of shareholders of H Shares. Upon the cancellation, the equity structure of the Company became 13,573,299,906 ordinary shares, of which 3,676,000,000 shares were held by shareholders of H Shares, accounting for 27.08% of the total issued ordinary shares of the Company, and 9,897,299,906 shares were held by shareholders of A Share, accounting for 72.92% of the total issued ordinary shares of the Company.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Article 3.8 The registered capital of the Company is: RMB13,586,477,301.</p>	<p>Article 3.8 The registered capital of the Company is: RMB13,573,299,906.</p>
<p>Chapter IV Capital reduction and repurchase of shares</p>	<p>Chapter IV Capital reduction and repurchase of shares</p>
<p>Article 4.3 After adoption in the procedure stated in the Articles of Association and approval by relevant state's authority, the Company may repurchase the stock issued by it in the following cases:</p> <p>(I) To reduce the Company's registered capital;</p> <p>(II) To merge with other companies holding stock of the Company;</p> <p>(III) To carry out employee stock ownership plans or equity incentive plans;</p> <p>(IV) Shareholders object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;</p> <p>(V) To convert convertible corporate bonds issued by the Company;</p> <p>(VI) The share repurchase is necessary to maintain the value of the Company and the interests of its shareholders.</p> <p>The Company shall not buy or sell shares of the Company unless in the aforesaid circumstances.</p> <p>In buying back the shares already issued, the Company shall observe the relevant laws, regulations and Articles 4.4 and 4.8 of the Articles of Association.</p>	<p>Article 4.3 <u>The Company shall not repurchase the stock of the Company, except in any of the following situations:</u></p> <p>(I) To reduce the Company's registered capital;</p> <p>(II) To merge with other companies holding stock of the Company;</p> <p>(III) To carry out employee stock ownership plans or equity incentive plans;</p> <p>(IV) Shareholders object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;</p> <p>(V) To convert convertible corporate bonds issued by the Company;</p> <p>(VI) The share repurchase is necessary to maintain the value of the Company and the interests of its shareholders.</p> <p>In buying back the shares already issued, the Company shall observe the relevant laws, regulations and Articles 4.4 and 4.8 of the Articles of Association.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 4.4 After approval by relevant state's authority, the Company may repurchase the stock in one of the following forms:</p> <p>(I) Send a repurchase offer to all the shareholders with the same proportion;</p> <p>(II) Repurchase the stock in the public way at the securities exchange;</p> <p>(III) Repurchase the stock in the agreement form at other places than the securities exchange;</p> <p>(IV) Other means stipulated by laws and regulations or approved by the securities authority of the State Council.</p> <p>When the Company repurchases its shares under items (III), (V) or (VI) of Article 4.3, such repurchase shall be conducted by way of public centralized trading in the securities exchange or other means as permitted by other laws, regulations or rules of the securities exchange.</p>	<p>Article 4.4 <u>The Company may repurchase the stock in one of the following forms:</u></p> <p>(I) <u>Centralized bidding transaction;</u></p> <p>(II) <u>An offer;</u></p> <p>(III) <u>Any other ways recognized by China Securities Regulatory Commission (hereafter referred to as "CSRC").</u></p> <p>When the Company repurchases its shares under items (III), (V) or (VI) of Article 4.3, such repurchase shall be conducted by way of public centralized trading in the securities exchange or other means as permitted by other laws, regulations or rules of the securities exchange.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 4.6 Where the Company repurchases the redeemable stock which it is entitled to do so in a non-open form or in the form of an offer, the price shall not exceed a certain price ceiling. If the repurchase is conducted in the form of an offer, then, the offer must be made to all the shareholders under the same conditions.</p> <p>After repurchasing the stock in accordance with the law, the Company shall cancel such stock in the period specified by the legal and administrative stipulations. After the Company has bought back its shares, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I) of Article 4.3, or shall be transferred or cancelled within 6 months in the circumstances set out in (II) and (IV), or the total number of shares held by the Company shall not exceed 10% of its total outstanding shares and such shares shall be transferred or cancelled within three years in the circumstances set out in (III), (V) and (VI).</p> <p>The total par value of the cancelled shares shall be deducted from the registered capital of the Company, and the resulting change of the registered capital shall be registered with the original company registration authority.</p>	<p>Article 4.6 Where the Company repurchases the redeemable stock which it is entitled to do so in a non-open form or in the form of an offer, the price shall not exceed a certain price ceiling. If the repurchase is conducted in the form of an offer, <u>it shall be conducted in accordance with the regulations in connection tender offers as set out in the Measures for the Administration of the Takeover of Listed Companies and The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong.</u></p> <p>After repurchasing the stock in accordance with the law, the Company shall cancel such stock in the period specified by the legal and administrative stipulations. After the Company has bought back its shares, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I) of Article 4.3, or shall be transferred or cancelled within 6 months in the circumstances set out in (II) and (IV), or the total number of shares held by the Company shall not exceed 10% of its total outstanding shares and such shares shall be transferred or cancelled within three years in the circumstances set out in (III), (V) and (VI).</p> <p>The total par value of the cancelled shares shall be deducted from the registered capital of the Company, and the resulting change of the registered capital shall be registered with the original company registration authority.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter VI Share and register of shareholders	Chapter VI Share and register of shareholders
<p>Article 6.6 The directors, supervisors, chief executive officer, general manager, deputy general manager and other senior management shall declare their respective shareholdings in the Company and changes thereto on regular basis during their term of office. Transfer of shares by the aforesaid persons shall comply with the relevant laws, regulations and/or relevant listing rules.</p>	<p>Article 6.6 The directors, supervisors, general manager, deputy general manager and other senior management shall declare their respective shareholdings in the Company and changes thereto on regular basis during their term of office. Transfer of shares by the aforesaid persons shall comply with the relevant laws, regulations and/or relevant listing rules.</p>
<p>Article 6.7 Any gains from sale of shares by the directors, supervisors, chief executive officer, and general manager, deputy general manager and other senior management or shareholder holding 5% or more of the shares of the Company within six (6) months after their purchase of the same, and any gains from the purchase of the shares by any of the aforesaid parties within six (6) months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, if a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer, the sales of those shares shall not be under the said six (6)-month restriction.</p>	<p>Article 6.7 Any gains from sale of shares by the directors, supervisors, and general manager, deputy general manager and other senior management or shareholder holding 5% or more of the shares of the Company <u>or other securities with an equity nature</u> within six (6) months after their purchase of the same, and any gains from the purchase of the shares by any of the aforesaid parties within six (6) months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, <u>a securities company which holds 5% or more of the Company's shares as a result of its <u>undertaking</u> of the untaken shares in an offer, and other circumstances stipulated by the CSRC are excluded.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Director in breach of the provision in the preceding paragraph shall bear joint liability in accordance with law.</p>	<p><u>Shares or other securities with an equity nature held by directors, supervisors, senior management personnel and natural person shareholders referred to in the preceding paragraph include shares or other securities with an equity nature held by their spouses, parents and children and held under others' accounts.</u></p> <p><u>Director in breach of the provision in the paragraph 1 of this Article, the shareholders have the right to request the Board of Director to do so within 30 days. If the Board of Director does not enforce such right within the said period, the shareholders are entitled to file litigations to the people's court in their own names for the interests of the Company. Director in breach of the provision in the paragraph 1 of this Article shall bear joint liability in accordance with law.</u></p>
<p>Article 6.12 All paid up H Shares which are listed in Hong Kong may be freely transferred in accordance with the Article of Association; the Board of Directors may refuse to recognise any instrument of transfer, and give no reasons unless the following conditions are satisfied:</p> <p>(I) a fee of Hong Kong dollars two and cents fifty (per instrument of transfer) or of a larger amount as agreed by the Stock Exchange for the registration of the transfer documents of the shares and other documents relating to or affecting the ownership of shares;</p> <p>...</p>	<p>Article 6.12 All paid up H Shares which are listed in Hong Kong may be freely transferred in accordance with the Articles of Association; the Board of Directors may refuse to recognise any instrument of transfer, and give no reasons unless the following conditions are satisfied:</p> <p>(I) <u>the transfer instrument and any other documents related to or affecting the title of any H shares shall be registered, and if any payment shall be made for such registration, such payment shall not exceed the maximum amount stipulated by the Hong Kong Listing Rules from time to time;</u></p> <p>...</p>

Existing articles of the Articles of Association	To be amended as
<p>Chapter VII Rights and duties of shareholders</p>	<p>Chapter VII Rights and duties of shareholders</p>
<p>Article 7.1 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.</p> <p>A shareholder shall enjoy rights and assume obligations in accordance with the class and amount of shares held by him/her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.</p> <p>The Company shall not exercise any power to freeze or otherwise impair the rights attached to any shares held by any person on the grounds that such person has not disclosed his/her direct or indirect equity interest to the Company.</p>	<p>Article 7.1 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.</p> <p>A shareholder shall enjoy rights and assume obligations in accordance with the class and amount of shares held by him/her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.</p>
<p>Article 7.3 The shareholders of ordinary shares of the Company shall enjoy the following rights:</p> <p>...</p> <p>(V) to obtain relevant information in accordance with the Articles of Association, in which information includes:</p> <ol style="list-style-type: none"> 1. to obtain the Articles of Association, subject to payment of costs; 2. to inspect for free and copy, subject to payment of a reasonable fee, the following: <ol style="list-style-type: none"> (1) all parts of the register of shareholders; (2) personal particulars of each of the directors, supervisors, chief executive officer, general managers, deputy general managers and other senior management personnel of the Company, including: <p>...</p>	<p>Article 7.3 The shareholders of ordinary shares of the Company shall enjoy the following rights:</p> <p>...</p> <p>(V) to obtain relevant information in accordance with the Articles of Association, in which information includes:</p> <ol style="list-style-type: none"> 1. to obtain the Articles of Association, subject to payment of costs; 2. to inspect for free and copy, subject to payment of a reasonable fee, the following: <ol style="list-style-type: none"> (1) all parts of the register of shareholders; (2) personal particulars of each of the directors, supervisors, general managers, deputy general managers and other senior management personnel of the Company, including: <p>...</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter VIII General meeting	Chapter VIII General meeting
<p>Article 8.2 The general meeting shall exercise the following functions and powers:</p> <p>(I) to decide on the Company’s operational policies and investment plans and to consider and approve any material investment plans requiring approval of a general meeting;</p> <p>(II) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(III) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;</p> <p>(IV) to examine and approve the Board of Directors’ reports;</p> <p>(V) to examine and approve the supervisory committee’s reports;</p> <p>(VI) to examine and approve the Company’s proposed annual preliminary and final budgets;</p> <p>(VII) to examine and approve the Company’s profit distribution plans and loss recovery plans;</p> <p>(VIII) to pass resolutions on the increase or decrease of the Company’s registered capital;</p> <p>(IX) to pass resolutions on matters such as the merger, division, dissolution, liquidation and alternation of corporation form of the Company;</p> <p>(X) to pass resolutions on the issuance of bonds by the Company;</p>	<p>Article 8.2 The general meeting shall exercise the following functions and powers:</p> <p>(I) to decide on the Company’s operational policies and investment plans and to consider and approve any material investment plans requiring approval of a general meeting;</p> <p>(II) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(III) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;</p> <p>(IV) to examine and approve the Board of Directors’ reports;</p> <p>(V) to examine and approve the supervisory committee’s reports;</p> <p>(VI) to examine and approve the Company’s proposed annual preliminary and final budgets;</p> <p>(VII) to examine and approve the Company’s profit distribution plans and loss recovery plans;</p> <p>(VIII) to pass resolutions on the increase or decrease of the Company’s registered capital;</p> <p>(IX) to pass resolutions on matters such as the merger, division, <u>separation</u>, dissolution, liquidation and alternation of corporation form of the Company;</p> <p>(X) to pass resolutions on the issuance of bonds by the Company;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(XI) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firms of the Company;</p> <p>(XII) to amend the Articles of Association;</p> <p>(XIII) to pass resolutions on the Company’s external guarantees which shall be approved by the general meeting pursuant to Article 8.4 hereof</p> <p>(XIV) to consider the Company’s purchase or disposal of major assets within one year with a transaction amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(XV) to consider resolutions raised by the shareholders representing 3% or more of the voting shares of the Company;</p> <p>(XVI) share incentive scheme;</p> <p>(XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XVIII) to pass resolutions on share repurchase made by the Company under items (I) or (II) of Article 4.3; and</p> <p>(XIX) other matters on which resolutions should be passed at the general meeting in accordance with the laws, regulations, relevant listing rules and the Articles of Association.</p> <p>The general meeting may authorize or appoint the Board to handle matters authorized or delegated by the general meeting.</p> <p>Under — necessary — and — reasonable circumstances, the general meeting may authorize the Board to decide, within the scope of a mandate granted by the general meeting, specific matters relating to matters to be resolved on by the general meeting which may not be decided upon immediately at a general meeting.</p>	<p>(XI) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firms of the Company;</p> <p>(XII) to amend the Articles of Association;</p> <p>(XIII) to pass resolutions on the Company’s external guarantees which shall be approved by the general meeting pursuant to Article 8.4 hereof</p> <p>(XIV) to consider the Company’s purchase or disposal of major assets within one year with a transaction amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(XV) to consider resolutions raised by the shareholders representing 3% or more of the voting shares of the Company;</p> <p>(XVI) <u>to consider share incentive scheme and employee share ownership plan;</u></p> <p>(XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XVIII) to pass resolutions on share repurchase made by the Company under items (I) or (II) of Article 4.3; and</p> <p>(XIX) other matters on which resolutions should be passed at the general meeting in accordance with the laws, regulations, relevant listing rules and the Articles of Association.</p> <p>The general meeting may authorize or appoint the Board to handle matters authorized or delegated by the general meeting.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.3 The Company shall not, without the prior approval of the shareholders at a general meeting, enter into any contract with any person other than directors, supervisors, chief executive officer, general manager, deputy general managers or other senior management personnel, whereby the management of the whole or part of substantial business of the Company is to be handed over to such person.</p>	<p>Article 8.3 <u>Save that the Company is in a crisis and for other special circumstances,</u> the Company shall not, without the approval of the shareholders at a general meeting <u>by way of special resolution</u>, enter into any contract with any person other than directors, supervisors, general manager, deputy general managers or other senior management personnel, whereby the management of the whole or part of substantial business of the Company is to be handed over to such person.</p>
<p>Article 8.4 Proposals in relation to guarantee to be provided by the Company to external parties are subject to consideration and approval by the Board and they shall be submitted to the general meeting for review and approval after being reviewed by the Board when:</p> <p>(I) the total amount of external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the latest audited net assets;</p> <p>(II) the gearing ratio of the entity to be guaranteed exceeds 70%;</p> <p>(III) the amount of a single guarantee exceeds 10% of the latest audited net assets;</p> <p>(IV) the guarantee is provided to shareholders, the de facto controllers and their connected persons;</p> <p>(V) any external guarantee to be given by the Company after the total amount of guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;</p>	<p>Article 8.4 Proposals in relation to guarantee to be provided by the Company to external parties are subject to consideration and approval by the Board <u>of Directors</u> and they shall be submitted to the general meeting for review and approval after being reviewed by the Board <u>of Directors</u> when:</p> <p>(I) the total amount of external guarantees provided by the Company and its subsidiaries exceeds 50% of the latest audited net assets;</p> <p>(II) the gearing ratio of the entity to be guaranteed exceeds 70%;</p> <p>(III) the amount of a single guarantee exceeds 10% of the latest audited net assets;</p> <p>(IV) the guarantee is provided to shareholders, the de facto controllers and their connected persons;</p> <p>(V) any external guarantee to be given by the Company after the total amount of guarantees provided by the Company has exceeded 30% of the latest audited total assets of the Company;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(VI) other matters concerning guarantees that shall be approved by the general meeting as stipulated by the laws and regulations and the Articles of Association.</p> <p>“External guarantee” as mentioned in the Articles of Association refers to guarantee provided by the Company for other parties, including those provided by the Company for its subsidiaries. “Total amount of external guarantee of the Company and its subsidiaries” refers to the sum of the total external guarantee provided by the Company including those provided by the Company for its subsidiaries and the total amount of external guarantees provided by the subsidiaries of the Company.</p> <p>If any director, the chief executive officer, general manager, deputy general manager and other senior executive causes loss to the Company by violating any stipulations regarding the examination and approval authority and procedure of approval concerning external guarantee specified in the laws, administrative regulations and the Articles of Association, he shall be taken liable for compensation, and the Company may pursue action against him pursuant to the laws.</p>	<p>(VI) <u>the guarantee provided by the Company within one year exceeds 30% of the latest audited total assets of the Company;</u></p> <p>(VII) other matters concerning guarantees that shall be approved by the general meeting as stipulated by the laws and regulations and the Articles of Association.</p> <p><u>When the general meeting is considering a proposal to provide guarantee for any shareholders, the de facto controllers and their connected persons, such shareholder or the shareholder controlled by such de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other shareholders attending the general meeting.</u></p> <p>“External guarantee” as mentioned in the Articles of Association refers to guarantee provided by the Company for other parties, including those provided by the Company for its subsidiaries. “Total amount of external guarantee of the Company and its subsidiaries” refers to the sum of the total external guarantee provided by the Company including those provided by the Company for its subsidiaries and the total amount of external guarantees provided by the subsidiaries of the Company.</p> <p>If any director, general manager, deputy general manager and other senior executive causes loss to the Company by violating any stipulations regarding the examination and approval authority and procedure of approval concerning external guarantee specified in the laws, administrative regulations and the Articles of Association, he shall be taken liable for compensation, and the Company may pursue action against him pursuant to the laws.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>Article 8.7 The general meeting is divided into annual general meeting and extraordinary general meeting. The general meeting is convened by the Board of Directors.</p>	<p>Article 8.7 The general meeting is divided into annual general meeting and extraordinary general meeting. The general meeting is convened by the Board of Directors.</p>
<p>Article 8.8 Annual general meetings are held once a year, and shall take place within 6 months from the end of the previous financial year.</p> <p>General meetings may be held in a physical form or in a non-physical form as permitted by law.</p> <p>The Board of Directors shall call an extraordinary general meeting within 2 months upon occurrence of any of the following:</p> <p>(I) When the number of directors is less than that specified in the Company Law, or two thirds of that specified in the Articles of Association;</p> <p>(II) When the uncovered loss of the Company reaches one third of the entire share capital of the Company;</p> <p>(III) When shareholder(s) severally or jointly holding 10% or more of the Company’s shares request to do so;</p> <p>(IV) When the Board of Directors deems necessary or the Supervisory Committee so requests;</p> <p>(V) When two or more independent directors so requests;</p> <p>(VI) Other circumstances stipulated by laws, administrative regulations, department rules or the Articles of Association.</p> <p>The number of shareholding mentioned in (III) above is calculated as required in writing by the shareholder(s).</p>	<p>Article 8.8 Annual general meetings are held once a year, and shall take place within 6 months from the end of the previous financial year.</p> <p>General meetings may be held in a physical form or in a non-physical form as permitted by law.</p> <p>The Board of Directors shall call an extraordinary general meeting within 2 months upon occurrence of any of the following:</p> <p>(I) When the number of directors is less than <u>the quorum</u> specified in the Company Law, or two thirds of that specified in the Articles of Association;</p> <p>(II) When the uncovered loss of the Company reaches one third of the entire <u>paid-up</u> share capital of the Company;</p> <p>(III) When shareholder(s) severally or jointly holding 10% or more of the Company’s shares request to do so;</p> <p>(IV) When the Board of Directors deems necessary or the Supervisory Committee so requests;</p> <p>(V) When two or more independent directors so requests;</p> <p>(VI) Other circumstances stipulated by laws, administrative regulations, department rules or the Articles of Association.</p> <p>The number of shareholding mentioned in (III) above is calculated <u>according to the date on which the written request is submitted</u> by the shareholder(s).</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Nil	<p>This Article is added, and the original Articles 8.9 to 8.35 are renumbered accordingly:</p> <p>Article 8.9 <u>The Company shall hold a general meeting at the domicile of the Company or such other place as notified by the convener of the general meeting.</u></p> <p><u>The general meeting shall set meeting venue and be convened by way of on-site meetings. The Company will also provide online voting to facilitate shareholders in the general meeting. Any shareholders who participate in the general meeting by the aforesaid manner shall be deemed as present.</u></p>
<p>Article 8.9 The Company shall give a written notice of an annual general meeting 20 days before the date of the annual general meeting, while it shall give a written notice of an extraordinary general meeting 15 days before the date of the extraordinary general meeting, to inform all shareholders whose names are shown in the share register of the matters to be considered at the meeting as well as the date, the time and place of the meeting.</p>	<p>Article 8.10 The Company shall give a written notice of an annual general meeting 20 days <u>(excluding the date of the notice)</u> before the date of the annual general meeting, while it shall give a written notice of an extraordinary general meeting 15 days before the date of the extraordinary general meeting, to inform all shareholders whose names are shown in the share register of the matters to be considered at the meeting as well as the date, the time and place of the meeting.</p>
<p>Article 8.10 At general meetings of the Company, the Board of Directors, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% of the Company’s shares may propose motions to the Company.</p> <p>Shareholder(s) severally or jointly holding 3% or more of the Company’s shares may submit an extraordinary motions in writing to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions, to announce the particulars of the extraordinary motions.</p> <p>Save as specified in the preceding paragraph, the convener shall not change the motions set out in the notice of general meeting or add any new motions after the notice of general meeting is served.</p>	<p>Article 8.11 At general meetings of the Company, the Board of Directors, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% of the Company’s shares may propose motions to the Company.</p> <p>Shareholder(s) severally or jointly holding 3% or more of the Company’s shares may submit an extraordinary motions in writing to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions, to announce the particulars of the extraordinary motions.</p> <p>Save as specified in the preceding paragraph, the convener shall not change the motions set out in the notice of general meeting or add any new motions after the notice of general meeting is served.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 8.11 The matters to be considered and decided on the general meeting shall be determined pursuant to the Company Law and the Articles of Association, and the general meeting may resolve on any matter specified in the Articles of Association.</p> <p>Motions not set out in the notice of general meeting or not complying with Article 8.9 of the Articles of Association shall not be voted on or resolved at the general meeting.</p>	<p>Article 8.12 The matters to be considered and decided on the general meeting shall be determined pursuant to the Company Law and the Articles of Association, and the general meeting may resolve on any matter specified in the Articles of Association.</p> <p>Motions not set out in the notice of general meeting or not complying with Article <u>8.13</u> of the Articles of Association shall not be voted on or resolved at the general meeting.</p>
<p>Article 8.13 The notice of general meeting shall meet the following requirements:</p> <p>(I) Be given in writing;</p> <p>(II) Designate the place, date and time of the meeting;</p> <p>(III) State the matters to be discussed at the meeting;</p> <p>(IV) Provide shareholders with such information as is needed to enable the shareholders to make informed decisions on the matters to be discussed. This principle includes (but not limited to) specific terms and conditions of the transactions contemplated and the contract (if available) shall be provided, and that the reasons for and effects of the proposed transaction shall be properly explained, when the Company proposes merge, repurchase of shares, restructuring of its share capital or other reorganization;</p> <p>(V) where any director, supervisor, chief executive officer, general manager, deputy general manager or other senior management personnel has material interests in the matters to be discussed, the nature and to what extent they are interested therein shall be disclosed; where the impact of the matters to be discussed on such director, supervisor, chief executive officer, general manager, deputy general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;</p>	<p>Article 8.14 The notice of general meeting shall meet the following requirements:</p> <p>(I) Be given in writing;</p> <p>(II) Designate the place, date and time of the meeting;</p> <p>(III) State the matters to be discussed at the meeting;</p> <p>(IV) Provide shareholders with such information as is needed to enable the shareholders to make informed decisions on the matters to be discussed. This principle includes (but not limited to) specific terms and conditions of the transactions contemplated and the contract (if available) shall be provided, and that the reasons for and effects of the proposed transaction shall be properly explained, when the Company proposes merge, repurchase of shares, restructuring of its share capital or other reorganization;</p> <p>(V) <u>Where</u> any director, supervisor, general manager, deputy general manager or other senior management personnel has material interests in the matters to be discussed, the nature and to what extent they are interested therein shall be disclosed; where the impact of the matters to be discussed on such director, supervisor, general manager, deputy general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(VI) contain the full text of any special resolutions to be passed at the meeting;</p> <p>(VII) contain conspicuously a statement that shareholders entitled to attend and vote have a right to appoint one or more proxies to attend and vote on his behalf and that a proxy so appointed need not be a shareholder;</p> <p>(VIII) specify the time and address for lodging the proxy forms for use at the meeting.</p> <p>If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of a general meeting shall adequately disclose the biographical details of the director or supervisor candidates, which shall at least include:</p> <ol style="list-style-type: none"> 1. personal particulars, including academic qualifications, work experiences, and concurrent positions; 2. whether such person has any connection with the Company, its controlling shareholders and de facto controllers; 3. the number of shares of the Company held by such person; 4. whether such person has been punished by the securities regulatory authority of the State Council or any other relevant authority or been reprimanded by any stock exchange. <p>Unless a director or supervisor is elected via the accumulative voting system, the election of each director or supervisor candidate shall be proposed as a separate proposal.</p>	<p>(VI) <u>Contain</u> the full text of any special resolutions to be passed at the meeting;</p> <p>(VII) <u>Contain</u> conspicuously a statement that <u>all shareholders are entitled to attend the general meeting, and may appoint proxies in writing to attend and vote</u> and that a proxy so appointed need not be a shareholder <u>of the Company</u>;</p> <p>(VIII) <u>The record date of the shareholders entitled to attend the general meeting</u>;</p> <p>(IX) <u>The name and phone number of standing contact person for the meeting</u>;</p> <p>(X) <u>The time and procedure for voting on the network or of other means</u>;</p> <p>(XI) <u>Specify</u> the time and address for lodging the proxy forms for use at the meeting.</p> <p>If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of a general meeting shall adequately disclose the biographical details of the director or supervisor candidates, which shall at least include:</p> <ol style="list-style-type: none"> 1. personal particulars, including academic qualifications, work experiences, and concurrent positions; 2. whether such person has any connection with the Company, its controlling shareholders and de facto controllers; 3. the number of shares of the Company held by such person; 4. whether such person has been punished by <u>the CSRC</u> or any other relevant authority or <u>been reprimanded by any stock exchange</u>.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p style="text-align: center;">Existing articles of the Articles of Association</p>	<p style="text-align: center;">To be amended as</p>
<p>After the notice of general meeting is issued, the meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 workdays prior to the date on which the meeting is originally scheduled.</p>	<p>Unless a director or supervisor is elected via the accumulative voting system, the election of each director or supervisor candidate shall be proposed as a separate proposal.</p> <p>After the notice of general meeting is issued, the meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 workdays prior to the date on which the meeting is originally scheduled.</p>
<p>Article 8.14 Notices of general meetings shall be delivered to shareholders (with or without voting right at the general meeting) by hand or by pre-paid mails to the address as recorded in the register of shareholders. For A Share holders, such notices can also be made in the form of an announcement for A Shares. For H Share holders, notices of general meetings can be made in the form of an announcement on the website of the Stock Exchange and the Company’s website.</p> <p>The announcement for A Shares as mentioned in the preceding paragraph shall be published in one or more newspapers as designated by the securities supervisory authority of the State Council. Once published, all A Share holders shall be deemed to have received the relevant notice.</p>	<p>Article 8.15 Notices of general meetings shall be delivered to shareholders (with or without voting right at the general meeting) by hand or by pre-paid mails to the address as recorded in the register of shareholders. For A Share holders, such notices can also be made in the form of an announcement for A Shares. For H Share holders, notices of general meetings can be made in the form of an announcement on the website of the Stock Exchange and the Company’s website.</p> <p>The announcement for A Shares as mentioned in the preceding paragraph shall be <u>disclosed on any media satisfying the requirements prescribed by the CSRC and the website of the stock exchange.</u> Once published, all A Share holders shall be deemed to have received the relevant notice.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.16 Any shareholder entitled to attend and vote at the general meeting has the right to appoint one or more persons (who are not necessarily a shareholder) as his proxy(ies) to attend and vote on his behalf. The proxy(ies) so appointed shall, in accordance with the instructions given by the shareholder:</p> <p>(I) have the same right as the shareholder to speak at the general meeting;</p> <p>(II) have the right to demand or jointly with others to demand a poll;</p> <p>(III) to vote by show of hands or on a poll, but in the event of more than one proxy is appointed, such proxies can only vote on a poll;</p> <p>(IV) Where the shareholder is a recognized clearing house as defined in Hong Kong laws, it may authorize one or more persons as he deems appropriate to act on his behalf at any general meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall specify the number and class of shares represented by each of such persons. The persons thus authorized may exercise rights on behalf of the recognized clearing house (or agent thereof) as if such persons were the individual shareholders of the Company.</p>	<p>Article 8.17 Any shareholder entitled to attend and vote at the general meeting has the right to appoint one or more persons (who are not necessarily a shareholder) as his proxy(ies) to attend and vote on his behalf. The proxy(ies) so appointed shall, in accordance with the instructions given by the shareholder, <u>enjoy legal rights including the rights to speak and vote as other shareholders do, and exercise (including but not limited to) the following rights:</u></p> <p>(I) have the same right as the shareholder to speak at the general meeting;</p> <p>(II) have the right to demand or jointly with others to demand a poll;</p> <p>(III) to vote by show of hands or on a poll, but in the event of more than one proxy is appointed, such proxies can only vote on a poll;</p> <p>(IV) <u>where the shareholder is a recognized clearing house (or its agent) as defined in Securities and Futures (Clearing Houses) Ordinance of Hong Kong (Chapter 420 of the Laws of Hong Kong), it shall enjoy legal rights including the rights to speak and vote as other shareholders do, and may authorize one or more persons or representatives of the Company as he deems appropriate to act on his behalf at any general meeting or class meeting and creditors' meeting;</u> however, where several persons are thus authorized, the power of attorney shall specify the number and class of shares represented by each of such persons. The persons thus authorized may exercise rights on behalf of the recognized clearing house (or agent thereof) as if such persons were the individual shareholders of the Company.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.17 The Board of Directors, independent directors and qualified P General shareholders may collect votes from shareholders of the Company at a general meeting. The public collection of votes of shareholders of the listed company shall comply with the provisions of the relevant regulatory authority and the stock exchange on which the Company's shares are listed. While collecting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from shareholders. The Company shall not impose any limitation related to minimum shareholdings on the collection of voting rights.</p>	<p>Article 8.18 The Board of Directors, independent directors, shareholders <u>holding 1% shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC</u> may collect votes from shareholders of the Company at a general meeting. The public collection of votes of shareholders of the listed company shall comply with the provisions of the relevant regulatory authority and the stock exchange on which the Company's shares are listed. While collecting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from shareholders. <u>Except for statutory conditions,</u> the Company shall not impose any limitation related to minimum shareholdings on the collection of voting rights.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 8.18 An individual shareholder attending a general meeting in person shall produce his/her identity card or other identity certificate or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall produce his/her identity card and power of attorney of the shareholder. For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall produce his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall produce his/her identity card and power of attorney issued by the legal representative of the corporate shareholder.</p> <p>The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:</p> <p>...</p> <p>5. Signature (or seal) of the appointor. In case of a corporate shareholder, the corporate seal shall be affixed; and</p> <p>...</p> <p>Any proxy form given by the Company's Board of Directors to shareholders for the purpose of appointing their proxies shall be such as to enable a shareholder to freely instruct his proxy(ies) to vote in favor of or against the relevant resolutions, and give separate instructions as regards to each of the matters to be voted on for each topic of the meeting. The proxy form shall contain a statement that, if no instruction is given, his proxy(ies) may vote as he may think fit.</p>	<p>Article 8.19 An individual shareholder attending a general meeting in person shall produce his/her identity card or other identity certificate or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall produce his/her identity card and power of attorney of the shareholder. For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall produce his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall produce his/her identity card and power of attorney issued by the legal representative of the corporate shareholder.</p> <p>The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:</p> <p>...</p> <p>5. Signature (or seal) of the appointor. In case of a corporate shareholder, the corporate seal shall be affixed <u>or signed by its director or attorney duly authorized</u>; and</p> <p>...</p> <p>Any proxy form given by the Company's Board of Directors to shareholders for the purpose of appointing their proxies shall be such as to enable a shareholder to freely instruct his proxy(ies) to vote in favor of or against the relevant resolutions, and give separate instructions as regards to each of the matters to be voted on for each topic of the meeting. The proxy form shall contain a statement that, if no instruction is given, <u>whether</u> his proxy(ies) may vote as he may think fit.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.22 Resolutions made at general meetings are divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution of a general meeting shall be passed by more than half of the shareholders (including proxy(ies)) with voting rights attending the general meeting.</p> <p>A special resolution of a general meeting shall be passed by more than two thirds of the shareholders (including proxy(ies)) with voting rights attending the general meeting.</p> <p>The attending shareholders (including proxies) shall vote for or against every matter to be voted on, unless securities registration and settlement institutions, as the proxies of Shares traded through Shanghai-Hong Kong Stock Connect, make declarations according to the intention of actual holders. Abstentions will not be counted when the Company calculates the poll results concerning the particular matter.</p>	<p>Article 8.23 Resolutions made at general meetings are divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution of a general meeting shall be passed by more than half of the shareholders (including proxy(ies)) with voting rights attending the general meeting.</p> <p>A special resolution of a general meeting shall be passed by more than two thirds of the shareholders (including proxy(ies)) with voting rights attending the general meeting.</p> <p>The attending shareholders (including proxies) shall vote for or against every matter to be voted on, unless securities registration and settlement institutions, as the proxies of Shares traded through Shanghai-Hong Kong Stock Connect, make declarations according to the intention of actual holders. Abstentions will not be counted when the Company calculates the poll results concerning the particular matter.</p>
<p>Article 8.23 A shareholder (including his proxy(ies)) shall exercise his voting right in respect of the number of voting shares held by him, with each share having one vote except otherwise provided in Article 10.4 of the Articles of Association concerning accumulative voting on election of directors. The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.</p> <p>Where material issues affecting the interests of small and medium investors are being considered in the general meeting, the votes by small and medium investors shall be counted separately to the extent technically feasible. The separate counting results shall be publicly disclosed in a timely manner.</p>	<p>Article 8.24 A shareholder (including his proxy(ies)) shall exercise his voting right in respect of the number of voting shares held by him, with each share having one vote except otherwise provided in Article 11.4 of the Articles of Association concerning accumulative voting on election of directors. The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.</p> <p>Where material issues affecting the interests of small and medium investors are being considered in the general meeting, the votes by small and medium investors shall be counted separately to the extent technically feasible. The separate counting results shall be publicly disclosed in a timely manner.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>The Company shall, subject to the general meetings being legally and validly held and in accordance with requirements under laws, administrative regulations, regulatory rules and these Articles of Association, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform in priority to the extent technically feasible.</p> <p>The controlling shareholder and actual controller of the Company shall not limit or hinder small and medium investors from exercising their voting rights in accordance with laws, and shall not damage legal rights of the Company and small and medium investors.</p>	<p><u>If a shareholder purchases the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after the purchase and not be included in the total number of shares with voting rights attending the general meeting.</u></p> <p>The Company shall, subject to the general meetings being legally and validly held and in accordance with requirements under laws, administrative regulations, regulatory rules and these Articles of Association, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform in priority to the extent technically feasible.</p> <p>The controlling shareholder and actual controller of the Company shall not limit or hinder small and medium investors from exercising their voting rights in accordance with laws, and shall not damage legal rights of the Company and small and medium investors.</p>
<p>Article 8.24 A resolution of the general meeting shall be decided on a show of hands unless a poll is demanded by any of the following persons before (or after) any vote by a show of hands:</p> <p>(I) Chairman of the meeting;</p> <p>(II) At least two shareholders entitled to vote present in person or by proxy;</p> <p>(III) One or more shareholders present in person or by proxy and representing 10% or more of all Shares carrying right to vote at the meeting individually or in aggregate.</p> <p>Unless a poll is demanded, the declaration by the chairman of the meeting as to the result of the voting on a resolution by a show of hands and the entering of the same into the minutes book of the meeting shall be the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person making such demand.</p>	<p>Article 8.25 A resolution of the general meeting shall be decided <u>by open ballot.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.27 The following matters shall be passed by ordinary resolution at a general meeting:</p> <p>(I) Work reports of the Board of Directors and Supervisory Committee;</p> <p>(II) Plans for profit distribution and for making up of losses proposed by the Board of Directors;</p> <p>(III) Appointment and removal of the members of the Board of Directors and Supervisory Committee (excluding employee representative supervisors), and their remuneration and method of payment;</p> <p>(IV) the Company’s annual budget and statement of final accounts;</p> <p>(V) the Company’s annual report;</p> <p>(VI) Matters other than those that should be resolved by an special resolution as specified in the laws, regulations and the article of association; and</p> <p>(VII) Other matters other than those that shall be passed by special resolution at a general meeting as stipulated by the laws, regulations and relevant Listing Rules.</p>	<p>Article 8.28 The following matters shall be passed by ordinary resolution at a general meeting:</p> <p>(I) Work reports of the Board of Directors and Supervisory Committee;</p> <p>(II) Plans for profit distribution and for making up of losses proposed by the Board of Directors;</p> <p>(III) Appointment and removal of the members of the Board of Directors and Supervisory Committee (excluding employee representative supervisors), and their remuneration and method of payment;</p> <p>(IV) <u>The</u> Company’s annual budget and statement of final accounts;</p> <p>(V) <u>The</u> Company’s annual report;</p> <p>(VI) Matters other than those that should be resolved by <u>a</u> special resolution as specified in the laws, regulations, <u>relevant Listing Rules</u> and the <u>Articles</u> of <u>Association</u>.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.28 The following shall be passed by a special resolution at the general meeting:</p> <p>(I) an increase or reduction of the share capital of the Company, or issuance of shares of any class, warrants and other similar securities by the Company;</p> <p>(II) An issuance of debentures by the Company;</p> <p>(III) The merger, division, dissolution and liquidation of the Company;</p> <p>(IV) amendments to the Articles of Association of Association;</p> <p>(V) Acquisition or disposal of major assets or provision of guarantee by the Company within one year with the amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(VI) Approval of share incentive scheme;</p> <p>(VII) other matters which are resolved by ordinary resolutions at general meeting to be of material effect to the Company or are required by the Articles of Association of Association to be passed by special resolutions;</p> <p>(VIII) A share repurchase made by the Company under items (I) or (II) of Article 4.3;</p> <p>(IX) Other matters which shall be passed by special resolution at a general meeting as stipulated by the laws, regulations and relevant Listing Rules.</p>	<p>Article 8.29 The following shall be passed by a special resolution at the general meeting:</p> <p>(I) <u>An</u> increase or reduction of the share capital of the Company, or issuance of shares of any class, warrants and other similar securities by the Company;</p> <p>(II) An issuance of debentures by the Company;</p> <p>(III) The merger, division, <u>separation</u>, dissolution and liquidation of the Company;</p> <p>(IV) <u>Amendments</u> to the Articles of Association <u>and other constitutional documents</u>;</p> <p>(V) Acquisition or disposal of major assets or provision of guarantee by the Company within one year with the amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(VI) Approval of share incentive scheme;</p> <p>(VII) <u>Other</u> matters which are resolved by ordinary resolutions at general meeting to be of material effect to the Company or are required by the Articles of Association of Association to be passed by special resolutions;</p> <p>(VIII) A share repurchase made by the Company under items (I) or (II) of Article 4.3;</p> <p>(IX) Other matters which shall be passed by special resolution at a general meeting as stipulated by the laws, regulations and relevant Listing Rules <u>or the Articles of Association</u>.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 8.30 Where more than two independent directors, the Supervisory Committee or shareholders severally or jointly holding 10% or more of the shares of the Company demand the convening of an extraordinary general meeting, it shall proceed as follows:</p> <p>...</p> <p>If the Supervisory Committee agrees to convene the extraordinary general meeting it shall dispatch a notice of such meeting. No amendments to the original proposal shall be made without the prior consent of the proposer(s).</p> <p>If the supervisory fails to dispatch a notice of the general meeting within a prescribed period of time it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting. The shareholder(s) holding individually or in aggregate 10% or more of the shares of the Company for consecutive for 90 days may convene a meeting by themselves. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible.</p> <p>If the Supervisory Committee or the shareholders themselves convenes a meeting as provided for in the preceding paragraph they shall notify the board in writing and file with the relevant regulatory authority pursuant to the relevant regulations. The board and board secretary shall be cooperative in relation to the meeting and the Board shall provide the shareholders' register. The reasonable expenses for the meeting shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.</p>	<p>Article 8.31 Where more than two independent directors, the Supervisory Committee or shareholders severally or jointly holding 10% or more of the shares of the Company demand the convening of an extraordinary general meeting, it shall proceed as follows:</p> <p>...</p> <p>If the Supervisory Committee agrees to convene the extraordinary general meeting it shall dispatch a notice of such meeting. No amendments to the original proposal shall be made without the prior consent of the proposer(s).</p> <p>If the supervisory fails to dispatch a notice of the general meeting within a prescribed period of time it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting. The shareholder(s) holding individually or in aggregate 10% or more of the shares of the Company for consecutive for 90 days may convene a meeting by themselves. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible.</p> <p>If the Supervisory Committee or the shareholders themselves convenes a meeting as provided for in the preceding paragraph they shall notify the board in writing <u>and file with the stock exchange.</u> <u>The shareholding proportion of the convening shareholders prior to announcement of the resolution of the general meeting shall not be less than 10%.</u> <u>The Supervisory Committee or convening shareholders shall, when issuing the notice of general meeting and announcement on the resolution of the general meeting, submit relevant evidential documents to the stock exchange.</u> The board and board secretary shall be cooperative in relation to the meeting and the Board shall provide the shareholders' register. The reasonable expenses for the meeting shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.</p>

Existing articles of the Articles of Association	To be amended as
Nil	<p>Additional article:</p> <p>Article 8.37 <u>If a general meeting approves any proposal for distribution of cash or stock dividends, or capitalization of capital reserves, the Company shall implement a specific plan within two months after the conclusion of the general meeting.</u></p>
<p>Chapter IX Special procedure for voting by class shareholders</p>	<p>Chapter IX Special procedure for voting by class shareholders</p>
<p>Article 9.4 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8) and (11) to (12) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at class meetings.</p> <p>The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:</p> <p>...</p> <p>(II) in the case of a repurchase of share by an off-market contract under Article 4.4, a holder of the shares to which the proposed contract relates;</p> <p>...</p>	<p>Article 9.4 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8) and (11) to (12) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at class meetings.</p> <p>The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:</p> <p>...</p> <p>(II) in the case of a repurchase of share by an off-market contract under Article 4.5, a holder of the shares to which the proposed contract relates;</p> <p>...</p>
<p>Article 9.6 A written notice of a class meeting shall be given pursuant to the requirements of the notice period for convening a general meeting as specified in Article 8.9 of the Articles of Association to notify all of the shareholders in the share register of the class of the matters to be considered, the date, the time and the place of the class meeting.</p>	<p>Article 9.6 A written notice of a class meeting shall be given pursuant to the requirements of the notice period for convening a general meeting as specified in Article 8.10 of the Articles of Association to notify all of the shareholders in the share register of the class of the matters to be considered, the date, the time and the place of the class meeting.</p>
Nil	<p>This Chapter is added, and the original Chapter X to Chapter XXVI and the Articles are renumbered accordingly:</p> <p>Chapter X Communist Party Committee</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Nil	<p>Additional article:</p> <p><u>Article 10.1</u> The Party Committee shall be established within the Company. Eligible members of the Party Committee can become members of the Board of Directors, the Supervisory Committee and the senior management through legal procedures, while eligible party members of the Board of Directors, the Supervisory Committee and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Disciplinary Committee shall be established as required.</p>
Nil	<p>Additional article:</p> <p><u>Article 10.2</u> The Party Committee’s study and discussion are procedural prerequisite for the Board of Directors to make decisions on major issues. The Party Committee shall perform duties in accordance with the Constitution of the Communist Party of China and the Regulations on the Work of Grassroots Organizations of the State-owned Enterprises of the Communist Party of China (Trial).</p>
Chapter X Board of directors	Chapter XI Board of directors
<p>Article 10.1 The Company shall have a Board of Directors which shall be responsible for reporting its work to the general meeting. The Board of Directors shall consist of five to nineteen directors, including one chairman and no more than two vice chairmen. Of the directors, at least two members shall be executive directors taking charge of the day-to-day business consigned by the Company; the other members shall be non-executive directors who do not deal with the day-to-day business.</p> <p>At least one third of the total members of the Board of Directors shall be independent directors, and at least one independent director shall have appropriate professional qualification or shall have accounting or related financial management expertise.</p> <p>At least half (inclusive) of the directors shall be external directors (i.e., directors not holding any position in the Company), and the Board of Directors shall have at least two independent non-executive directors (i.e., directors independent of the shareholders of the Company and not holding any position in the Company).</p>	<p>Article 11.1 The Company shall have a Board of Directors which shall be responsible for reporting its work to the general meeting. The Board of Directors shall consist of five to nineteen directors, including one chairman and no more than two vice chairmen. Of the directors, at least two members shall be executive directors taking charge of the day-to-day business consigned by the Company; the other members shall be non-executive directors who do not deal with the day-to-day business.</p> <p>At least one third of the total members of the Board of Directors shall be independent directors, and at least <u>one accounting professional.</u></p> <p>At least half (inclusive) of the directors shall be external directors (i.e., directors not holding any position in the Company), and the Board of Directors shall have at least two independent non-executive directors (i.e., directors independent of the shareholders of the Company and not holding any position in the Company).</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 10.2 A director shall be elected or changed at the general meeting, with a term of office of three years commencing on the date of election. Upon expiry of his term, a director shall be eligible for re-election. However, the consecutive terms of a re-elected independent director shall not exceed six years. Prior to the expiry of the term of office of a director, a new director shall be elected on a timely basis at a general meeting.</p> <p>.....</p> <p>A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.</p> <p>.....</p>	<p>Article 11.2 A director shall be elected or changed at the general meeting, with a term of office of three years commencing on the date of election. Upon expiry of his term, a director shall be eligible for re-election. However, the consecutive terms of a re-elected independent director shall not exceed six years. Prior to the expiry of the term of office of a director, a new director shall be elected on a timely basis at a general meeting.</p> <p>.....</p>
<p>Article 10.5 The Board of Directors shall be responsible for general meeting and shall exercise the following powers:</p> <p>(I) to be responsible for convening general meeting and reporting its work to the general meeting;</p> <p>(II) to implement resolutions approved at general meetings;</p> <p>(III) to decide on the Company's business operating plans, as well as investment plans and investment proposals other than those to be considered and approved at general meetings;</p> <p>(IV) to formulate the Company's proposed annual financial budget and final accounts;</p>	<p>Article 11.5 The Board of Directors shall be responsible for general meeting and shall exercise the following powers:</p> <p>(I) to be responsible for convening general meeting and reporting its work to the general meeting;</p> <p>(II) to implement resolutions approved at general meetings;</p> <p>(III) to decide on the Company's business operating plans, as well as investment plans and investment proposals other than those to be considered and approved at general meetings;</p> <p>(IV) <u>to formulate the Company's development strategy and medium and long-term development plan;</u></p>

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(V) to formulate the Company’s profit distribution plan (including final dividend distribution plan) and plan for recovery of losses;</p> <p>(VI) to formulate proposals for the increase in or reduction of the Company’s registered capital and the issuance of corporate bonds or other securities and listing;</p> <p>(VII) to formulate plans for share repurchase by the Company under the circumstances stipulated in items (I) and (II) of Article 4.3, and plans for merging, separation and dissolution or transformation of the Company’s structure;</p> <p>(VIII) to approve share repurchase by the Company under any of the circumstances stipulated in items (III), (V) and (VI) of Article 4.3;</p> <p>(IX) to decide on other external guarantees which require the approval of the general meetings pursuant to laws, administrative regulations and the Articles of Association;</p> <p>(X) to decide on the investment, purchase and disposal of assets, asset mortgage, entrusted financial management, connected transactions, etc. within the authority granted by general meetings;</p> <p>(XI) to decide on the establishment of the Company’s internal management structure;</p>	<p>(<u>V</u>) to formulate the Company’s proposed annual financial budget and final accounts;</p> <p>(<u>VI</u>) to formulate the Company’s profit distribution plan (including final dividend distribution plan) and plan for recovery of losses;</p> <p>(<u>VII</u>) to formulate proposals for the increase in or reduction of the Company’s registered capital and the issuance of corporate bonds or other securities and listing;</p> <p>(<u>VIII</u>) to formulate plans for share repurchase by the Company under the circumstances stipulated in items (I) and (II) of Article 4.3, and plans for merging, separation and dissolution or transformation of the Company’s structure;</p> <p>(<u>IX</u>) to approve share repurchase by the Company under any of the circumstances stipulated in items (III), (V) and (VI) of Article 4.3;</p> <p>(<u>X</u>) to decide on other external guarantees which require the approval of the general meetings pursuant to laws, administrative regulations and the Articles of Association;</p> <p>(<u>XI</u>) to decide on the investment, purchase and disposal of assets, asset mortgage (<u>write-off</u>), entrusted financial management, connected transactions, <u>external donation or sponsorship</u>, etc. of the Company (<u>including its subsidiaries</u>) within the authority granted by general meetings;</p> <p>(<u>XII</u>) to decide on the establishment of the Company’s internal management structure;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(XH) in accordance with the chairman's nomination, to appoint or dismiss the Company's chief executive officer or board secretary, and in accordance with the chief executive officer's nomination, to appoint or dismiss the general manager, deputy general manager, chief accountant or chief financial officer, general counsel and other senior management personnel that shall be appointed by the Company's Board of Directors and to decide on their remuneration; to appoint or replace the members of the Board of Directors and the supervisory committee of the wholly-owned subsidiaries of the Company, to appoint, replace or recommend on the appointment of the shareholder representative, director and supervisors of the subsidiaries and associates of the Company;</p> <p>(XIII) in accordance with the chairman's nomination, to appoint or dismiss the Company's <u>general manager</u> or board secretary, and in accordance with the <u>general manager's</u> nomination, to appoint or dismiss the deputy general manager, chief accountant or chief financial officer, general counsel and other senior management personnel that shall be appointed by the Company's Board of Directors and to decide on their remuneration, <u>rewards and punishments</u>;</p> <p>(XIV) to formulate the Company's basic management systems;</p> <p>(XV) to formulate and implement share incentive scheme (including share option plan permitted by laws and regulations);</p> <p>(XVI) to formulate proposals for the amendments of the Company's Articles of Association;</p> <p>(XVII) <u>to manage the information disclosure of the Company;</u></p> <p>(XVIII) <u>to propose to the general meeting the appointment or replacement of the accounting firm for the Company's audit;</u></p> <p>(XIX) <u>to consider changes in accounting policies or accounting estimates other than those required to be considered and approved by the general meeting;</u></p> <p>(XX) <u>to hear the work report from the general manager of the Company;</u></p> <p>(XXI) subject to in compliance with the relevant laws of China, to decide upon the Company's wage standard and welfare and incentive policy;</p>	<p>(XIII) in accordance with the chairman's nomination, to appoint or dismiss the Company's <u>general manager</u> or board secretary, and in accordance with the <u>general manager's</u> nomination, to appoint or dismiss the deputy general manager, chief accountant or chief financial officer, general counsel and other senior management personnel that shall be appointed by the Company's Board of Directors and to decide on their remuneration, <u>rewards and punishments</u>;</p> <p>(XIV) to formulate the Company's basic management systems;</p> <p>(XV) to formulate and implement share incentive scheme (including share option plan permitted by laws and regulations);</p> <p>(XVI) to formulate proposals for the amendments of the Company's Articles of Association;</p> <p>(XVII) <u>to manage the information disclosure of the Company;</u></p> <p>(XVIII) <u>to propose to the general meeting the appointment or replacement of the accounting firm for the Company's audit;</u></p> <p>(XIX) <u>to consider changes in accounting policies or accounting estimates other than those required to be considered and approved by the general meeting;</u></p> <p>(XX) <u>to hear the work report from the general manager of the Company;</u></p> <p>(XXI) subject to in compliance with the relevant laws of China, to decide upon the Company's wage standard and welfare and incentive policy;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(XVIII) to formulate the Company’s plans for major acquisition or disposal;</p> <p>(XIX) to promote corporate governance and decision making in accordance with law, to supervise the construction planning of legal corporate governance, to develop and implement the general legal adviser system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance in accordance with law;</p> <p>(XX) to perform other functions as delegated by the general meeting and the Articles of Association of the Company.</p> <p>Except for resolutions of the Board of Directors in respect of matters specified in items (VI), (VII), (VIII), (IX), (XII), (XV) of this article which shall be passed by more than two-thirds of all the directors, resolutions of the Board of Directors in respect of all other matters may be passed by a majority of directors. If any director of the Company is associated with the enterprises that are involved in the matters to be resolved at the Board meetings, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such Board meetings shall be convened by a majority of the directors present thereat who are not connected. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, such resolutions shall be submitted to the general meeting for approval.</p>	<p><u>(XXII) to resolve on the other important matters and administrative affairs of the Company other than those which shall be resolved at general meetings pursuant to Company Law and the Articles of Association, and to enter into other important agreements;</u></p> <p><u>(XXIII) to formulate the Company’s plans for major acquisition or disposal;</u></p> <p><u>(XXIV) to promote corporate governance and decision making in accordance with law, to supervise the construction planning of legal corporate governance, to develop and implement the general legal adviser system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance in accordance with law;</u></p> <p><u>(XXV) to decide on matters relating to annual unplanned expenses of the company;</u></p> <p><u>(XXVI) to formulate plans for the merger, division, dissolution or change of corporate form of the Company’s subsidiaries and substantial investees;</u></p> <p><u>(XXVII) to formulate annual fixed assets investment and disposal plans, annual equity investment and disposal plans of the Company (including controlling and substantial investees);</u></p> <p><u>(XXVIII) to decide on large-scale capital financing projects of the Company (including controlling or substantial investees) within the scope authorized by the general meeting;</u></p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>The Board of Directors' resolutions in respect of connected transactions of the Company shall only come into effect upon the signing by independent directors.</p> <p>If the matter to be considered at the Board meeting involves any legal issue, the general counsel shall attend the meeting and provide legal advice.</p>	<p><u>(XXIX) to decide on the Company's risk management system and monitor its implementation;</u></p> <p><u>(XXX) to perform other functions as delegated by the general meeting and the Articles of Association of the Company.</u></p> <p>Except for resolutions of the Board of Directors in respect of matters specified in items (VII), (VIII), <u>(XVI) of this article which shall be passed by more than two-thirds of all the directors and in item (X) of this article which shall be passed by more than two-thirds of the directors present at the Board meetings,</u> resolutions of the Board of Directors in respect of all other matters may be passed by a majority of directors. <u>Where laws, administrative regulations, departmental rules, normative documents and the Articles of Association provide otherwise, such provisions shall prevail.</u></p> <p><u>The Board of Directors shall seek opinions from the Party Committee of the Company before making decisions on major issues of the Company.</u></p> <p>If any director of the Company is associated with the enterprises that are involved in the matters to be resolved at the Board meetings, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such Board meetings shall be convened by a majority of the directors present thereat who are not connected <u>or who and whose close associates have no material interest in the relevant transaction.</u></p> <p><u>The resolution of the Board meeting shall be passed by more than half of the non-connected directors or the directors who and whose close associates have no material interest in the relevant transaction. If the number of non-connected directors or directors who and whose close associates have no material interest in the relevant transaction attending the meetings is less than 3, such resolutions shall be submitted to the general meeting for approval.</u></p> <p>The Board of Directors' resolutions in respect of connected transactions of the Company shall only come into effect upon the signing by independent directors.</p> <p>If the matter to be considered at the Board meeting involves any legal issue, the general counsel shall attend the meeting and provide legal advice.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>Article 10.6 During the intervals of the Board meetings, the Board authorizes the chairman to exercise partial powers. The contents of the authorization shall be specific and detailed. Issues involving material interests of the Company shall be subject to decision by the Board as a whole.</p>	<p>Article 11.6 <u>All legitimate power of the Board of Directors shall be exercised by the Board of Directors collectively and shall not authorized others to exercise, or be modified or deprived by means of the Articles of Association or the resolutions of general meetings.</u></p> <p><u>Other powers of the Board of Directors specified in the Articles of Association that involve material matters shall be exercised collectively and shall not be delegated to the chairman, general manager and other entities.</u></p> <p>During the intervals of the Board meetings, the Board authorizes the chairman to exercise partial powers. The contents of the authorization shall be specific and detailed. Issues involving material interests of the Company shall be subject to decision by the Board as a whole.</p>
<p>Article 10.8 The Board shall clarify its scope of powers on external investment, asset purchase and disposal, asset mortgage, external guarantees, entrusted financial management and connected transactions, and shall establish stringent examination and decision making procedure; and material investment projects shall be considered by relevant experts and professionals and be submitted to the general meeting for approval.</p>	<p>Article 11.8 The Board shall clarify its scope of powers on external investment, asset purchase and disposal, asset mortgage, external guarantees, entrusted financial management, connected transactions <u>and external donation</u>, and shall establish stringent examination and decision-making procedure; and material investment projects shall be considered by relevant experts and professionals and be submitted to the general meeting for approval.</p>
<p>Nil</p>	<p>Additional article, and the original Articles 10.9 to 10.19 are renumbered accordingly.</p> <p>Article 11.9 <u>The Board of Directors of the Company shall make explanations to the general meeting in relation to the nonstandard audit opinions produced by certified public accountants on the financial reports of the Company.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Article 10.9 The chairman of the Board of Directors shall perform the following functions:</p> <p>(I) Preside over the general meetings and convene and preside over the meetings of the Board of Directors;</p> <p>(II) review the implementation of resolutions of the Board of Directors;</p> <p>(III) Sign securities issued by the Company;</p> <p>(IV) Listen to work reports on construction of legal corporate governance;</p> <p>(V) Other functions as delegated by the Board of Directors.</p> <p>The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, he may designate the vice chairman to perform such duties on his behalf. If the vice chairman is unable or fails to perform his duties, a director shall be elected by more than half of the directors to perform such duties.</p>	<p>Article 11.10 The chairman of the Board of Directors shall perform the following functions:</p> <p>(I) Preside over the general meetings and convene and preside over the meetings of the Board of Directors;</p> <p>(II) <u>Supervise and</u> review the implementation of resolutions of the Board of Directors;</p> <p>(III) Sign securities issued by the Company;</p> <p>(IV) Listen to work reports on construction of legal corporate governance;</p> <p>(V) Other functions as delegated by the Board of Directors.</p> <p>The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, he may designate the vice chairman to perform such duties on his behalf. If the vice chairman is unable or fails to perform his duties, a director shall be elected by more than half of the directors to perform such duties.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 10.10 The Board of Directors shall hold at least four regular meetings every year, which shall be convened by the chairman and the notice of meeting shall be given to all directors 14 days prior to the convening of the meeting.</p> <p>The chairman of the Board shall convene an extraordinary meeting within 10 days upon occurrence of any of the following events:</p> <p>(I) proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) deemed necessary by the chairman of the Board;</p> <p>(III) jointly proposed by more than one-third of the directors;</p> <p>(IV) jointly proposed by more than half of the independent directors;</p> <p>(V) proposed by the Supervisory Committee;</p> <p>(VI) proposed by the chief executive officer.</p> <p>If the Company convenes an extraordinary Board meeting, the chairman or the secretary to the Board shall notify all the directors and supervisors within a reasonable period of time before the meeting.</p> <p>Board meetings shall in principle be convened at the domicile or listing place of the Company.</p> <p>Board meetings shall be conducted in Chinese and interpreters shall be available for Chinese-English simultaneous interpretation if necessary.</p>	<p>Article 11.11 The Board of Directors shall hold at least four regular meetings every year, which shall be convened by the chairman and the notice of meeting shall be given to all directors <u>10 working</u> days prior to the convening of the meeting.</p> <p>The chairman of the Board shall convene an extraordinary meeting within 10 days upon occurrence of any of the following events:</p> <p>(I) proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) deemed necessary by the chairman of the Board;</p> <p>(III) jointly proposed by more than one-third of the directors;</p> <p>(IV) jointly proposed by more than half of the independent directors;</p> <p>(V) proposed by the Supervisory Committee;</p> <p>(VI) proposed by the <u>general manager</u>;</p> <p><u>(VII) required by the securities regulatory authorities;</u></p> <p><u>(VIII) other cases as provided in the Articles of Association.</u></p> <p>If the Company convenes an extraordinary Board meeting, the chairman or the secretary to the Board shall notify all the directors and supervisors within a reasonable period of time before the meeting.</p> <p>Board meetings shall in principle be convened at the domicile or listing place of the Company.</p> <p>Board meetings shall be conducted in Chinese and interpreters shall be available for Chinese-English simultaneous interpretation if necessary.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>Article 10.12 If the Board decides to convene a regular or extraordinary meeting, the chairman or the secretary to the Board shall, before the deadline specified in the Article 10.10, inform all the directors of the time and place of the Board meeting via telex, telegram, fax, express mail, registered mail or by hand.</p> <p>Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.</p> <p>Board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.</p>	<p>Article 11.13 If the Board decides to convene a regular or extraordinary meeting, the chairman or the secretary to the Board shall, before the deadline specified in the Article <u>11.11</u>, inform all the directors of the time and place of the Board meeting via telex, telegram, fax, express mail, registered mail or by hand.</p> <p>Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.</p> <p>Board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.</p>
<p>Article 10.13 Board meetings shall generally be held only if more than half of all the directors are present. If the matters to be considered by the Board of Directors are required to be resolved by a two-thirds majority of directors according to laws and regulations or Article 10.5, Board meetings shall be held only if more than two-thirds of all the directors are present.</p> <p>Each director has one vote. The Board of Directors' resolutions must be voted for by more than half of all the directors unless otherwise required by relevant laws and regulations or the Articles of Association.</p> <p>In the event of equal pros and cons, the chairman of the Board of Directors has the right to cast one more vote.</p>	<p>Article 11.14 Board meetings shall generally be held only if more than half of all the directors are present. If the matters to be considered by the Board of Directors are required to be resolved by a two-thirds majority of directors according to laws and regulations or Article <u>11.5</u>, Board meetings shall be held only if more than two-thirds of all the directors are present.</p> <p>Each director has one vote. The Board of Directors' resolutions must be voted for by more than half of all the directors unless otherwise required by relevant laws and regulations or the Articles of Association.</p> <p>In the event of equal pros and cons, the chairman of the Board of Directors has the right to cast one more vote.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 10.15 The decisions on the matters considered on Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent directors' opinions shall be set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to all the directors as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions on the proposed amendments to the chairman within a week upon receipt of the minutes. After the minutes are finalized, all the attending directors and persons recording the minutes shall sign on the minutes. Minutes of the Board meetings shall be kept at the domicile of the Company, and a complete copy shall be sent to every director as soon as possible. The meeting minutes shall be kept for at least 10 years.</p>	<p>Article 11.16 The decisions on the matters considered on Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent directors' opinions shall be set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to all the directors as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions on the proposed amendments to the chairman within a week upon receipt of the minutes. After the minutes are finalized, all the attending directors and persons recording the minutes shall sign on the minutes. Minutes of the Board meetings shall be kept at the domicile of the Company, and a complete copy shall be sent to every director as soon as possible. The meeting minutes shall be kept for at least 10 years. <u>The meeting minutes shall be open for inspection at any reasonable time on reasonable notice by any Director.</u></p>
<p>Article 10.19 A director may resign before his term of office expires. In resigning his duties, a director shall tender a resignation to the Board in writing and an independent director, in particular shall specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors, and the disclosure of which will be made by the Board in two days.</p>	<p>Article 11.20 A director may resign before his term of office expires. In resigning his duties, a director shall tender a resignation to the Board in writing and an independent director, in particular shall specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors, and the disclosure of which will be made by the Board in two days.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>If the number of members of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation. Before a resolution is made at a general meeting in relation to the election of directors, the functions and powers of such resigning director and other remaining directors shall be subject to reasonable restrictions.</p> <p>If the proportion of independent directors of the Board falls below the minimum requirement of the relevant regulatory authority as a result of the resignation of any independent director, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding independent director.</p> <p>Save as provided in the preceding paragraph, a director’s resignation shall become effective when his or her resignation is served to the Board.</p>	<p>If the number of members of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation. Before a resolution is made at a general meeting in relation to the election of directors, the functions and powers of such resigning director and other remaining directors shall be subject to reasonable restrictions.</p> <p>If the proportion of independent directors of the Board falls below the minimum requirement of the relevant regulatory authority as a result of the resignation of any independent director, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding independent director.</p> <p>Save as provided in the preceding paragraph, a director’s resignation shall become effective when his or her resignation is served to the Board.</p> <p><u>When a director’s resignation comes into effect or his/her term of service expires, the director shall complete all transfer procedures with the Board of Directors. His/her fiduciary duties towards the Company and the shareholders do not necessarily cease. The obligations of confidentiality in respect of trade secrets of the Company survive after the expiry of his/her term of office until such trade secrets become publicly known. Other fiduciary duties shall remain effective within one year after the resignation takes effect or the expiry of the term of office.</u></p>

Existing articles of the Articles of Association	To be amended as
<p align="center">Chapter XI Independent directors</p>	<p align="center">Chapter XII Independent directors</p>
<p>Article 11.1 Independent director candidates shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.</p> <p>(I) The nominator of an independent director candidate shall seek the consent of the nominee before nomination, shall collect adequate information about the occupation, academic qualification, title, detailed work experience, all concurrent undertakings, etc., and shall submit the said information in writing to the Company. The candidates shall undertake in writing to the Company that they accept the nomination, that the information announced about them is true and adequate, and that they will diligently fulfill their duties as directors if elected;</p> <p>(II) The nominator of independent director candidates shall give an opinion on the qualification and independence of the nominee to act as an independent director, covering relevant provisions in applicable laws, regulations and/or relevant listing rules, and the nominee shall publicly declare in accordance with such provisions that there is no relationships between him and the Company which may possibly affect his independent and objective judgment;</p>	<p>Article 12.1 Independent director candidates shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.</p> <p>(I) The nominator of an independent director candidate shall seek the consent of the nominee before nomination, shall collect adequate information about the occupation, academic qualification, title, detailed work experience, all concurrent undertakings, etc., and shall submit the said information in writing to the Company;</p> <p>(II) The nominator of independent director candidates shall give an opinion on the qualification and independence of the nominee to act as an independent director, covering relevant provisions in applicable laws, regulations and/or relevant listing rules, and the nominee shall publicly declare in accordance with such provisions that there is no relationships between him and the Company which may possibly affect his independent and objective judgment;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(III) Where an independent director candidate is nominated before the Company holds the Board meeting, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the written documents relating to the nominee as described in (I) and (II) of this Article shall be announced together with the resolution of the Board in accordance with the said provisions;</p> <p>(IV) If shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company or the Supervisory Committee submits a provisional proposal on election of independent directors, then a written notice stating the intention to nominate director candidates and the nominee’s consent to the nomination, the written documents and undertakings of the nominee as described in (I) and (II) of this Article shall be submitted to the Company 10 days before the convening of the general meeting;</p> <p>(V) Before the general meeting for election of independent directors, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the Company shall pursuant to the said provisions submit the relevant documents concerning the nominee to the securities regulatory authority of the State Council and/or its local office and the stock exchange in which the Company’s shares are listed. If the Board disputes the particulars pertaining to the nominee, the written opinions of the Board shall also be submitted. If the securities regulatory authority of the State Council opposes to the nomination of a candidate, such candidate may not be included as an independent director candidate. When a general meeting is convened to elect independent directors, the Board shall make a statement on whether there was any objection to the nominations from the securities regulatory authority of the State Council.</p>	<p>(III) Where an independent director candidate is nominated before the Company holds the Board meeting, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the written documents relating to the nominee as described in (I) and (II) of this Article shall be announced together with the resolution of the Board in accordance with the said provisions;</p> <p>(IV) If shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company or the Supervisory Committee submits a provisional proposal on election of independent directors, then a written notice stating the intention to nominate director candidates and the nominee’s consent to the nomination, the written documents and undertakings of the nominee as described in (I) and (II) of this Article shall be submitted to the Company 10 days before the convening of the general meeting;</p> <p>(V) <u>The Company shall submit the relevant documents concerning the nominee to the stock exchange in which the Company’s shares are listed not later than the time of the publication of the notice of the general meeting for election of independent directors. If the Board disputes the particulars pertaining to the nominee, the written opinions of the Board shall also be submitted. If the stock exchange opposes to the nomination of a candidate, the Company shall not propose any candidate to the general meeting for election as an independent director, and shall postpone or cancel the general meeting or cancel the relevant proposal of the general meeting in accordance with the Rules Governing General Meetings of Listed Companies issued by the CSRC. When a general meeting is convened to elect independent directors, the Board shall make a statement on whether there was any objection to the nominations from the stock exchange.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Article 11.2 An independent director shall meet the following basic conditions:</p> <p>(I) having the qualifications as director of the Company in accordance with the laws, administrative regulations and other relevant provisions;</p> <p>(II) having the independence as required by the laws, administrative regulations, department rules and the relevant listing rules;</p> <p>(III) having basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules (including but not limited to applicable accounting standards);</p> <p>(IV) having more than five years’ experience in legal and economic work or other work required for fulfilling the duties of independent directors;</p> <p>(V) other conditions specified in the Articles of Association.</p>	<p>Article 12.2 An independent director shall meet the following basic conditions:</p> <p>(I) having the qualifications as director of the Company in accordance with the laws, administrative regulations and other relevant provisions;</p> <p>(II) having the independence as required by the laws, administrative regulations, department rules and the relevant listing rules;</p> <p>(III) having basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules (including but not limited to applicable accounting standards);</p> <p>(IV) having more than five years’ experience in legal, economic, <u>accounting, finance and management</u> work or other work required for fulfilling the duties of independent directors;</p> <p>(V) other conditions specified in the Articles of Association.</p>
<p>Article 11.3 Independent directors shall have independence. The following persons shall not serve as independent directors save for otherwise specified in the governing laws, regulations and/or relevant listing rules:</p> <p>(I) persons employed by the Company or its subsidiaries and their immediate family members or other relatives (immediate family members shall include spouse, parents and children, while other relatives shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);</p>	<p>Article 12.3 Independent directors shall have independence. The following persons shall not serve as independent directors save for otherwise specified in the governing laws, regulations and/or relevant listing rules:</p> <p>(I) persons employed by the Company or its subsidiaries and their immediate family members or other relatives (immediate family members shall include spouse, parents and children, while other relatives shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(II) natural person shareholder who directly or indirectly holds more than 1% of the Company’s issued shares or who is one of the top ten shareholders of the Company, and his immediate family members;</p> <p>(III) entity owned by the shareholders which directly or indirectly hold more than 5% of the Company’s issued shares or the persons working in the entities owned by any top five shareholders of the Company, and their immediate family members;</p> <p>(IV) persons who fall into categories (I) to (III) in the preceding year;</p> <p>(V) persons who provide financial, legal and consulting services to the Company or its subsidiaries;</p> <p>(VI) persons deemed by the securities regulatory authority of the State Council as not qualified to serve as an independent director.</p> <p>If an independent director fails to attend the Board meeting in person or by proxy for two consecutive times or fails to attend the Board meeting in person for three consecutive times, the Board shall propose to remove the said director at the general meeting. Unless in the circumstances mentioned above or as specified in Company Law where a person is prohibited from acting as a director, no independent director may be removed before his term of office expires without any justification. In the event of premature removal, the Company shall disclose it as a special issue. If the removed independent director deems his removal by the Company as unjustifiable, he may make an explicit declaration.</p>	<p>(II) natural person shareholder who directly or indirectly holds more than 1% of the Company’s issued shares or who is one of the top ten shareholders of the Company, and his immediate family members;</p> <p>(III) entity owned by the shareholders which directly or indirectly hold more than 5% of the Company’s issued shares or the persons working in the entities owned by any top five shareholders of the Company, and their immediate family members;</p> <p>(IV) <u>persons who work in the Company’s actual controllers and their affiliates;</u></p> <p>(V) persons who provide financial, legal and consulting services to the Company <u>and controlling shareholders or their subsidiaries, including all staff of the project team of the intermediaries providing the services, supervisors at all levels, persons signing the report, partners and key responsible persons;</u></p> <p>(VI) <u>persons serving as a director, supervisor or senior executive in an entity that has material business dealings with the Company and its controlling shareholders or their respective subsidiaries, or serving as a director, supervisor or senior executive in the controlling shareholder unit of the entity with business dealings;</u></p> <p>(VII) <u>persons who have had the circumstances set out in the preceding six paragraphs within the last 12 months;</u></p> <p>(VIII) <u>persons who could not serve as independent non-executive directors or fail to meet the requirements of the relevant listing rules as determined by the CSRC and the stock exchange.</u></p>

Existing articles of the Articles of Association	To be amended as
	<p>The subsidiaries of the controlling shareholders and the de facto controllers of the Company under items (4), (5) and (6) of the preceding paragraph do not include those which do not constitute connected relationship with the Company under Rule 6.3.4 of the Listing Rules.</p> <p>If an independent director fails to attend the Board meeting in person or by proxy for two consecutive times or fails to attend the Board meeting in person for three consecutive times, the Board shall propose to remove the said director at the general meeting. <u>Prior to the expiration of the term of office of an independent non-executive director, the listed company may remove him/her from office by legal procedures.</u> In the event of premature removal, the Company shall disclose it as a special issue. If the removed independent director deems his removal by the Company as unjustifiable, he may make an explicit declaration.</p>
<p>Article 11.4 An independent director shall have the following special powers in addition to the powers granted to directors under the Company Law, other relevant laws, administrative regulations and the Articles of Association:</p> <p>(I) Major connected transactions (as defined in accordance with the standards issued from time to time by the relevant regulatory authority) that shall be considered and approved at a general meeting pursuant to the laws, regulations and/or relevant listed rules, and appointment or dismissal of accounting firm, shall comply with the relevant provisions of in the laws, regulations and/or relevant listed rules (if any), and shall be submitted to the general meeting for consideration upon approval by more than half of the independent directors. Resolutions made by the Board in relation to the connected transactions of the Company shall not be effective unless signed by the independent directors; the independent directors may, before making judgment, appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment;</p>	<p>Article 12.4 An independent director shall have the following special powers in addition to the powers granted to directors under the Company Law, other relevant laws, administrative regulations and the Articles of Association:</p> <p>(I) Major connected transactions (<u>refer to related party transactions to be entered into between the Company and related parties with a total amount of more than RMB3,000,000 or more than 5% of the latest audited net asset value of the listed company</u>) shall be approved by the independent directors <u>in advance</u>; the independent directors may, before making judgment, appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(II) to propose to the Board for appointment or dismissal of accounting firm;</p> <p>(III) to propose to convene an extraordinary general meeting;</p> <p>(IV) to propose to convene a Board meeting;</p> <p>(V) to independently appoint external audit and consulting institutions;</p> <p>(VI) to openly collect voting rights from shareholders before a general meeting is held;</p> <p>(VII) to directly report to the general meeting, the securities regulatory authority of the State Council and other relevant authorities.</p> <p>Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under (II), (IV), (VI) and (VII); more than two independent directors may exercise the powers under (II); independent directors shall seek the consent of all the independent directors before exercising the powers under (V).</p>	<p>(II) to propose to the Board for appointment or dismissal of accounting firm;</p> <p>(III) to propose to convene an extraordinary general meeting;</p> <p>(IV) to propose to convene a Board meeting;</p> <p><u>(V)</u> to openly collect voting rights from shareholders before a general meeting is held;</p> <p><u>(VI)</u> to independently appoint external audit and consulting institutions.</p> <p>Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under <u>(I) to (V)</u>; independent directors shall seek the consent of all the independent directors before exercising the powers under <u>(VI)</u>.</p> <p><u>Items (I) and (II) shall be approved by more than half of the independent non-executive directors before being submitted to the Board of Directors for discussion.</u></p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 11.5 Independent directors shall, in addition to fulfilling the aforesaid duties, provide the Board or general meeting with independent opinions on the following matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior executives;</p> <p>(III) remunerations of directors and senior executives of the Company;</p> <p>(IV) matters which independent directors deem likely to damage the interests of minority shareholders;</p> <p>(V) material capital transactions between the Company and its shareholders or connected enterprises;</p> <p>(VI) the Board makes no cash dividend distribution plan;</p> <p>(VII) other issues specified in relevant laws and regulations and the Articles of Association.</p> <p>Independent directors shall express one of the following opinions on the aforesaid issues: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and obstacle therefor.</p>	<p>Article 12.5 Independent directors shall, in addition to fulfilling the aforesaid duties, provide the Board or general meeting with independent opinions on the following matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior executives;</p> <p>(III) remunerations of directors and senior executives of the Company;</p> <p><u>(IV) appointment or dismissal of accounting firms;</u></p> <p><u>(V) changes in accounting policies, accounting estimates or correction of significant accounting errors due to reasons other than changes in accounting standards;</u></p> <p><u>(VI) non-standard unqualified audit opinions issued by the accounting firm on the financial and accounting reports and internal control of the Company;</u></p> <p><u>(VII) internal control evaluation report;</u></p> <p><u>(VIII) the plan for the change of commitments by relevant parties;</u></p> <p><u>(IX) the effects of the issuance of preference shares on the interests of various shareholders of the Company;</u></p> <p><u>(X) to formulate profit distribution policies, profit distribution plans and cash dividend plans;</u></p>

Existing articles of the Articles of Association	To be amended as
	<p><u>(XI) material matters such as connected transactions, provision of guarantees (excluding provision of guarantees for subsidiaries within the scope of the consolidated financial statements), entrusted wealth management, provision of financial assistance, use of proceeds, investment in shares and derivatives to be disclosed;</u></p> <p><u>(XII) material asset restructuring plan, management acquisition, equity incentive plan, employee stock ownership plan, share repurchase plan, debt repayment plan for related parties of the listed company;</u></p> <p><u>(XIII) the Company intends to decide that its shares will no longer be traded on a stock exchange;</u></p> <p><u>(XIV) any existing or new borrowings or other fund transfers by the Company's shareholders, de facto controllers and their related enterprises with an aggregate amount of more than RMB3,000,000 or more than 5% of the Company's latest audited net assets, and whether the Company has taken effective measures to recover the debts;</u></p> <p><u>(XV) matters which independent directors deem likely to damage the interests of minority shareholders;</u></p> <p><u>(XVI) other issues specified in relevant laws and regulations, requirements of the stock exchange and the Articles of Association.</u></p> <p>Independent directors shall express one of the following opinions on the aforesaid issues: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and obstacle therefor.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter XII Secretary to the board of directors of the company	Chapter XIII Secretary to the board of directors of the company
<p>Article 12.2 The secretary to the Board of Directors of the Company should be a natural person having the required professional knowledge and experience and is appointed by the Board.</p> <p>The principal tasks of the secretary to the Board are:</p> <p>(I) helping the directors with the daily work of the Board, keeping the directors informed of the regulations, policies and requirements of domestic and overseas regulatory authorities on corporate operations, and assisting the directors, chief executive officer and the general manager in duly observing domestic and overseas laws and regulations, the Articles of Association and other relevant provisions while exercising their functions and powers;</p> <p>.....</p> <p>The duties of the secretary to the board include:</p> <p>.....</p> <p>(VIII) assisting directors, chief executive officer and the general manager in duly observing the domestic and overseas laws, regulations, the Articles of Association and other relevant provisions while exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, being liable for immediately reminding the Board and being entitled to report such facts to the securities regulatory authority of the State Council and other regulatory authorities.</p> <p>(IX) coordinating the provision of relevant information necessary for the Company's Supervisory Committee and other regulatory authorities to discharge their duties; assisting in carrying out due diligence investigation on the performance of their fiduciary duties by the chief financial officer, directors, chief executive officer and the general manager of the Company.</p> <p>(X) exercising other functions and powers as conferred by the Board, as well as other functions and powers as required by laws in any jurisdiction where the shares of the Company are listed and the relevant provisions of the stock exchange.</p>	<p>Article 13.2 The secretary to the Board of Directors of the Company should be a natural person having the required professional knowledge and experience and is appointed by the Board.</p> <p>The principal tasks of the secretary to the Board are:</p> <p>(I) helping the directors with the daily work of the Board, keeping the directors informed of the regulations, policies and requirements of domestic and overseas regulatory authorities on corporate operations, and assisting the directors and the general manager in duly observing domestic and overseas laws and regulations, the Articles of Association and other relevant provisions while exercising their functions and powers;</p> <p>.....</p> <p>The duties of the secretary to the board include:</p> <p>.....</p> <p>(VIII) assisting directors and the general manager in duly observing the domestic and overseas laws, regulations, the Articles of Association and other relevant provisions while exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, being liable for immediately reminding the Board and being entitled to report such facts to the securities regulatory authority of the State Council and other regulatory authorities.</p> <p>(IX) coordinating the provision of relevant information necessary for the Company's Supervisory Committee and other regulatory authorities to discharge their duties; assisting in carrying out due diligence investigation on the performance of their fiduciary duties by the chief financial officer, directors and the general manager of the Company.</p> <p>(X) exercising other functions and powers as conferred by the Board, as well as other functions and powers as required by laws in any jurisdiction where the shares of the Company are listed and the relevant provisions of the stock exchange.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 12.4 The secretary to the Board shall fulfill their duties with due diligence in accordance with the Articles of Association and the Working Guidelines for Secretaries.</p>	<p>Article 13.4 The secretary to the Board shall fulfill their duties with due diligence in accordance with the Articles of Association and the <u>laws, administrative regulations and departmental rules.</u></p>
<p>Chapter XIII Chief executive officer, general manager and deputy general managers of the company</p>	<p>Chapter XIV Chief executive officer, general manager and deputy general managers of the company</p>
<p>Article 13.1 The Company has one chief executive officer, who is nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.</p> <p>The Company has one general manager, who is nominated by the chief executive officer and appointed or dismissed by the Board of Directors.</p> <p>The Company has several deputy general managers, who shall assist in carrying out the work of the general manager. Deputy general managers, the chief accountant and the chief financial officer shall be nominated by the chief executive officer and appointed or dismissed by the Board.</p> <p>Persons holding positions other than directors in the entities owned by the controlling shareholders and beneficial controllers of the Company shall not serve as senior executives of the Company.</p>	<p>Article 14.1 The Company has one general manager, who is appointed or dismissed by the Board of Directors.</p> <p>The Company has several deputy general managers, who shall assist in carrying out the work of the general manager. Deputy general managers, the chief accountant and the chief financial officer shall be nominated by the <u>general manager</u> and appointed or dismissed by the Board.</p> <p>Persons holding <u>administrative positions other than directors and supervisors</u> in the entities owned by the controlling shareholders and beneficial controllers of the Company shall not serve as senior executives of the Company.</p> <p><u>The senior management personnel shall be only entitled to salaries paid by the Company, and the controlling shareholders shall not pay the salaries on behalf of the Company.</u></p>
<p>Article 13.2 The term of office of the chief executive officer or the general manager shall be three years, subject to re-appointment upon expiry of his term. The chief executive officer may serve as the general manager concurrently.</p>	<p>Article 14.2 The term of office of the general manager shall be three years, subject to re-appointment upon expiry of his term.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 13.3 The chief executive officer shall be accountable to the Board of Directors and in general charge of the operation and management of the Company (particularly in the operation and management of offshore companies) and shall exercise the following functions and powers:</p> <p>(1) to organize the implementation of the decisions, resolutions, policies and development plans of the Board of Directors and the Supervisory Committee, and report to the Board of Directors;</p> <p>(2) to organize the implementation of the Company's annual business plans, budgets and investment plans;</p> <p>(3) to coordinate the Company's internal and external relations;</p> <p>(4) to formulate the Company's internal management organization;</p> <p>(5) to devise the Company's basic management system;</p> <p>(6) to draw up the basic rules and regulations of the Company;</p> <p>(7) to be responsible for submitting the annual work report and other reports to the Board of Directors;</p> <p>(8) to employ or dismiss management personnel whose employment or dismissal is not subject to the approval of the Board of Directors and determine their remuneration;</p> <p>(9) to propose the convening of the extraordinary meeting of the Board of Directors;</p> <p>(10) other matters as authorized by these Articles of Association and the Board of Directors.</p> <p>The chief executive officer of the Company may attend the Board meetings, but only the chief executive officer who is also a Director has a voting right at the Board meeting.</p>	<p>This Article is deleted, and the original Articles 13.4 to 13.9 are renumbered accordingly.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 13.4 The general manager is accountable to the chief executive officer, and shall assist with the work of the chief executive officer (particularly in the operation and management of domestic companies) and exercise the following functions and powers:</p> <p>(1) responsible for implementing the daily operations and management of the Company;</p> <p>(2) responsible for convening the daily performance analysis meetings of the Company;</p> <p>(3) responsible for coordinating the daily management and administration of the subsidiaries;</p> <p>(4) assisting the chief executive officer to coordinate the Company's internal and external relations;</p> <p>(5) drafting the annual development plans, operation policy and annual business plan of the Company;</p> <p>(6) drafting the basic management systems of the Company;</p> <p>(7) drafting specific rules and regulations of the Company;</p> <p>(8) coordinate the operation of each department of the Company;</p> <p>(9) review and approve all budgeted expenses and expenditures of the Company;</p>	<p>Article 14.3 The general manager is accountable to the <u>Board of Directors, and fully in charge of the operation and management of the Company</u> and exercise the following functions and powers:</p> <p>(1) <u>presiding over the production, operations and management work of the Company, organize implementation of decisions, resolutions, guidelines, policies and investment plans of the Board of Directors and supervisory committee, and report to the Board of Directors;</u></p> <p>(2) <u>organizing implementation of the Company's annual plans, budgets and investment plans;</u></p> <p>(3) <u>responsible for coordinating the internal and external relations of the Company;</u></p> <p>(4) <u>drafting plans for the establishment of the Company's internal management structure;</u></p> <p>(5) responsible for convening the daily performance analysis meetings of the Company;</p> <p>(6) responsible for coordinating the daily management and administration of the subsidiaries;</p> <p>(7) drafting the annual development plans, operation policy and annual business plan of the Company;</p> <p>(8) <u>formulate</u> the basic management systems of the Company;</p>

Existing articles of the Articles of Association	To be amended as
<p>(10) formulate the salary, welfare, rewards and punishments of the Company's employees and determine the engagement and dismissal of such employees;</p> <p>(11) responsible for developing the business and staff training;</p> <p>(12) other duties as authorized by the chief executive officer.</p> <p>The general manager of the Company may attend the Board meetings, but only the managing director has a voting right at the Board meeting.</p>	<p>(9) <u>formulate</u> specific rules and regulations of the Company;</p> <p>(10) <u>responsible for submitting the annual work report and other reports to the Board of Directors;</u></p> <p>(11) <u>proposing to the Board of Directors to appoint or dismiss deputy managers, chief accountant or chief financial officer, general counsel of the Company and other senior management personnel to be appointed by the Board of Directors of the Company;</u></p> <p>(12) <u>employing or dismissing management personnel whose employment or dismissal is not subject to the approval of the Board of Directors and determine their remuneration;</u></p> <p>(13) <u>proposing to convene an extraordinary meeting of the Board of Directors;</u></p> <p>(14) coordinate the operation of each department of the Company;</p> <p>(15) review and approve all budgeted expenses and expenditures of the Company;</p> <p>(16) formulate the salary, welfare, rewards and punishments of the Company's employees and determine the engagement and dismissal of such employees;</p> <p>(17) responsible for developing the business and staff training;</p> <p>(18) <u>other duties as authorized by the Articles of Association and the Board of Directors.</u></p> <p>The general manager of the Company may attend the Board meetings, but only the managing director has a voting right at the Board meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 13.5 In exercising their functions and powers, the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer shall not modify the resolutions passed at the general meeting and the Board meeting, nor shall they exceed the scope of authorization.</p>	<p>Article 14.4 In exercising their functions and powers, general manager, deputy general managers, chief accountant or chief financial officer shall not modify the resolutions passed at the general meeting and the Board meeting, nor shall they exceed the scope of authorization.</p>
<p>Article 13.6 In performing their functions and powers, the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer shall act honestly and diligently in accordance with the laws, regulations and the Articles of Association.</p>	<p>Article 14.5 In performing their functions and powers, general manager, deputy general managers, chief accountant or chief financial officer shall act honestly and diligently in accordance with the laws, regulations and the Articles of Association.</p>
<p>Article 13.7 The chief executive officer, general manager, deputy general manager, chief accountant, chief financial officer and other senior executive may resign prior to the expiration of his term of office, however, he shall notify the Board by giving 30 days' written notice; a department manager shall notify the general manager by giving 30 days' written notice.</p>	<p>Article 14.6 The general manager, deputy general manager, chief accountant, chief financial officer and other senior executive may resign prior to the expiration of his term of office, however, he shall notify the Board by giving 30 days' written notice; a department manager shall notify the general manager by giving 30 days' written notice.</p>
<p>Nil</p>	<p>Additional article:</p> <p>Article 14.8 <u>Senior management personnel who violates laws, administrative regulations, departmental rules or the Articles of Association in performing their duties and causes losses to the Company shall be liable for compensation.</u></p> <p><u>The senior management personnel of the Company shall faithfully perform their duties and protect the best interests of the Company and all shareholders. The senior management personnel of the Company shall be liable for compensation in accordance with the law if they fail to perform their duties faithfully or violate their fiduciary obligations and cause damage to the interests of the Company and public shareholders.</u></p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter XIV Supervisory committee	Chapter XV Supervisory committee
<p>Article 14.1 The Company shall have a supervisory committee, which is a standing organization of the Company responsible for supervising the Board and its members, the chief executive officer, general manager, deputy general managers, chief accountant, chief financial officer and other senior executives, and preventing the same from abusing their powers to infringe upon the legitimate rights and interests of the shareholders, the Company and employees thereof.</p>	<p>Article 15.1 The Company shall have a supervisory committee, which is a standing organization of the Company responsible for supervising the Board and its members, general manager, deputy general managers, chief accountant, chief financial officer and other senior executives, and preventing the same from abusing their powers to infringe upon the legitimate rights and interests of the shareholders, the Company and employees thereof.</p>
<p>Article 14.4 The directors, chief executive officer, general managers, deputy general managers and other senior executives of the Company shall not serve as supervisor concurrently.</p>	<p>Article 15.4 The directors, general managers, deputy general managers and other senior executives of the Company shall not serve as supervisor concurrently.</p>
<p>Article 14.8 The Supervisory Committee is responsible for the general meeting, and performs the following functions in accordance with the law:</p> <p>(I) Inspect the financial issues of the Company;</p> <p>(II) Examine the periodical reports of the Company prepared by the Board and issue written opinions thereon;</p> <p>(III) Supervise over the actions taken by the directors, chief executive officer, general manager, deputy general managers and other senior executives of the Company in violation of the laws, regulations or the Articles of Association when performing their duties; propose dismissal of directors, chief executive officer, general manager, deputy general managers and other senior executives who are in breach of the laws, administrative rules, the Articles of Association or the resolutions of general meetings;</p>	<p>Article 15.8 The Supervisory Committee is responsible for the general meeting, and performs the following functions in accordance with the law:</p> <p>(I) Inspect the financial issues of the Company;</p> <p>(II) Examine the periodical reports of the Company prepared by the Board and issue written opinions thereon;</p> <p>(III) Supervise over the actions taken by the directors, general manager, deputy general managers and other senior executives of the Company in violation of the laws, regulations or the Articles of Association when performing their duties; propose dismissal of directors, general manager, deputy general managers and other senior executives who are in breach of the laws, administrative rules, the Articles of Association or the resolutions of general meetings;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>(IV) When the actions taken by the directors, chief executive officer, general manager, deputy general managers and other senior executives of the Company impair the interests of the Company, require the above mentioned persons to take corrective actions;</p> <p>(V) Review such financial documents as financial reports, operation reports and profit distribution schemes to be submitted by the Board to the general meeting. In the event of any doubts, it may in the name of the Company appoint a certified public accountant or practising auditors to help with the recheck;</p> <p>(VI) Propose the convening of extraordinary general meetings and, in case that the Board fails to perform its duties to convene and preside over the general meetings in accordance with the Company Law, convene and preside over the general meetings;</p> <p>(VII) Deal with or sue against directors and senior executives on behalf of the Company;</p> <p>(VIII) Present proposals to the general meetings;</p> <p>(IX) Propose to convene an interim Board meeting;</p> <p>(X) Other functions and powers stipulated by the relevant laws, administrative rules and the Articles of Association or granted by the general meetings.</p> <p>Supervisors may attend the meetings of the Board of Directors, but have no voting right.</p> <p>The Supervisory Committee may give an opinion on the appointment of an accounting firm for the Company, may appoint another accounting firm to independently examine the financial issues of the Company if necessary, and may directly report to the securities regulatory authority of the State Council and other relevant authorities.</p> <p>The shareholder supervisor shall independently report to the general meeting on the honesty and due diligence of the senior executives of the Company.</p> <p>The supervisors may attend the Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.</p>	<p>(IV) When the actions taken by the directors, general manager, deputy general managers and other senior executives of the Company impair the interests of the Company, require the above mentioned persons to take corrective actions;</p> <p>(V) Review such financial documents as financial reports, operation reports and profit distribution schemes to be submitted by the Board to the general meeting. In the event of any doubts, it may in the name of the Company appoint a certified public accountant or practising auditors to help with the recheck;</p> <p>(VI) Propose the convening of extraordinary general meetings and, in case that the Board fails to perform its duties to convene and preside over the general meetings in accordance with the Company Law, convene and preside over the general meetings;</p> <p>(VII) Deal with or sue against directors and senior executives on behalf of the Company;</p> <p>(VIII) Present proposals to the general meetings;</p> <p>(IX) Propose to convene an interim Board meeting;</p> <p>(X) <u>Investigate any irregularities identified in the operation of the Company; if necessary, engage professional institutions such as accounting firms and law firms to assist its work at the expense of the Company;</u></p> <p>(XI) Other functions and powers stipulated by the relevant laws, administrative rules and the Articles of Association or granted by the general meetings.</p> <p>Supervisors may attend the meetings of the Board of Directors, but have no voting right.</p> <p>The shareholder supervisor shall independently report to the general meeting on the honesty and due diligence of the senior executives of the Company.</p> <p>The supervisors may attend the Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 14.10 The Supervisory Committee may require directors, chief executive officer, general manager and deputy general manager and other senior executives of the Company, and internal and external auditors to attend meetings of the Supervisory Committee and answer the questions raised.</p>	<p>Article 15.10 The Supervisory Committee may require directors, general manager and deputy general manager and other senior executives of the Company, and internal and external auditors to attend meetings of the Supervisory Committee and answer the questions raised.</p>
<p>Nil</p>	<p>Additional article:</p> <p>Article 15.14 <u>Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions on periodic reports.</u></p>
<p>Chapter XV Qualification and duties of the company’s directors, supervisors, chief executive officer, general manager, deputy general managers and other senior management personnel</p>	<p>Chapter XVI Qualification and duties of the company’s directors, supervisors, general manager, deputy general managers and other senior management personnel</p>
<p>Article 15.1 A person shall be disqualified from being a director, supervisor, chief executive officer, general manager, deputy general manager or other senior executives of the Company in any one of the following circumstances:</p> <p>(I) The individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;</p> <p>(II) A period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, encroachment of properties, embezzlement of properties or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;</p>	<p>Article 16.1 A person shall be disqualified from being a director, supervisor, general manager, deputy general manager or other senior executives of the Company in any one of the following circumstances:</p> <p>(I) The individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;</p> <p>(II) A period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, encroachment of properties, embezzlement of properties or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(III) A period of three years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to poor management and where the person acted as a chairman, factory manager or manager of such company or enterprise and was personally liable for such insolvency;</p>	<p>(III) A period of three years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to poor management and where the person acted as a chairman, factory manager or manager of such company or enterprise and was personally liable for such insolvency;</p>
<p>(IV) A period of three years has not yet elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;</p>	<p>(IV) A period of three years has not yet elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;</p>
<p>(V) The person is personally liable for a substantial loan which was due for payment but remains unpaid;</p>	<p>(V) The person is personally liable for a substantial loan which was due for payment but remains unpaid;</p>
<p>(VI) Be investigated by the judicial organ after case-filing on account of breach of criminal law, pending conclusion of the case;</p>	<p>(VI) Be investigated by the judicial organ after case-filing on account of breach of criminal law, pending conclusion of the case;</p>
<p>(VII) Not qualified to serve as a senior executive of an enterprise as specified in the laws and administrative regulations;</p>	<p>(VII) Not qualified to serve as a senior executive of an enterprise as specified in the laws and administrative regulations;</p>
<p>(VIII) Not a natural person;</p>	<p>(VIII) Not a natural person;</p>
<p>(IX) A period of five years has not yet elapsed since the date of award on violation of related securities regulations and involvement in fraudulent or dishonest actions as rendered by the governing authority;</p>	<p>(IX) A period of five years has not yet elapsed since the date of award on violation of related securities regulations and involvement in fraudulent or dishonest actions as rendered by the governing authority;</p>
<p>(X) Prohibition on conducting activities in the security market imposed by the securities regulatory authority of the State Council has not expired.</p>	<p>(X) Prohibition on conducting activities in the security market <u>adopted by the CSRC</u> has not expired;</p>

Existing articles of the Articles of Association	To be amended as
<p>In any of the aforesaid circumstances, the Board shall, upon obtaining the relevant information, immediately stop the related director, supervisor, chief executive officer, general manager, deputy general manager or other senior executives from further performing their duties, and replace the same following the corresponding procedures.</p>	<p><u>(XI) Being publicly identified by the stock exchange as not suitable to serve as directors, supervisors and senior management personnel of listed companies, the term of which has not expired;</u></p> <p><u>(XII) Administrative penalties imposed by the CSRC in the last 36 months;</u></p> <p><u>(XIII) Being publicly condemned or criticized for above two times by the stock exchange in the last 36 months;</u></p> <p><u>(XIV) Other circumstances as stipulated by laws, regulations and the stock exchange.</u></p> <p>In any of the aforesaid circumstances, the Board shall, upon obtaining the relevant information, immediately stop the related director, supervisor, general manager, deputy general manager or other senior executives from further performing their duties, and replace the same following the corresponding procedures.</p> <p><u>If the current directors, supervisors and senior management personnel of the listed company fall under any of the circumstances specified in items 12 and 13 above, and the Board and the Supervisory Committee believe that their continuous holding of the positions of directors, supervisors and senior management personnel plays an important role in the operation of the Company, the Board and the Supervisory Committee may nominate them as candidates for the next session and shall fully disclose the reasons for the nomination.</u></p> <p><u>The relevant resolutions on the above mentioned nomination of directors and supervisors shall be passed by more than half of the equity interests held by the shareholders attending the general meeting and by more than half of the equity interests held by the minority shareholders attending the general meeting. The relevant resolutions on the above mentioned nomination of senior management personnel shall be passed by above two-thirds of the Board.</u></p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 15.3 Where the director, chief executive officer, general managers, deputy general managers, and other senior executives of the Company acts on behalf of the Company, the effectiveness of such act towards any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.</p>	<p>Article 16.3 Where the director, general managers, deputy general managers, and other senior executives of the Company acts on behalf of the Company, the effectiveness of such act towards any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.</p>
<p>Article 15.4 Apart from the obligations provided in laws, administrative regulations, or the relevant listing rules, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:</p> <p>...</p>	<p>Article 16.4 Apart from the obligations provided in laws, administrative regulations, or the relevant listing rules, the director, supervisor, general manager, deputy general manager and other senior executives of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:</p> <p>...</p>
<p>Article 15.5 When exercising their rights or performing their duties, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.</p>	<p>Article 16.5 When exercising their rights or performing their duties, the director, supervisor, general manager, deputy general manager and other senior executives of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 15.6 When performing their duties, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:</p> <p>...</p> <p>(xi) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and</p> <p>(xii) without informed approval of the general meeting, not to reveal the confidential information of the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information for personal purposes, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:</p> <p>(1) provided by laws;</p> <p>(2) required for public interests; and</p> <p>(3) required by the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives for his/her own interests.</p> <p>Earnings obtained by directors, the chief executive officer, general manager, deputy general manager and other senior executives in violation of the provisions herein shall belong to the Company, and they shall be liable for compensation for any loss incurred to the Company.</p>	<p>Article 16.6 When performing their duties, the director, supervisor, general manager, deputy general manager and other senior executives of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:</p> <p>...</p> <p>(xi) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons;</p> <p><u>(xii) not to use their connected relationship to prejudice the interests of the Company; and</u></p> <p><u>(xiii)</u> without informed approval of the general meeting, not to reveal the confidential information of the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information for personal purposes, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:</p> <p>(1) provided by laws;</p> <p>(2) required for public interests; and</p> <p>(3) required by the director, supervisor, general manager, deputy general manager and other senior executives for his/her own interests.</p> <p>Earnings obtained by directors, general manager, deputy general manager and other senior executives in violation of the provisions herein shall belong to the Company, and they shall be liable for compensation for any loss incurred to the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>Article 15.7 If the directors, supervisors, chief executive officer, the general manager, deputy general managers or other senior executives are required to attend the general meeting, they shall attend the meeting and make explanations in relation to the inquiries and suggestions of the shareholders. The directors, supervisors, chief executive officer, the general manager, deputy general managers or other senior executives of the Company shall honestly provide the Supervisory Committee with relevant information and shall not prevent the Supervisory Committee from exercising their functions and powers.</p>	<p>Article 16.7 If the directors, supervisors, the general manager, deputy general managers or other senior executives are required to attend the general meeting, they shall attend the meeting and make explanations in relation to the inquiries and suggestions of the shareholders. The directors, supervisors, the general manager, deputy general managers or other senior executives of the Company shall honestly provide the Supervisory Committee with relevant information and shall not prevent the Supervisory Committee from exercising their functions and powers.</p>
<p>Article 15.8 The directors, supervisors, chief executive officer, general manager, deputy general managers and other senior executives of the Company shall not instruct following persons or organizations (hereafter referred to as “related persons”) to do what the directors, supervisors, chief executive officer, general manager, deputy general managers and other senior executives are prohibited:</p> <p>(i) the spouse or minor children of director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company;</p> <p>(ii) trustees of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and those specified in item (i) of this Article;</p> <p>(iii) partners of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and those specified in items (i) and (ii) of this Article;</p>	<p>Article 16.8 The directors, supervisors, general manager, deputy general managers and other senior executives of the Company shall not instruct following persons or organizations (hereafter referred to as “related persons”) to do what the directors, supervisors, general manager, deputy general managers and other senior executives are prohibited:</p> <p>(i) the spouse or minor children of director, supervisor, general manager, deputy general manager and other senior executives of the Company;</p> <p>(ii) trustees of the director, supervisor, general manager, deputy general manager and other senior executives of the Company and those specified in item (i) of this Article;</p> <p>(iii) partners of the director, supervisor, general manager, deputy general manager and other senior executives of the Company and those specified in items (i) and (ii) of this Article;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(iv) companies in which the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company, whether alone or jointly with those specified in items (i), (ii) and (iii) of this Article or other directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company, has de facto controlling interest; and</p> <p>(v) the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the controlled companies specified in item (iv) of this Article.</p>	<p>(iv) companies in which the director, supervisor, general manager, deputy general manager and other senior executives of the Company, whether alone or jointly with those specified in items (i), (ii) and (iii) of this Article or other directors, supervisors, general manager, deputy general manager and other senior executives of the Company, has de facto controlling interest; and</p> <p>(v) the director, supervisor, general manager, deputy general manager and other senior executives of the controlled companies specified in item (iv) of this Article.</p>
<p>Article 15.9 The obligations of good faith of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.</p>	<p>Article 16.9 The obligations of good faith of the director, supervisor, general manager, deputy general manager and other senior executives of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.</p>
<p>Article 15.10 The responsibilities borne by the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with the exception of the circumstances specified in Article 7.7.</p>	<p>Article 16.10 The responsibilities borne by the director, supervisor, general manager, deputy general manager and other senior executives of the Company due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with the exception of the circumstances specified in Article 7.7.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 15.11 Where the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives) signed or planned by the Company, such person shall notify the Board of Directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the Board of Directors.</p> <p>Save as otherwise provided by related laws, regulations and related listing rules, directors shall not vote on contracts, transactions or arrangements in which the said directors or their coordinators (as defined in Listing Rules) have material interests, and shall not be counted in the quorum of the meeting.</p> <p>Unless the interested directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives have informed the Board of Directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the Board of Directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives.</p>	<p>Article 16.11 Where the director, supervisor, general manager, deputy general manager and other senior executives of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, general manager, deputy general manager and other senior executives) signed or planned by the Company, such person shall notify the Board of Directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the Board of Directors.</p> <p>Unless the interested directors, supervisors, general manager, deputy general manager and other senior executives have informed the Board of Directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the Board of Directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, general manager, deputy general manager and other senior executives.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 15.12 Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company have notified the Board of Directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.</p>	<p>Article 16.12 Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, general manager, deputy general manager and other senior executives of the Company have notified the Board of Directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.</p>
<p>Article 15.13 The Company shall not pay taxes for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives by any means.</p>	<p>Article 16.13 The Company shall not pay taxes for its directors, supervisors, general manager, deputy general manager and other senior executives by any means.</p>
<p>Article 15.14 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company and its holding company, nor shall it provide the same to their related persons.</p> <p>This article shall be inapplicable to the following circumstances:</p> <p>(i) the Company provides loans or loan guarantee for its subsidiaries;</p>	<p>Article 16.14 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, general manager, deputy general manager and other senior executives of the Company and its holding company, nor shall it provide the same to their related persons.</p> <p>This article shall be inapplicable to the following circumstances:</p> <p>(i) the Company provides loans or loan guarantee for its subsidiaries;</p>

Existing articles of the Articles of Association	To be amended as
<p>(ii) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives, to enable them to make payment for the Company or for the expenses arising from the performance of their duties;</p> <p>(iii) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives and their related persons in the ordinary course of its business on normal commercial terms.</p>	<p>(ii) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, supervisors, general manager, deputy general manager and other senior executives, to enable them to make payment for the Company or for the expenses arising from the performance of their duties;</p> <p>(iii) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, supervisors, general manager, deputy general manager and other senior executives and their related persons in the ordinary course of its business on normal commercial terms.</p>
<p>Article 15.16 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 15.14, with the exception of the following circumstances:</p> <p>(i) when providing loans to the related persons of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and its holding company, the provider is not aware of the circumstances; and</p> <p>(ii) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.</p>	<p>Article 16.16 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article <u>16.14</u>, with the exception of the following circumstances:</p> <p>(i) when providing loans to the related persons of the director, supervisor, general manager, deputy general manager and other senior executives of the Company and its holding company, the provider is not aware of the circumstances; and</p> <p>(ii) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.</p>

Existing articles of the Articles of Association	To be amended as
<p>Article 15.19 In case when the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:</p> <p>(i) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to compensate the Company for the losses resulted from their dereliction of duty;</p> <p>(ii) cancelling any contract or transaction between the Company and relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives and that between the Company and a third party (if the third party have known or should have known that the directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives had violated their obligation towards the Company);</p> <p>(iii) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to hand over the proceeds generated in violation of their obligations;</p> <p>(iv) recovering related directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives for the funds that originally shall be collected by the Company, including (but not limited to) commissions; and</p> <p>(v) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.</p>	<p>Article 16.19 In case when the director, supervisor, general manager, deputy general manager and other senior executives of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:</p> <p>(i) requiring relevant directors, supervisors, general manager, deputy general manager and other senior executives to compensate the Company for the losses resulted from their dereliction of duty;</p> <p>(ii) cancelling any contract or transaction between the Company and relevant directors, supervisors, general manager, deputy general manager and other senior executives and that between the Company and a third party (if the third party have known or should have known that the directors, supervisors, general manager, deputy general manager and other senior executives had violated their obligation towards the Company);</p> <p>(iii) requiring relevant directors, supervisors, general manager, deputy general manager and other senior executives to hand over the proceeds generated in violation of their obligations;</p> <p>(iv) recovering related directors, supervisors, general manager, deputy general manager and other senior executives for the funds that originally shall be collected by the Company, including (but not limited to) commissions; and</p> <p>(v) requiring relevant directors, supervisors, general manager, deputy general manager and other senior executives to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter XVI Accounting regulation and profit distribution	Chapter XVII Accounting regulation and profit distribution
Article 16.3 The Board of Directors of the Company shall, at each annual meeting of shareholders , present to the shareholders a financial report prepared by the Company as specified by relevant laws, regulations, as well as regulatory documents promulgated by local government and competent departments. Such report shall be audited.	Article 17.3 The Board of Directors of the Company shall, at each annual <u>general</u> meeting, present to the shareholders a financial report prepared by the Company as specified by relevant laws, regulations, as well as regulatory documents promulgated by local government and competent departments. Such report shall be audited.
Article 16.8 The Company shall prepare its financial reports in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state .	Article 17.8 The Company shall prepare its <u>annual reports and interim reports</u> in accordance with relevant laws, administrative regulations and the provisions of the <u>CSRC and the stock exchange</u> .
<p>Article 16.9 The Company shall withdraw 10% of the annual profits as the statutory common reserve fund of the Company. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company.</p> <p>If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.</p> <p>After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn as per a resolution made at a general meeting.</p>	<p>Article 17.9 The Company shall withdraw 10% of the annual profits as the statutory common reserve fund of the Company. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company.</p> <p>If the statutory common reserve fund is insufficient to make up for the losses of the <u>prior years</u>, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.</p> <p>After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn <u>out of the after-tax profits</u> as per a resolution made at a general meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>The after-tax profits remaining after recovery of losses and withdrawal of common reserve funds may be distributed as dividends to the shareholders in proportion to their shareholding percentages.</p>	<p>The after-tax profits remaining after recovery of losses and withdrawal of common reserve funds may be distributed as dividends to the shareholders in proportion to their shareholding percentages, <u>unless otherwise stipulated in the Articles of Association.</u></p> <p><u>If a general meeting distributes profits to shareholders before recovery of losses and withdrawal of statutory common reserve funds in violation of the provisions of the preceding paragraph, the profits distributed in violation of the provisions shall be returned to the Company.</u></p> <p><u>The shares of the Company held by the Company shall not participate in profit distribution.</u></p>
<p>Article 16.10 The Company shall not distribute dividends or distribute its profit in any other manner before it makes up for its losses and makes allocations to statutory surplus reserve. The dividends bear no interest, except that the Company fails to distribute related dividends to shareholders when they fall due.</p>	<p>This Article is deleted, and the original Articles 16.11 to 16.22 are renumbered accordingly.</p>
<p>Article 16.12 The common reserve funds (including statutory common reserve fund, discretionary common reserve fund and capital reserve) of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to make up for the losses of the Company. If the Company converts the common reserve funds into the capital by a resolution of the general meeting, the Company shall distribute new shares as per the existing equity structure or increase the par value per share. However, when statutory common reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company.</p> <p>After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within two months after conclusion of the general meeting.</p>	<p>Article 17.11 The common reserve funds (including statutory common reserve fund, discretionary common reserve fund and capital reserve) of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to make up for the losses of the Company. If the Company converts the common reserve funds into the capital by a resolution of the general meeting, the Company shall distribute new shares as per the existing equity structure or increase the par value per share. However, when statutory common reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company <u>before capital increase.</u></p> <p>After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within two months after conclusion of the general meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 16.15 The profit distribution policy of the Company is specified as follows:</p> <p>(I) Profit shall be distributed in the following manner:</p> <p>The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash. Subject to the adherence of the profit distribution principles and conditions, the Company shall in principle distribute profit each year. The Board of the Company may propose interim profit distribution with reference to the Company’s profitability and capital requirements.</p> <p>(II) Specific circumstances and proportions of cash dividend of the Company are as follows:</p> <p>The following conditions shall be met in distributing cash dividends by the Company:</p> <p>1. If the Company makes profit and the distributable profit realized in the year concerned (i.e. after-tax profits of the Company net of loss recovery and allocation of its profits to the statutory reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.</p> <p>2. External auditors had issued a standard unqualified audit report for the financial statements of the Company for that year.</p>	<p>Article 17.14 The profit distribution policy of the Company is specified as follows:</p> <p>(I) Profit shall be distributed in the following manner:</p> <p>The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash. Subject to the adherence of the profit distribution principles and conditions, the Company shall in principle distribute profit each year. The Board of the Company may propose interim profit distribution with reference to the Company’s profitability and capital requirements.</p> <p>(II) Specific circumstances and proportions of cash dividend of the Company are as follows:</p> <p>The following conditions shall be met in distributing cash dividends by the Company:</p> <p>1. If the Company makes profit and the distributable profit realized in the year concerned (i.e. after-tax profits of the Company net of loss recovery and allocation of its profits to the statutory reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.</p> <p>2. External auditors had issued a standard unqualified audit report for the financial statements of the Company for that year.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>3. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds.</p> <p>Such significant cash expenditure refers to the proposed external investment, asset acquisition, repayment of debts or acquisition of equipment by the Company with accumulated expenditure within the following 12 months amounting to or exceeding 30% of the latest audited net assets of the Company.</p> <p>...</p>	<p>3. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds.</p> <p>Such significant cash expenditure refers to the proposed external investment, asset acquisition, repayment of <u>net</u> debts or acquisition of equipment by the Company with accumulated expenditure within the following 12 months amounting to or exceeding 30% of the latest audited net assets of the Company.</p> <p>...</p>
<p>Article 16.18 Cash dividends and other monies paid by the Company to holders of A Shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of H Shares shall be stated and announced in RMB and paid in HK\$. Foreign currency needed by the Company to pay cash dividends and other monies to holders of H Shares shall be obtained pursuant to relevant state regulations on foreign exchange.</p> <p>The Company has the right to sell the shares of shareholders whom the Company has failed to contact if the following two provisions are met:</p> <p>(1) Dividends of the related shares have been delivered 3 times within 12 years and have not been claimed; and</p> <p>(2) The Company puts advertisement (as defined in the Listing Rules) on newspapers after the 12 years has expired stating its intention to sell the shares and informs the Stock Exchange of such intention.</p>	<p>Article 17.17 Cash dividends and other monies paid by the Company to holders of A Shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of H Shares shall be stated and announced in RMB and paid in HK\$. Foreign currency needed by the Company to pay cash dividends and other monies to holders of H Shares shall be obtained pursuant to relevant state regulations on foreign exchange.</p> <p><u>Subject to compliance with the relevant laws and regulations of the PRC and the requirements of the Hong Kong Stock Exchange, the Company may exercise the power to forfeit unclaimed dividends, but such power shall not be exercised until the expiry of the applicable limitation period.</u></p> <p>The Company has the right to sell the shares of shareholders whom the Company has failed to contact if the following two provisions are met:</p> <p>(1) Dividends of the related shares have been delivered 3 times within 12 years and have not been claimed; and</p> <p>(2) The Company puts advertisement (as defined in the Listing Rules) on newspapers after the 12 years has expired stating its intention to sell the shares and informs the Stock Exchange of such intention.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
Chapter XVII Appointment of accounting firm	Chapter XVIII Appointment of accounting firm
<p>Article 17.1 The Company shall appoint independent accounting firm conforming with relevant regulations of the state to audit company’s annual financial reports—and to examine company’s other financial reports.</p> <p>The first accounting firm of the Company may be appointed by the meeting of inauguration before the first annual meeting of shareholders, and its term of office will be terminated by the end of the first annual meeting of shareholders.</p> <p>When the meeting of inauguration does not perform the function specified in the preceding clause, it is performed by the Board of Directors.</p>	<p>Article 18.1 The Company shall appoint independent accounting firm conforming with relevant regulations of the state to audit company’s annual financial reports, <u>to examine company’s other financial reports and accounting statements, and to conduct net assets verification and other related consulting services.</u></p> <p>The first accounting firm of the Company may be appointed by the meeting of inauguration before the first annual <u>general</u> meeting, and its term of office will be terminated by the end of the first annual <u>general</u> meeting.</p> <p>When the meeting of inauguration does not perform the function specified in the preceding clause, it is performed by the Board of Directors.</p>
<p>Article 17.2 The period of appointment for the accounting firm appointed by the Company starts at the end of the current annual meeting—of shareholders and terminates at the end of the next annual meeting—of shareholders. Reelection is possible after expiry of the term of office.</p>	<p>Article 18.2 The period of appointment for the accounting firm appointed by the Company starts at the end of the current annual <u>general</u> meeting and terminates at the end of the next annual <u>general</u> meeting. Reelection is possible after expiry of the term of office.</p>
<p>Article 17.3 The accounting firm appointed by the Company has the following rights:</p> <p>(I) Consult company’s accounting books, records or vouchers at any time, and has the right to request company’s directors, chief executive officer, general manager, deputy general managers or other senior executives to provide relevant information and explanation;</p>	<p>Article 18.3 The accounting firm appointed by the Company has the following rights:</p> <p>(I) Consult company’s accounting books, records or vouchers at any time, and has the right to request company’s directors, general manager, deputy general managers or other senior executives to provide relevant information and explanation;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>(II) Request the Company to adopt all rational measures to obtain from its subsidiaries such information and explanation as needed for the accounting firm to perform its functions;</p> <p>(III) Attend shareholder’s meetings, obtain any meeting notice or other information about the meeting that any shareholder is entitled to, and speak at any general meeting on matters concerning it as the accounting firm of the Company.</p>	<p>(II) Request the Company to adopt all rational measures to obtain from its subsidiaries such information and explanation as needed for the accounting firm to perform its functions;</p> <p>(III) Attend shareholder’s meetings, obtain any meeting notice or other information about the meeting that any shareholder is entitled to, and speak at any general meeting on matters concerning it as the accounting firm of the Company.</p>
<p>Article 17.11 Within 14 days after receiving the written notification as stated in Article 17.10 of the Articles of Association, the Company shall send photocopies of such notification to the competent authority. If the notification carries such statements as mentioned in Item (2), Article 17.10 of the Articles of Association, the Company shall place the duplicate of such statements at the domicile of the Company for shareholders to consult. In addition, the Company shall send the aforesaid duplicate of statement via postage paid mail to each holder of H Shares, at the addresses as recorded in the register of shareholders.</p>	<p>Article 18.11 Within 14 days after receiving the written notification as stated in Article <u>18</u>.10 of the Articles of Association, the Company shall send photocopies of such notification to the competent authority. If the notification carries such statements as mentioned in Item (2), Article <u>18</u>.10 of the Articles of Association, the Company shall place the duplicate of such statements at the domicile of the Company for shareholders to consult. In addition, the Company shall send the aforesaid duplicate of statement via postage paid mail to each holder of H Shares, at the addresses as recorded in the register of shareholders.</p>
<p>Article 17.12 If the resignation notification of the accounting firm carries such statements as mentioned in Item (2), Article 17.10 of the Articles of Association, the accounting firm may request the Board of Directors to call a provisional general meeting to listen to its explanation regarding its resignation.</p>	<p>Article 18.12 If the resignation notification of the accounting firm carries such statements as mentioned in Item (2), Article <u>18</u>.10 of the Articles of Association, the accounting firm may request the Board of Directors to call a provisional general meeting to listen to its explanation regarding its resignation.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p align="center">Chapter XXII Dissolution and liquidation of the company</p>	<p align="center">Chapter XXIII Dissolution and liquidation of the company</p>
<p>Article 22.1 In one of the following cases, the Company shall be dissolved, and cleared in accordance with the law:</p> <p>(I) The general meeting makes a resolution on dissolution;</p> <p>(H) The Company has to be dissolved on account of its merging or separation;</p> <p>(HH) The Company is declared as bankrupt in accordance with the law on account of its being unable to repay due debts;</p> <p>(HV) The Company is ordered to close down or has its business license canceled or revoked for violation of laws or administrative regulations;</p> <p>(V) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people’s court to dissolve the Company, and the people’s court will dissolve the Company pursuant to law.</p>	<p>Article 23.1 In one of the following cases, the Company shall be dissolved, and cleared in accordance with the law:</p> <p>(I) <u>The term of business as stipulated in the Articles of Association has expired or other events of dissolution as stipulated in the Articles of Association have occurred;</u></p> <p>(II) <u>The general meeting makes a resolution on dissolution;</u></p> <p>(III) <u>The Company has to be dissolved on account of its merging or separation;</u></p> <p>(IV) <u>The Company is declared as bankrupt in accordance with the law on account of its being unable to repay due debts;</u></p> <p>(V) <u>The Company is ordered to close down or has its business license canceled or revoked for violation of laws or administrative regulations;</u></p> <p>(VI) <u>If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people’s court to dissolve the Company, and the people’s court will dissolve the Company pursuant to law.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Nil</p>	<p>Additional article, and the original Articles 22.2 to 22.8 are renumbered accordingly</p> <p>Article 23.2 <u>In the event of Item (1) of the preceding clause, the Company may subsist by amending the Articles of Association.</u></p> <p><u>Amendments to the Articles of Association pursuant to the preceding paragraph shall be approved by above two-thirds of the voting rights held by the shareholders present at the general meeting.</u></p>
<p>Article 22.2 Where the Company is dissolved on account of the regulation in Item (I) of the preceding clause, a liquidation group shall be set up in 15 days, and its members shall be determined by the general meeting through an ordinary resolution.</p> <p>Where the Company is dissolved on account of the regulation in Item (H) of the preceding clause, the people’s court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.</p> <p>Where the Company is dissolved on account of the regulation in Item (IV) of the preceding clause, the relevant competent department shall organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.</p>	<p>Article 23.3 Where the Company is dissolved on account of the regulation in Items (I), (II) and (VI) of the preceding clause, a liquidation group shall be set up in 15 days, and its members shall be determined by the general meeting through an ordinary resolution. <u>If a liquidation group is not set up within the time limit, the creditors may apply to the people’s court to designate relevant personnel to form a liquidation group for the liquidation work.</u></p> <p>Where the Company is dissolved on account of the regulation in Item (IV) of the preceding clause, the people’s court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.</p> <p>Where the Company is dissolved on account of the regulation in Item (V) of the preceding clause, the relevant competent department shall organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p style="text-align: center;">Existing articles of the Articles of Association</p>	<p style="text-align: center;">To be amended as</p>
<p>Article 22.6 After clearing up the Company’s properties and formulating the balance sheet and list of properties, the liquidation group shall formulate the liquidation scheme and submit it to the general meeting or relevant competent department for confirmation.</p> <p>After payment of liquidation expenses, the assets of the Company shall be liquidated in the following order of priority: (i) salaries and social insurance premiums of employees of the Company and legal compensation; (ii) outstanding taxes; (iii) bank loans, bonds and other debts of the Company.</p> <p>The assets of the Company remaining after repayment as specified in the preceding paragraph shall be distributed in the following order to the shareholders as per the types of their shares and their shareholding percentages:</p> <p>(I) to distribute to holders of preferred shares, if any, as per the par value of the preferred shares; to distribute to holders of preferred shares as per the percentages of preferred shares held by the said holders if the remaining assets are insufficient to repay the preferred shares;</p> <p>(II) to distribute to holders of ordinary shares as per their shareholdings thereof.</p> <p>During the period of liquidation, the Company shall not carry out any new business activities.</p>	<p>Article 23.7 After clearing up the Company’s properties and formulating the balance sheet and list of properties, the liquidation group shall formulate the liquidation scheme and submit it to the general meeting or <u>the people’s court</u> for confirmation.</p> <p>After payment of liquidation expenses, the assets of the Company shall be liquidated in the following order of priority: (i) salaries and social insurance premiums of employees of the Company and legal compensation; (ii) outstanding taxes; (iii) bank loans, bonds and other debts of the Company.</p> <p>The assets of the Company remaining after repayment as specified in the preceding paragraph shall be distributed in the following order to the shareholders as per the types of their shares and their shareholding percentages:</p> <p>(I) to distribute to holders of preferred shares, if any, as per the par value of the preferred shares; to distribute to holders of preferred shares as per the percentages of preferred shares held by the said holders if the remaining assets are insufficient to repay the preferred shares;</p> <p>(II) to distribute to holders of ordinary shares as per their shareholdings thereof.</p> <p>During the period of liquidation, the Company shall <u>subsist, but shall not</u> carry out any business activities <u>unrelated to the liquidation. The properties of the Company shall not be distributed to the shareholders before repayment is made in accordance with the preceding paragraph.</u></p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing articles of the Articles of Association	To be amended as
<p>Article 22.8 After completion of the Company’s liquidation, the liquidation group shall prepare a liquidation report as well as an income/expenditure statement and financial books for the period of liquidation, which, after verification by certified public accountants in China, are submitted to the general meeting or relevant—competent department for confirmation. The liquidation group shall submit the above-mentioned documents to the company registration authority, apply for deregistration of the Company, and declare the Company’s termination within 30 days after the date of confirmation by the general meeting or relevant competent department.</p>	<p>Article 23.9 After completion of the Company’s liquidation, the liquidation group shall prepare a liquidation report as well as an income/expenditure statement and financial books for the period of liquidation, which, after verification by certified public accountants in China, are submitted to the general meeting or <u>the people’s court</u> for confirmation. The liquidation group shall submit the above-mentioned documents to the company registration authority, apply for deregistration of the Company, and declare the Company’s termination within 30 days after the date of confirmation by the general meeting or <u>the people’s court</u>.</p>
Chapter XXIII Revision procedure for the articles of association	Chapter XXIV Revision procedure for the articles of association
Nil	<p>Additional article:</p> <p>Article 24.3 <u>The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of the relevant competent department.</u></p>
Chapter XXIV Settlement of disputes	Chapter XXV Settlement of disputes
<p>Article 24.1 The Company sticks to the following rules for settlement of disputes:</p> <p>(I) Disputes or right claims concerning the Company’s affairs that arise on the base of the rights and duties as specified in the Articles of Association, the “company law” and other relevant laws and regulations between shareholders of H Shares and the Company, between shareholders of H Shares and the Company’s directors, supervisors, chief executive officer, managers or other senior management personnel, and between shareholders of H Shares and shareholders of domestic Shares, shall be submitted by related parties for solution through arbitration.</p>	<p>Article 25.1 The Company sticks to the following rules for settlement of disputes:</p> <p>(I) Disputes or right claims concerning the Company’s affairs that arise on the base of the rights and duties as specified in the Articles of Association, the “company law” and other relevant laws and regulations between shareholders of H Shares and the Company, between shareholders of H Shares and the Company’s directors, supervisors, managers or other senior management personnel, and between shareholders of H Shares and shareholders of domestic Shares, shall be submitted by related parties for solution through arbitration.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

<p align="center">Existing articles of the Articles of Association</p>	<p align="center">To be amended as</p>
<p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, chief—executive officer, general managers, deputy general managers or other senior management personnel. It's not required for disputes relating to definition of shareholders and shareholders' register to be settled through arbitration.</p> <p>...</p>	<p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, general managers, deputy general managers or other senior management personnel. It's not required for disputes relating to definition of shareholders and shareholders' register to be settled through arbitration.</p> <p>...</p>
<p align="center">Chapter XXV Notice</p>	<p align="center">Chapter XXVI Notice</p>
<p>Nil</p>	<p>Additional article, and the original Article 25.4 is renumbered accordingly</p> <p>Article 26.4 <u>Except as otherwise provided in the Articles of Association, the various means of notice provided in the preceding clause shall be applicable to the notice of the general meeting, the meeting of the Board and the meeting of the Supervisory Committee convened by the Company.</u></p>
<p>Article 25.4 In the event of such notice being delivered by mail, the Company is only required to clearly write the address and name (title) of the receiver, prepay the postage, and put the notice in the envelope. The envelope containing the notice will be deemed as being sent when it's put into the mail box and as being received in 48 hours after it is mailed.</p>	<p>Article 26.5 <u>In the event of such notice being delivered by hand, the receiver shall sign (or seal) on the reply slip, and the date of signing by the receiver shall be the date of service.</u> In the event of such notice being delivered by mail, the Company is only required to clearly write the address and name (title) of the receiver, prepay the postage, and put the notice in the envelope. The envelope containing the notice will be deemed as being sent when it's put into the mail box and as being received in 48 hours after it is mailed. <u>Where a notice of the Company is served by an announcement, the date of the first announcement shall be the date of service.</u></p>

Existing articles of the Articles of Association	To be amended as
<p>Chapter XXVI Interpretation and definition of the articles of association</p>	<p>Chapter XXVII Interpretation and definition of the articles of association</p>
<p>Article 26.4 The following words and expressions in the Articles of Association shall have the meanings given below, except for those that mean differently in accordance with the context:</p> <p>...</p> <p>“APP3” refers to Appendix 3 of the new regulations for securities listing on Stock Exchange.</p> <p>“A13D” refers to Part D, Appendix 13 of the new regulations for securities listing on Stock Exchange.</p> <p>...</p> <p>“Working Guidelines for Secretaries” refers to Working Guidelines for Secretaries of Board of Directors of Companies Listed Overseas.</p> <p>“Guide to Articles of Association” refers to Guide to Articles of Association of Listed Companies (amended in 2019).</p> <p>...</p> <p>“Rules for General meetings” refers to rules for General meetings of Listed Companies (amended in 2016).</p> <p>“Guarantee Notice” refers to Notice on the Standardization of the External Guarantees for Listed Companies.</p> <p>“General Public Shareholders” refers to Provisions on Strengthening the Protection of the Rights and Interests of the General Public Shareholders.</p> <p>“Opinions on the System of Independent Directors” refers to Guidance Opinions Regarding the Establishment of the System of Independent Directors of Listed Companies.</p>	<p>Article 27.4 The following words and expressions in the Articles of Association shall have the meanings given below, except for those that mean differently in accordance with the context:</p> <p>...</p> <p>“APP3” refers to Appendix 3 of the regulations for securities listing on Stock Exchange.</p> <p>“A13D” refers to Part D, Appendix 13 of the regulations for securities listing on Stock Exchange.</p> <p>...</p> <p>“Guide to Articles of Association” refers to Guide to Articles of Association of Listed Companies (amended in <u>2022</u>).</p> <p>...</p> <p>“Rules for General meetings” refers to rules for General meetings of Listed Companies (amended in <u>2022</u>).</p> <p>“<u>Rules for Independent Directors</u>” refers to <u>rules for Independent Directors of Listed Companies.</u></p> <p>“<u>Supervision Guidelines No. 8</u>” refers to the <u>Guidelines for the Supervision of Listed Companies No. 8 – Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies.</u></p> <p>“<u>Supervision Guidelines No. 1</u>” refers to the <u>Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation.</u></p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

The full text of the Proposed Amendments to the Rules of Procedure of the Shareholders' General Meeting is set out below.

COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF
PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING
OF COSCO SHIPPING DEVELOPMENT CO., LTD.

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 2 These Rules apply to the general meetings of the Company and shall be binding on the Company, its shareholders, authorised proxies of the shareholders, directors, supervisors, chief executive officer, general manager, other senior executives, and other relevant personnel present at the meeting.</p>	<p>Article 2 These Rules apply to the general meetings of the Company and shall be binding on the Company, its shareholders, authorised proxies of the shareholders, directors, supervisors, general manager, other senior executives, and other relevant personnel present at the meeting.</p>
<p>Article 4 A general meeting shall exercise the following functions and powers:</p> <p>(I) to resolve on the operating strategy and investment plans of the Company and to consider and approve material investment plans requiring approval of a general meeting;</p> <p>(II) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(III) to elect and replace supervisors who are representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;</p> <p>(IV) to consider and approve directors' reports;</p> <p>(V) to consider and approve supervisors' reports;</p> <p>(VI) to consider and approve the annual financial budgets and financial statements of the Company;</p> <p>(VII) to consider and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) to resolve on capital increase or decrease of the Company;</p>	<p>Article 4 A general meeting shall exercise the following functions and powers:</p> <p>(I) to resolve on the operating strategy and investment plans of the Company and to consider and approve material investment plans requiring approval of a general meeting;</p> <p>(II) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(III) to elect and replace supervisors who are representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;</p> <p>(IV) to consider and approve directors' reports;</p> <p>(V) to consider and approve supervisors' reports;</p> <p>(VI) to consider and approve the annual financial budgets and financial statements of the Company;</p> <p>(VII) to consider and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) to resolve on capital increase or decrease of the Company;</p>

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(IX) to resolve matters on merger, division, dissolution, liquidation or transformation of the Company;	(IX) to resolve matters on merger, division, <u>spin-off</u> , dissolution, liquidation or transformation of the Company;
(X) to resolve on the issuance of bonds of the Company;	(X) to resolve on the issuance of bonds of the Company;
(XI) to resolve on the appointment, removal or non-reappointment of the Company's accounting firm;	(XI) to resolve on the appointment, removal or non-reappointment of the Company's accounting firm;
(XII) to amend the Articles of Association;	(XII) to amend the Articles of Association;
(XIII) to consider proposals of shareholders representing more than 3% (inclusive) of the voting shares of the Company;	(XIII) to consider proposals of shareholders representing more than 3% (inclusive) of the voting shares of the Company;
(XIV) to resolve on the Company's external guarantees which shall be approved by a general meeting pursuant to the Articles of Association;	(XIV) to resolve on the Company's external guarantees which shall be approved by a general meeting pursuant to the Articles of Association;
(XV) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;	(XV) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
(XVI) to consider equity incentive scheme;	(XVI) to consider equity incentive scheme <u>and employee stock ownership plan</u> ;
(XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings; and	(XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings; and
(XVIII) to resolve on other matters which, in accordance with the laws, administrative regulations, Listing Rules, and Articles of Association, must be approved at a general meeting.	(XVIII) to resolve on other matters which, in accordance with the laws, administrative regulations, Listing Rules, and Articles of Association, must be approved at a general meeting.

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RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 6 The venue of general meetings of the Company shall be the domicile of the Company.</p> <p>General meetings shall be set up the in a venue and held in the form of an onsite meeting. The Company may use a safe, economical and convenient means to hold the meetings such as, through the internet, or any other means for its shareholder to conveniently participate in such meetings. Shareholders participating in the general meetings by any aforesaid means shall be deemed to have attended the meetings.</p>	<p>Article 6 The venue of general meetings of the Company shall be the domicile of the Company <u>or other specific venue notified by the conveners of general meetings.</u></p> <p>General meetings shall be set up the in a venue and held in the form of an onsite meeting. The Company may use a safe, economical and convenient means to hold the meetings such as, through the internet, or any other means for its shareholder to conveniently participate in such meetings. Shareholders participating in the general meetings by any aforesaid means shall be deemed to have attended the meetings.</p>
<p>Article 11 Where the supervisory committee or shareholders decide to call for a general meeting by themselves, they shall notify the Board in writing and file with the local office of the securities regulatory authority under the State Council and the stock exchange. Prior to the announcement of the resolutions of the general meeting, the shareholding of shareholders who called for the general meeting shall not be less than 10%.</p> <p>The shareholders calling for the general meeting shall, upon issuing a notice of general meeting and announcing the resolutions thereof, submit the relevant documentation to the local office of the securities regulatory authority under the State Council and the stock exchange.</p>	<p>Article 11 Where the supervisory committee or shareholders decide to call for a general meeting by themselves, they shall notify the Board in writing and file with the stock exchange. Prior to the announcement of the resolutions of the general meeting, the shareholding of shareholders who called for the general meeting shall not be less than 10%.</p> <p>The <u>supervisory committee or shareholders</u> calling for the general meeting shall, upon issuing a notice of general meeting and announcing the resolutions thereof, submit the relevant documentation to the stock exchange.</p>

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RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
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<p>Article 15 Where the Company convenes an annual general meeting, a written notice shall be given 20 days prior to the date of the annual general meeting, and where the Company convenes an extraordinary general meeting, a written notice shall be given 15 days prior to the date of the extraordinary general meeting, to notify all the shareholders in the shareholders' register of the issues to be considered at the meeting, and the date, the time and venue of the meeting.</p>	<p>Article 15 Where the Company convenes an annual general meeting, a written notice shall be given 20 days (<u>exclusive of the day on which the notice is given</u>) prior to the date of the annual general meeting, and where the Company convenes an extraordinary general meeting, a written notice shall be given 15 days prior to the date of the extraordinary general meeting, to notify all the shareholders in the shareholders' register of the issues to be considered at the meeting, and the date, the time and venue of the meeting.</p>
<p>Article 17 The notice of a general meeting shall meet the following requirements:</p> <p>(I) is in written form;</p> <p>(II) specifies the venue, date and duration of the meeting;</p> <p>(III) states the matters to be discussed at the meeting;</p> <p>(IV) provides the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganise its share capital or to make any other reorganisation of the Company, the detailed conditions of the proposed transaction shall be provided together with the contracts (if any), and the reason and effect of any such proposal shall also be properly explained;</p>	<p>Article 17 The notice of a general meeting shall meet the following requirements:</p> <p>(I) is in written form;</p> <p>(II) specifies the venue, date and duration of the meeting;</p> <p>(III) states the matters to be discussed at the meeting;</p> <p>(IV) provides the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganise its share capital or to make any other reorganisation of the Company, the detailed conditions of the proposed transaction shall be provided together with the contracts (if any), and the reason and effect of any such proposal shall also be properly explained;</p>

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<p>(V) contains a disclosure of the nature and extent of the material interests of any director, supervisor, chief executive officer, general manager or other senior executive in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders if it is different from the effect on interests of the shareholders of the same class;</p> <p>(VI) contains the full text of any special resolutions to be proposed at the meeting;</p> <p>(VII) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder;</p> <p>(VIII) specifies the time and venue for serving the form of proxy for the voting proxy for the meeting;</p> <p>(IX) specifies the equity registration date of shareholders entitled to attend the general meeting;</p> <p>(X) specifies the name and telephone number of the coordinator of the meeting.</p> <p>Notices or supplementary notices of general meetings shall adequately and completely disclose the specific contents of all proposals, as well as all the information or explanations which are necessary for the shareholders to make a reasonable judgment in respect of the issues to be discussed. Where the opinions of an independent nonexecutive director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of general meetings are served.</p>	<p>(V) contains a disclosure of the nature and extent of the material interests of any director, supervisor, general manager or other senior executive in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders if it is different from the effect on interests of the shareholders of the same class;</p> <p>(VI) contains the full text of any special resolutions to be proposed at the meeting;</p> <p>(VII) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder;</p> <p>(VIII) specifies the time and venue for serving the form of proxy for the voting proxy for the meeting;</p> <p>(IX) specifies the equity registration date of shareholders entitled to attend the general meeting;</p> <p>(X) specifies the name and telephone number of the coordinator of the meeting.</p> <p><u>(XI) voting time and procedure of the Internet or any other means.</u></p> <p>Notices or supplementary notices of general meetings shall adequately and completely disclose the specific contents of all proposals, as well as all the information or explanations which are necessary for the shareholders to make a reasonable judgment in respect of the issues to be discussed. Where the opinions of an independent nonexecutive director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of general meetings are served.</p>

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<p>Article 18 If the election of the proposed directors or supervisors is to be discussed at a general meeting, the notice of meeting shall adequately disclose the detailed information of the director or supervisor candidates, which information shall at least include:</p> <p>(I) personal particulars, including academic qualifications, work experiences, and concurrent positions;</p> <p>(II) whether the candidate has any connections with the Company, its controlling shareholders and effective controllers;</p> <p>(III) the amount of shares of the Company that the candidate holds; and</p> <p>(IV) whether the candidate has been punished by the China Securities Regulatory Administration or any other relevant authority or the reprimand by the stock exchange.</p> <p>Unless a director or supervisor is elected via the cumulative voting system, each director or supervisor candidate shall be proposed via a single motion.</p>	<p>Article 18 If the election of the proposed directors or supervisors is to be discussed at a general meeting, the notice of meeting shall adequately disclose the detailed information of the director or supervisor candidates, which information shall at least include:</p> <p>(I) personal particulars, including academic qualifications, work experiences, and concurrent positions;</p> <p>(II) whether the candidate has any connections with the Company, its controlling shareholders and effective controllers;</p> <p>(III) the amount of shares of the Company that the candidate holds; and</p> <p>(IV) whether the candidate has been punished by the China Securities Regulatory Administration or any other relevant authority or the reprimand by the stock exchange.</p> <p>Unless a director or supervisor is elected via the cumulative voting system, each director or supervisor candidate shall be proposed via a single motion.</p>
<p>Article 19 The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as recorded in the shareholders' register. For holders of domestic shares, the notice of meeting may be issued in the form of public announcement.</p> <p>Public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities regulatory authority under the State Council. Once the announcement is made, holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.</p>	<p>Article 19 The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as recorded in the shareholders' register. For holders of domestic shares, the notice of meeting may be issued in the form of public announcement.</p> <p>Public announcement referred to in the preceding paragraph shall be <u>disclosed on the media that meets the requirements of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and the website of the stock exchange.</u> Once the announcement is made, holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.</p>

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Before amendments	After amendments
<p>Article 24 Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his or her proxies to attend and vote on his or her behalf. The said proxy may exercise the following rights as granted by the said shareholder:</p> <p>(I) shareholder's right to speak at the general meeting;</p> <p>(II) to severally or jointly request to vote by poll; and</p> <p>(III) to exercise the right to vote by a show of hands or by poll. Where there is more than one proxy, the said proxies shall vote by poll-</p> <p>(IV) If the shareholder is a recognised clearing house (or agent thereof) as defined in Securities and Futures (Clearing Houses) Ordinance (Chapter 420), the said shareholder may authorise one or more persons as he or she deems appropriate to act on his or her behalf at any general meetings or class meetings; however, where several persons are authorised, the form of proxy shall specify the number and classes of shares which relates to the said persons. The persons authorised may exercise rights on behalf of the recognised clearing house (or agent thereof) as if the said persons were the personal shareholders of the Company.</p>	<p>Article 24 Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his or her proxies to attend and vote on his or her behalf. The said proxy <u>shall have the same legal rights as that enjoyed by other shareholders, and</u> may exercise the following rights as granted by the said shareholder <u>(including but not limited to)</u>:</p> <p>(I) shareholder's right to speak at the general meeting;</p> <p>(II) to severally or jointly request to vote by poll;</p> <p>(III) to exercise the right to vote by a show of hands or by poll. Where there is more than one proxy, the said proxies shall vote by poll; <u>and</u></p> <p>(IV) If the shareholder is a recognised clearing house (or agent thereof) as defined in Securities and Futures (Clearing Houses) Ordinance (Chapter 420), the said shareholder <u>shall have the same legal rights as that enjoyed by other shareholders, and</u> may authorise one or more persons <u>or corporate representatives</u> as he or she deems appropriate to act on his or her behalf at any general meetings or class meetings <u>and creditors' meetings</u>; however, where several persons are authorised, the form of proxy shall specify the number and classes of shares which relates to the said persons. The persons authorised may exercise rights on behalf of the recognised clearing house (or agent thereof) as if the said persons were the personal shareholders of the Company.</p>

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RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 26 The Board, independent non-executive directors and qualified shareholders may collect voting rights from shareholders of the listed company at a general meeting. The public collection of the voting rights of shareholders of the listed company shall comply with the provisions of the relevant regulatory authority and the stock exchange with which the company is listed. The Company shall not impose any minimum shareholdings limitation for collecting voting rights.</p>	<p>Article 26 The Board, independent directors, <u>shareholders with more than 1% voting shares or investor protection agencies established in accordance with laws, administrative regulations or requirements of CSRC</u> may collect voting rights <u>publicly</u>. <u>When collecting voting rights from shareholders, sufficient disclosure of information, such as the specific voting intention, shall be provided to the collected parties. Collecting voting rights from shareholders by providing a consideration or otherwise a reward is prohibited.</u> The public collection of the voting rights of shareholders of the listed company shall comply with the provisions of the relevant regulatory authority and the stock exchange with which the company is listed. The Company shall not impose any minimum shareholdings limitation for collecting voting rights.</p>
<p>Article 27 The form of proxy shall be in writing, and signed by or on behalf of the agent appointed by him in writing, if the appointer is a legal person, it shall be under seal by or on behalf of the attorney duly authorised.</p>	<p>Article 27 The form of proxy shall be in writing, and signed by or on behalf of the agent appointed by him in writing, if the appointer is a legal person, <u>the form of proxy</u> shall be under seal by or on behalf of <u>a person</u> duly authorised.</p>
<p>Article 30 Any format issued to a shareholder by the Board or convener for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting. Such a format shall contain a statement that, if the form of proxy does not specify any directions, the proxy may vote as he or she thinks fit.</p>	<p>Article 30 Any format issued to a shareholder by the Board or convener for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting. Such a format shall contain a statement that, if the form of proxy does not specify any directions, <u>whether the</u> proxy may vote as he or she thinks fit.</p>

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Before amendments	After amendments
<p>Article 31 The form of proxy for voting shall be deposited at the place of domicile of the Company or such other place as specified in the notice of general meeting at least 24 hours prior to the meeting at which the proxy is authorised to vote or 24 hours before the scheduled voting time. Where such a form of proxy is signed by a person authorised by the principal, the form of proxy authorising signature or other authorisation documents shall be notarised. The notarised form of proxy and other authorisation documents shall, together with the form of proxy, be deposited at the Company's place of domicile or at such other place as specified in the notice of general meeting.</p> <p>Where the principle is a legal person, its legal representative or a person authorised by the Board or other decision making body shall attend the general meeting of the Company.</p>	<p>Article 31 The form of proxy for voting shall be deposited at the place of domicile of the Company or such other place as specified in the notice of general meeting at least 24 hours prior to the meeting at which the proxy is authorised to vote or 24 hours before the scheduled voting time. Where such a form of proxy is signed by a person authorised by the principal, the form of proxy authorising signature or other authorisation documents shall be notarised. The notarised form of proxy and other authorisation documents shall, together with the form of proxy, be deposited at the Company's place of domicile or at such other place as specified in the notice of general meeting.</p> <p>Where the principle is a legal person, its legal representative or a person authorised by the Board or other decision making body shall attend the general meeting of the Company, and it is deemed to attend in person.</p>
<p>Article 35 All the directors, supervisors and secretary of the Board shall attend general meetings of the Company, and the chief executive officer, general manager and other senior executives shall be present at the meetings without voting rights.</p>	<p>Article 35 All the directors, supervisors and secretary of the Board shall attend general meetings of the Company, and the general manager and other senior executives shall be present at the meetings without voting rights.</p>

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Before amendments	After amendments
<p>Article 41 Minutes of a general meeting shall be kept by the secretary of the Board. The minutes of the meeting shall specify:</p> <p>(I) the date, place and agenda of the meeting, and the name of the convener;</p> <p>(II) the names of the chairman, and the directors, supervisors, chief executive officer, general managers and other senior executives attending or present at the meeting;</p> <p>(III) the number of voting shares held by the attending holders of domestic shares (including proxies thereof) and holders of overseas listed foreign shares (including proxies thereof), and the percentage of the said shares representing the proportion of the total issued shares of the Company;</p> <p>(IV) the consideration process of each proposal, summaries of speeches, and the voting results of holders of domestic shares and overseas listed foreign shares in relation to each proposal;</p> <p>(V) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;</p> <p>(VI) the names of the lawyer, counting officer and monitoring officer; and</p> <p>(VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.</p>	<p>Article 41 Minutes of a general meeting shall be kept by the secretary of the Board. The minutes of the meeting shall specify:</p> <p>(I) the date, place and agenda of the meeting, and the name of the convener;</p> <p>(II) the names of the chairman, and the directors, supervisors, general managers and other senior executives attending or present at the meeting;</p> <p>(III) the number of voting shares held by the attending holders of domestic shares (including proxies thereof) and holders of overseas listed foreign shares (including proxies thereof), and the percentage of the said shares representing the proportion of the total issued shares of the Company;</p> <p>(IV) the consideration process of each proposal, summaries of speeches, and the voting results of holders of domestic shares and overseas listed foreign shares in relation to each proposal;</p> <p>(V) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;</p> <p>(VI) the names of the lawyer, counting officer and monitoring officer; and</p> <p>(VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.</p>

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<p>Article 43 The convener shall ensure the general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or directly terminate the general meeting and make a relevant announcement. At the same time, the convener shall report to the local office of the securities regulatory authority under the State Council and the stock exchange.</p>	<p>Article 43 The convener shall ensure the general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or directly terminate the general meeting and make a relevant announcement. At the same time, the convener shall report to the local office of the <u>CSRC</u> and the stock exchange.</p>
<p>Article 44 Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. However, the Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting. Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately to the extent technically feasible. The separate counting results shall be publicly disclosed in a timely manner. The controlling shareholder and actual controller of the Company shall not limit or hinder small and medium investors from exercising their voting rights in accordance with laws, and shall not damage the legitimate rights and interests of the Company and small and medium investors.</p>	<p>Article 44 Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote. However, the Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting. Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately to the extent technically feasible. The separate counting results shall be publicly disclosed in a timely manner. The controlling shareholder and actual controller of the Company shall not limit or hinder small and medium investors from exercising their voting rights in accordance with laws, and shall not damage the legitimate rights and interests of the Company and small and medium investors.</p> <p><u>If a shareholder buys the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the exceeding part of regulated proportion cannot exercise the voting rights in the following 36 months after purchase and shall not be accounted into the total amount of voting shares presenting on the general meeting.</u></p>

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Before amendments	After amendments
<p>Article 45 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.</p> <p>Ordinary resolutions shall be passed by votes representing more than one-half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.</p> <p>Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.</p>	<p>Article 45 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.</p> <p>Ordinary resolutions shall be passed by votes representing <u>a simple majority</u> of the voting rights held by shareholders (including proxies thereof) attending the general meeting.</p> <p>Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.</p>
<p>Article 47 The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) increase or reduce in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(II) issue of bonds of the Company;</p> <p>(III) division, merger, transformation, dissolution and liquidation of the Company;</p> <p>(IV) amendment to the Articles of Association;</p> <p>(V) equity incentive scheme;</p> <p>(VI) the Company's purchase or disposal of major assets within one year with the aggregated transaction amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(VII) any other issue specified in the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.</p>	<p>Article 47 The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) increase or reduce in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(II) issue of bonds of the Company;</p> <p>(III) division, <u>spin-off,</u> merger, transformation, dissolution and liquidation of the Company;</p> <p>(IV) amendment to the Articles of Association <u>and other constitutional documents of the Company;</u></p> <p>(V) equity incentive scheme;</p> <p>(VI) the Company's purchase or disposal of major assets within one year with the aggregated transaction amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(VII) any other issue specified in the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.</p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 48 The Board, independent non-executive directors and qualified shareholders may collect voting rights from shareholders of the Company at a general meeting. The voting rights shall be collected with nil consideration, subject to adequate disclosure of relevant information to the persons from whom the said voting rights are collected.</p>	<p>Article 48 The Board, independent directors, <u>shareholders with more than 1% voting shares or investor protection agencies established in accordance with laws, administrative regulations or requirements of CSRC</u> may collect voting rights from shareholders of the Company at a general meeting. The voting rights shall be collected with nil consideration, subject to adequate disclosure of relevant information to the persons from whom the said voting rights are collected.</p>
<p>Article 49 The Company shall not enter into any contract with anyone other than a director, chief executive officer, general manager or other senior executive to have the management of all or significant part of the Company's business entrusted to that person, unless otherwise approved by the shareholders at a general meeting by way of a special resolution.</p>	<p>Article 49 The Company shall not enter into any contract with anyone other than a director, general manager or other senior executive to have the management of all or significant part of the Company's business entrusted to that person, unless otherwise approved by the shareholders at a general meeting by way of a special resolution.</p>
<p>Article 50 Connected shareholders shall not vote on any connected transaction under consideration at the general meeting. The voting shares they represent shall not be counted towards the total number of valid votes; the voting result of non-connected shareholders shall be adequately disclosed in the announcement of the resolutions at the general meeting. The relevant announcement shall be published on the designated newspapers and periodicals.</p> <p>Pursuant to Company Law, other laws and administrative regulations, or Listing Rules, if any shareholders must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, then any vote declared by the said shareholder (or proxy thereof) voted in violation to the relevant provision or restriction shall not be counted in the total number of valid votes.</p>	<p>Article 50 Connected shareholders shall not vote on any connected transaction under consideration at the general meeting. The voting shares they represent shall not be counted towards the total number of valid votes; the voting result of non-connected shareholders shall be adequately disclosed in the announcement of the resolutions at the general meeting. The relevant announcement shall be <u>disclosed on the media that meets the requirements of the CSRC and the website of the stock exchange.</u></p> <p>Pursuant to Company Law, other laws and administrative regulations, or Listing Rules, if any shareholders must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, then any vote declared by the said shareholder (or proxy thereof) voted in violation to the relevant provision or restriction shall not be counted in the total number of valid votes.</p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 52 List of nominations of director or supervisor candidates is submitted by way of proposal at general meetings.</p> <p>Resolutions in respect of the election of directors or supervisors may be passed by way of cumulative voting pursuant to the Articles of Association and the Rules.</p> <p>Cumulative voting mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each share has the same voting rights as the number of director or supervisor candidates, and the shareholders' voting rights may be used in a centralised manner. The Board shall provide the shareholders with the brief biographies and background information of the director or supervisor candidates.</p>	<p>Article 52 List of nominations of director or supervisor candidates is submitted by way of proposal at general meetings.</p> <p>Resolutions in respect of the election of directors or supervisors may be passed by way of cumulative voting pursuant to the Articles of Association and the Rules. <u>When a single shareholder of the Company and its concert parties are interested in 30% or more of the shares, the cumulative voting shall be adopted.</u></p> <p>Cumulative voting mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each share has the same voting rights as the number of director or supervisor candidates, and the shareholders' voting rights may be used in a centralised manner. The Board shall provide the shareholders with the brief biographies and background information of the director or supervisor candidates.</p>
<p>Article 53 Except for the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall not be set aside or refused at the general meeting.</p>	<p>Article 53 Except for the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall not be set aside or refused at the general meeting.</p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 55 Voting at general meetings shall be conducted by show of hands save as otherwise specified in the Listing Rules or the following persons request to have the vote to be taken by poll, before or after a show of hands:</p> <p>(I) chairman of the meeting;</p> <p>(II) at least two shareholders with voting rights or proxies thereof; or</p> <p>(III) shareholder(s) (including proxies thereof) who, either alone or together holds or hold more than 10% of shares with voting rights at the meeting.</p> <p>Save as otherwise specified in Listing Rules or anybody request to have the vote to be taken by poll, the chairman shall announce the result of voting by a show of hands on the proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage voted for or against the resolutions adopted at the meeting. The request for voting by poll may be revoked by the person tendering the request.</p> <p>Article 56 If the issue required to be voted by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issue, and the voting results shall be deemed as resolutions passed at the said meeting.</p>	<p>(The original Article 55 is deleted and the following articles are renumbered accordingly.)</p> <p>Article 55 <u>Voting at general meetings shall be conducted by open ballot.</u> If the issue required to be voted by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issue, and the voting results shall be deemed as resolutions passed at the said meeting.</p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 59 When proposals are voted on at the general meeting, two shareholders' representatives shall be appointed to count, and monitor counting of, the ballots. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.</p> <p>When proposals are voted on at the general meeting, the lawyer, shareholders' representative and supervisors' representative shall be jointly responsible for the counting and monitoring of the ballots and announce the voting results at the venue.</p> <p>Shareholders or proxies thereof voting over the network or otherwise shall have the right to check their voting results via the corresponding voting system.</p>	<p>Article 58 When proposals are voted on at the general meeting, two shareholders' representatives shall be appointed to count, and monitor counting of, the ballots. Where any shareholder <u>is related</u> in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.</p> <p>When proposals are voted on at the general meeting, the lawyer, shareholders' representative and supervisors' representative shall be jointly responsible for the counting and monitoring of the ballots and announce the voting results at the venue.</p> <p>Shareholders or proxies thereof voting over the network or otherwise shall have the right to check their voting results via the corresponding voting system.</p>
<p>Article 62 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstain.</p> <p>Blank, incorrectly filled in, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".</p>	<p>Article 61 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstain. <u>Except for the securities registration and settlement institutions which, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, shall make declaration according to the intentions of actual holders.</u></p> <p>Blank, incorrectly filled in, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".</p>

**APPENDIX IV PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SHAREHOLDERS' GENERAL MEETING**

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Before amendments	After amendments
<p>Article 77 Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes. Special voting procedures for class shareholders shall not apply in the following circumstances:</p> <p>(I) with the approval by a special resolution at a general meeting, the Company issues and plans to issue, on one or more occasions, a total number of shares not exceeding 20% of each of its existing issued domestic shares and overseas listed foreign shares in every 12 months;</p> <p>(II) the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the securities regulatory authority under the State Council.</p>	<p>Article 76 Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes. Special voting procedures for class shareholders shall not apply in the following circumstances:</p> <p>(I) with the approval by a special resolution at a general meeting, the Company issues and plans to issue, on one or more occasions, a total number of shares not exceeding 20% of each of its existing issued domestic shares and overseas listed foreign shares in every 12 months;</p> <p>(II) the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the <u>CSRC</u>.</p>
<p>Article 80 The board of directors' office shall be responsible for keeping such written information as the register of attendees, powers of attorney, voting statistics sheet, minutes of the meeting, lawyers' legal opinions, and announcement of resolutions.</p>	<p>Article 79 The <u>affair administrative department of the general meeting</u> shall be responsible for keeping such written information as the register of attendees, powers of attorney, voting statistics sheet, minutes of the meeting, lawyers' legal opinions, and announcement of resolutions.</p>
<p>Article 88 Announcements or notices as mentioned in the Rules refer to publications of relevant information on the newspapers and periodicals designated by the securities regulatory authority. If an announcement or notice is too long, the listed company may select to disclose a summary of the relevant contents on the newspapers and periodicals designated by the securities regulatory authority, but the full text shall be published on the website designated by the securities regulatory authority.</p> <p>Supplementary notices of general meeting as mentioned in the Rules shall be announced on the same newspapers and periodicals on which the notices of meeting are announced.</p>	<p>Article 87 Announcements or notices as mentioned in the Rules refer to <u>announcements</u> of relevant information on the <u>media that meets the requirements of the CSRC and the website of the stock exchange</u>. If an announcement or notice is too long, the listed company may select to disclose a summary of the relevant contents, but the full text shall be published on the website designated by the securities regulatory authority.</p> <p>Supplementary notices of general meeting as mentioned in the Rules shall be announced on the same <u>media</u> on which the notices of meeting are <u>disclosed</u>.</p>

The full text of the Proposed Amendments to the Rules of Procedure of the Board of Directors is set out below.

COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF PROCEDURE
OF THE BOARD OF DIRECTORS OF COSCO SHIPPING DEVELOPMENT CO., LTD.

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 2 Duties of the Board</p> <p>The Board is the executive body of the Company, lawfully manages the operations of the Company as authorised by the Shareholders' general meeting and the Articles of Association, and is accountable to and report to the Shareholders' general meeting.</p> <p>The Board considers the major business and administrative matters of the Company, including but not limited to the following transactions:</p> <p>(1) transactions involving total assets (higher of book value and assessed value if both are available) accounting for more than 10% of the latest audited total assets of the listed company;</p> <p>(2) transactions with an amount (including debts and expenses assumed) accounting for more than 10% of the latest audited net assets of the listed company, and with a value in excess of RMB10 million;</p> <p>(3) transactions generating profit accounting for more than 10% of the audited net profit of the listed company for the latest accounting year, and with an amount in excess of RMB1 million;</p> <p>(4) transactions whose subject matter (such as equity interest) generates operating revenue in the latest accounting year accounting for more than 10% of the audited operating revenue of the listed company in the latest accounting year, and with an amount in excess of RMB10 million;</p>	<p>Article 2</p> <p>The Board is the executive body of the Company, lawfully manages the operations of the Company as authorised by the Shareholders' general meeting and the Articles of Association, and is accountable to and report to the Shareholders' general meeting.</p> <p><u>The Board shall seek opinions from the Party Committee of the Company before making decisions on major issues of the Company.</u></p> <p><u>According to the provisions of the Articles of Association, the Board shall exercise the following functions and powers:</u></p> <p><u>(1) to be responsible for convening general meeting and reporting its work to the general meeting;</u></p> <p><u>(2) to implement resolutions approved at general meetings;</u></p> <p><u>(3) to decide on the Company's business operating plans other than those investment plans and investment proposals required to be approved at general meetings;</u></p> <p><u>(4) to formulate the Company's development strategies and medium and long-term development plans;</u></p> <p><u>(5) to formulate the Company's annual financial budget and final accounts;</u></p> <p><u>(6) to formulate the Company's profit distribution plan (including annual dividend distribution plan) and plan for recovery of losses;</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>(5) transactions whose subject matter (such as equity interest) generates net profit in the latest accounting year accounting for more than 10% of the audited net profit of the listed company in the latest accounting year, and with an amount in excess of RMB1 million;</p> <p>(6) related-party transactions between the Company and affiliated natural persons involving an amount of more than RMB300,000 (except for provision of guarantees);</p> <p>(7) related-party transactions between the Company and affiliated legal persons involving an amount of more than RMB3 million and accounting for more than 0.5% in value of the latest audited net assets of the Company (except for provision of guarantees);</p> <p>(8) guarantees provided by the Company; and</p> <p>(9) other matters which shall be considered by the Board pursuant to relevant securities regulations of Shanghai and Hong Kong.</p>	<p><u>(7) to formulate proposals for the increase in or reduction of the Company's registered capital and the issuance of corporate bonds or other securities and listing;</u></p> <p><u>(8) to formulate plans for share repurchase by the Company or merger, division, dissolution or transformation of the Company's structure in accordance with items (I) and (II) of Articles 4.3 of the Articles of Association;</u></p> <p><u>(9) to approve the share repurchase by the Company under the circumstances stipulated in items (III), (V) and (VI) of Article 4.3 of the Articles of Association;</u></p> <p><u>(10) to decide on external guarantees other than those requiring the approval of the general meetings pursuant to laws, administrative regulations and the Articles of Association;</u></p> <p><u>(11) to decide on matters such as external investment, acquisition and disposal of assets, disposal of assets (write-off), pledge of assets, entrusted wealth management, connected transactions, external donation or sponsorship of the Company (including its subsidiaries) within the scope authorised by the general meetings;</u></p> <p><u>(12) to decided on the establishment of the Company's internal management structure;</u></p> <p><u>(13) in accordance with the chairman's nomination, to appoint or dismiss the Company's General Manager and the Board secretary; in accordance with the General Manager's nomination, to appoint or dismiss the Deputy General Manager, chief accountant or Chief Financial Officer, general counsel and other senior management personnel that shall be appointed by the Company's Board and to decide on their remunerations, rewards and punishments;</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
	<p><u>(14) to formulate the Company's basic management systems;</u></p> <p><u>(15) to formulate the Company's share incentive schemes and implement share incentive schemes (including share option plan permitted by laws and regulations);</u></p> <p><u>(16) to formulate proposals for the amendments of the Articles of Association;</u></p> <p><u>(17) to manage matters relating to information disclosure of the Company;</u></p> <p><u>(18) to proposed at the general meetings for appointment or replacement of an accounting firm to conduct an audit for the Company;</u></p> <p><u>(19) to consider changes in accounting policies or accounting estimates other than those required to be considered and approved by the general meeting;</u></p> <p><u>(20) to listen to the work report of the General Manager of the Company;</u></p> <p><u>(21) subject to in compliance with the relevant laws of China, to decide upon the Company's wage standard and welfare and incentive policy;</u></p> <p><u>(22) to decide on the other major business and administrative affairs of the Company other than those which shall be resolved at general meetings pursuant to the Company Law and the Articles of Association and to enter into other important agreements;</u></p> <p><u>(23) to formulate the Company's plans for major acquisition or disposal;</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
	<p><u>(24) to promote corporate governance and decision-making in accordance with laws, to guide and supervise the construction planning of legal corporate governance, to develop and implement the general legal adviser system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance;</u></p> <p><u>(25) to decide on matters relating to annual unplanned expenses of the Company;</u></p> <p><u>(26) to formulate plans for the merger, division, dissolution or change of corporate form of the Company's subsidiaries and substantial investees;</u></p> <p><u>(27) to formulate annual fixed assets investment and disposal plans, annual equity investment and disposal plans of the Company (including controlling and substantial investees);</u></p> <p><u>(28) to decide on large-scale capital financing projects of the Company (including controlling or substantial investees) within the scope authorized by the general meeting;</u></p> <p><u>(29) to decide on the Company's risk management system and monitor its implementation;</u></p> <p><u>(30) to perform other functions as delegated by the general meeting and the Articles of Association.</u></p> <p><u>In addition to the above powers, the Board is also responsible for reviewing other matters required to be considered by the Board under relevant laws and regulations and the listing rules of the place where the Company is listed.</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 4 Secretariat of the Board</p> <p>The Board shall have a Secretariat of the Board for handling the daily affairs of the Board.</p> <p>The Secretary of the Board or securities affair representative shall serve concurrently as the officer in charge of the Secretariat of the Board and keep the seals of the Board and the Secretariat of the Board.</p>	<p>Article 4</p> <p>The <u>affair administration department of the Board of the Company shall be responsible</u> for handling the daily affairs of the Board.</p>
<p>Article 6 Resolutions of the Regular Meetings</p> <p>Before serving the notice of regular meeting of the Board, the Secretariat of the Board shall adequately consult with each of the directors, and shall formulate preliminary resolutions for meeting and submit the same to the chairman of the Board (the “Chairman”) for consideration.</p> <p>Before deciding on the resolutions, the Chairman shall, where necessary, seek the opinions of the Chief Executive Officer, General Manager and other members of senior management.</p>	<p>Article 6</p> <p>Before serving the notice of regular meeting of the Board, the <u>affair administrative department of the Board</u> shall adequately consult with each of the directors, and shall formulate preliminary resolutions for meeting and submit the same to the chairman of the Board (the “Chairman”) for consideration.</p> <p>Before deciding on the resolutions, the Chairman shall, where necessary, seek the opinions of the General Manager and other members of senior management. <u>There should be arrangements in place to ensure that all directors are given an opportunity to include matters in the agenda for regular Board meetings.</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 7 Provisional Meetings</p> <p>Under any of the following circumstances, the Board shall hold a provisional meeting:</p> <p>(1) when proposed by shareholders representing over 10% of the voting rights;</p> <p>(2) when jointly proposed by more than one third of the directors;</p> <p>(3) when proposed by the Supervisory Committee;</p> <p>(4) when deemed necessary by the Chairman;</p> <p>(5) when jointly proposed by more than half of the independent non-executive directors;</p> <p>(6) when proposed by the Chief Executive Officer;</p> <p>(7) when required by the securities regulatory authority; and</p> <p>(8) when in any other circumstance specified in the Articles of Association.</p>	<p>Article 7</p> <p>Under any of the following circumstances, the Board shall hold a provisional meeting:</p> <p>(1) when proposed by shareholders representing over 10% of the voting rights;</p> <p>(2) when jointly proposed by more than one third of the directors;</p> <p>(3) when proposed by the Supervisory Committee;</p> <p>(4) when deemed necessary by the Chairman;</p> <p>(5) when jointly proposed by more than half of the independent non-executive directors;</p> <p>(6) when proposed by the <u>General Manager</u>;</p> <p>(7) when required by the securities regulatory authority; and</p> <p>(8) when in any other circumstance specified in the Articles of Association.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 8 Procedure for Proposing Provisional Meetings</p> <p>A proposal for convening a provisional Board meeting as specified in the preceding article shall be in written form and affixed with the signature (seal) of the proposer and submitted to the Secretariat of the Board or directly to the Chairman. A written proposal shall specify:</p> <ol style="list-style-type: none"> (1) the name(s) of the proposer; (2) the reasons for the proposal or the facts on which the proposal is based; (3) time or duration, location and form of the meeting; (4) clear and concrete information in relation to the proposal; and (5) the contact details of the proposer and date of proposal. <p>The contents of the proposal shall be those within the power of the Board as specified in the Articles of Association of the Company, and the documents relating to the proposal shall be submitted together with the proposal itself.</p> <p>The Secretariat of the Board shall transfer the aforesaid proposal and related documents on the day of receipt of the same to the Chairman. Where the Chairman deems the proposal not well defined, the content lacks specifics or the relevant documents are inadequate, the Chairman may require the proposer to amend or supplement the proposal.</p> <p>The Chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal or required by securities regulatory authorities.</p>	<p>Article 8</p> <p>A proposal for convening a provisional Board meeting as specified in the preceding article shall be in written form and affixed with the signature (seal) of the proposer and submitted to the <u>affair administrative department of the Board</u> or directly to the Chairman. A written proposal shall specify:</p> <ol style="list-style-type: none"> (1) the name(s) of the proposer; (2) the reasons for the proposal or the facts on which the proposal is based; (3) time or duration, location and form of the meeting; (4) clear and concrete information in relation to the proposal; and (5) the contact details of the proposer and date of proposal. <p>The contents of the proposal shall be those within the power of the Board as specified in the Articles of Association of the Company, and the documents relating to the proposal shall be submitted together with the proposal itself.</p> <p>The <u>affair administrative department of the Board</u> shall transfer the aforesaid proposal and related documents on the day of receipt of the same to the Chairman. Where the Chairman deems the proposal not well defined, the content lacks specifics or the relevant documents are inadequate, the Chairman may require the proposer to amend or supplement the proposal.</p> <p>The Chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal or required by securities regulatory authorities.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 10 Notice of the Meeting</p> <p>The Secretariat of the Board shall notify all the directors and supervisors 14 days before a regular Board meeting; the Secretariat of the Board shall notify all the directors and supervisors within a reasonable period of time before a provisional Board meeting. The Secretariat of the Board shall send the written notice of meeting bearing the seal of the Secretariat of the Board to all the directors, supervisors, Chief Executive Officer, General Manager and Secretary of the Board by courier, fax, email or other means.</p> <p>Where the notice is not served by courier, telephone acknowledgement and relevant records shall be made. Where a provisional Board meeting needs to be convened in case of an emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall explain the reasons for holding the provisional meeting at the meeting.</p>	<p>Article 10</p> <p>The <u>affair administrative department of the Board</u> shall notify all the directors and supervisors <u>10 working</u> days before a regular Board meeting; the <u>affair administrative department of the Board</u> shall notify all the directors and supervisors within a reasonable period of time before a provisional Board meeting. The <u>affair administrative department of the Board</u> shall send the written notice of meeting to all the directors, supervisors, General Manager and Secretary of the Board by courier, fax, email or other means.</p> <p>Where the notice is not served by courier, telephone acknowledgement and relevant records shall be made. Where a provisional Board meeting needs to be convened in case of an emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall explain the reasons for holding the provisional meeting at the meeting.</p>
<p>Article 11 Contents of the Notice of Meeting</p> <p>A written notice of meeting shall include the following details as a minimum:</p> <ol style="list-style-type: none"> (1) time and location of the meeting; (2) the meeting format; (3) issues (resolutions) to be considered; (4) convener and chairperson of the regular meeting, or proposer of the provisional meeting and its written proposal; (5) documents required for directors to cast their votes; (6) requirements for the directors to attend the meeting in person or by proxy; (7) contact person and the means of contact; and (8) date on which the notice is sent. <p>A verbal notice of meeting shall include at least the above items (1) and (2), and the explanation for a provisional meeting of the Board in the event of an emergency.</p>	<p>Article 11</p> <p>A written notice of meeting shall include the following details:</p> <ol style="list-style-type: none"> (1) <u>the date</u> and location of the meeting; (2) the <u>duration of</u> meeting; (3) <u>the reasons for and agenda of the meeting</u>; and (4) date on which the notice is sent. <p>A verbal notice of meeting shall include at least the above items (1) and (3), and the explanation for a provisional meeting of the Board in the event of an emergency.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 13 Holding of the Meeting</p> <p>A Board meeting shall be attended by more than half of the directors. Where any relevant director refuses or fails to attend the meeting resulting in the number of attendants falls short of the quorum required for convening the meeting, the Chairman and the Secretary of the Board shall promptly report to the local office of the securities regulatory authority under the State Council and the stock exchange.</p> <p>Supervisors may attend Board meetings without voting rights; the Chief Executive Officer, General Manager and the Secretary of the Board who do not serve concurrently as director shall attend Board meetings without voting rights. The chairperson may, where he deems necessary, notify other relevant persons to attend Board meetings without voting rights.</p>	<p>Article 13</p> <p>A Board meeting shall be attended by more than half of the directors.</p> <p>Supervisors may attend Board meetings without voting rights; General Manager and the Secretary of the Board who do not serve concurrently as director shall attend Board meetings without voting rights. The chairperson may, where he deems necessary, notify other relevant persons to attend Board meetings without voting rights.</p> <p><u>All Directors shall be entitled to access the Board documents and related materials. These documents and related materials should be in a form and contents sufficient to enable the Board to make informed decisions on matters proposed. The Company shall respond to any queries raised by the directors promptly and fully as possible.</u></p>
<p>Article 18 Expression of Opinions</p> <p>The directors shall carefully read documents relating to the meeting and shall express well-informed, independent and discreet opinions.</p> <p>The directors may, before the meeting, inquire on the information required, as part of their decision making process, from the relevant persons or institutions such as the Secretariat of the Board, the convener of the meeting, the Chief Executive Officer, General Manager and other members of senior management, special committees, the accounting firm and the law firm, or may, while the meeting is underway, suggest to the chairperson that the aforesaid persons or institutions to appear at the meeting and make relevant explanations.</p>	<p>Article 18</p> <p>The directors shall carefully read documents relating to the meeting and shall express well-informed, independent and discreet opinions.</p> <p>The directors may, before the meeting, inquire on the information required, as part of their decision making process, from the relevant persons or institutions such as the <u>affair administrative department of the Board, the convener of the meeting, the General Manager and other members of senior management, special committees, the accounting firm and the law firm, or may, while the meeting is underway, suggest to the chairperson that the aforesaid persons or institutions to appear at the meeting and make relevant explanations. There should be a procedure agreed by the Board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 20 Statistics of Voting Results</p> <p>After the attending directors have voted the securities affairs representative and the Secretariat of the Board shall collect ballots casted by the directors, which shall be counted by the Secretary of the Board under supervision of a supervisor or an independent non-executive director.</p> <p>Where the meeting is held onsite, the chairperson shall announce the statistics onsite; in other circumstances, the chairperson shall require the Secretary of the Board to announce the voting result in the same working day immediately following the prescribed voting deadline.</p> <p>The ballots casted by directors after the chairperson announced the voting result or after the prescribed voting deadline shall not be counted.</p>	<p>Article 20</p> <p>After the attending directors have voted the securities affairs representative and the <u>affair administrative department of the Board</u> shall collect ballots casted by the directors, which shall be counted by the Secretary of the Board under supervision of a supervisor or an independent non-executive director.</p> <p>Where the meeting is held onsite, the chairperson shall announce the statistics onsite; in other circumstances, the chairperson shall require the Secretary of the Board to announce the voting result in the same working day immediately following the prescribed voting deadline.</p> <p>The ballots casted by directors after the chairperson announced the voting result or after the prescribed voting deadline shall not be counted.</p>
<p>Article 21 Forming of Resolutions</p> <p>Saved as specified in Article 22 of these Rules of Procedure, adoption of or resolution on any proposal shall be subject to approval of more than half of all the directors of the Company. Where the relevant laws, administrative regulations and the Articles of Association have any provisions that required approvals by more than half of all the directors, such provisions shall apply.</p> <p>Any resolution made by the Board on any guarantee within its range of authority under the Articles of Association shall be subject to the approval of more than half of all the directors of the Company and more than two thirds of the attending directors.</p> <p>If different resolutions are in conflict with each other in their contents and meanings, the resolutions formed later in time shall prevail.</p>	<p>Article 21</p> <p>Saved as specified in Article 22 of these Rules of Procedure, adoption of or resolution on any proposal shall be subject to approval of more than half of all the directors of the Company. Where the relevant laws, administrative regulations and the Articles of Association have any provisions that required approvals by more than half of all the directors, such provisions shall apply.</p> <p>Any resolution made by the Board on any guarantee within its range of authority under the Articles of Association shall be subject to the approval of more than half of all the directors of the Company and more than two thirds of the attending directors.</p> <p>If different resolutions are in conflict with each other in their contents and meanings, the resolutions formed later in time shall prevail.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 22 Abstention from Voting</p> <p>In any of the following circumstances, the directors shall abstain from voting on the relevant resolutions:</p> <p>(1) the Listing Rules of Shanghai Stock Exchange or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited provides that the relevant directors shall abstain from voting;</p> <p>(2) the directors themselves consider that they should abstain from voting; and</p> <p>(3) the directors are connected with the enterprises involved in the resolutions and shall therefore abstain from voting pursuant to the Articles of Association.</p> <p>Where any director abstains from voting, the Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected attending directors is less than 3, the relevant proposal shall not be voted on but shall be submitted to the Shareholders' general meeting for consideration.</p>	<p>Article 22</p> <p>In any of the following circumstances, the directors shall abstain from voting on the relevant resolutions:</p> <p>(1) the Listing Rules of Shanghai Stock Exchange or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited provides that the relevant directors shall abstain from voting;</p> <p>(2) the directors themselves consider that they should abstain from voting; and</p> <p>(3) the directors are connected with the enterprises involved in the resolutions and shall therefore abstain from voting pursuant to the Articles of Association.</p> <p>Where any director abstains from voting, the Board meeting may be held when more than half of the non-connected directors <u>or the directors who and whose close associates have no material interest in the relevant transaction</u> attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors <u>or the directors who and whose close associates have no material interest in the relevant transaction</u>. If the number of non-connected attending directors <u>or the directors who and whose close associates have no material interest in the relevant transaction</u> is less than 3, the relevant proposal shall not be voted on but shall be submitted to the Shareholders' general meeting for consideration.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 28 Minutes of the Meetings</p> <p>The Secretary of the Board shall arrange a clerk of the Secretariat of the Board to record the minutes of the Board meeting. The minutes shall include the following information:</p> <ol style="list-style-type: none"> (1) location, time and the form of the meeting; (2) the status of the despatch of the notice of the meeting; (3) the chairperson of the meeting; (4) the directors and proxy in attendance; (5) the agenda and process of the meeting; (6) the resolutions considered at the meeting, the key points of the speech and opinions of each of the directors on the relevant issues, and their intentions on the resolutions; (7) the method and results of voting for each of the proposal (the number of votes for and against the proposal and number of abstentions); and (8) other issues that the attending directors considered necessary to be included in the minutes. <p>The decisions on the issues considered at the Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent non-executive directors' opinions shall set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to the directors as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions with their proposed amendments to the Chairman within a week upon receipt of the minutes. After the minutes are finalised, all the attending directors and persons recording the minutes shall sign on the minutes. Minutes of Board meetings shall be kept at the domicile of the Company, and a complete copy shall be sent to every director as soon as possible. The meeting minutes shall be kept for at least 10 years.</p>	<p>Article 28</p> <p>The Secretary of the Board shall arrange a clerk of the <u>affair administrative department of the Board</u> to record the minutes of the Board meeting. The minutes shall include the following information:</p> <ol style="list-style-type: none"> (1) location, time and the form of the meeting; (2) the status of the despatch of the notice of the meeting; (3) the chairperson of the meeting; (4) the directors and proxy in attendance; (5) the agenda and process of the meeting; (6) the resolutions considered at the meeting, the key points of the speech and opinions of each of the directors on the relevant issues, and their intentions on the resolutions; (7) the method and results of voting for each of the proposal (the number of votes for and against the proposal and number of abstentions); and (8) other issues that the attending directors considered necessary to be included in the minutes. <p>The decisions on the issues considered at the Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent non-executive directors' opinions shall set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to the directors as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions with their proposed amendments to the Chairman within a week upon receipt of the minutes. After the minutes are finalised, all the attending directors and persons recording the minutes shall sign on the minutes. Minutes of Board meetings shall be kept at the domicile of the Company, and a complete copy shall be sent to every director as soon as possible. The meeting minutes shall be kept for at least 10 years. <u>The meeting minutes shall be open for inspection at any reasonable time on reasonable notice by any director.</u></p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 29 Summary of Meetings and Records of Resolutions</p> <p>Besides the meeting minutes, the Secretary of the Board may, where necessary arrange a clerk of the Secretariat of the Board to make a summary of the meeting, and make separate records of the resolutions according to the voting results.</p>	<p>Article 29</p> <p>Besides the meeting minutes, the Secretary of the Board may, where necessary arrange a clerk of the <u>affair administrative department of the Board</u> to make a summary of the meeting, and make separate records of the resolutions according to the voting results.</p>
<p>Article 30 Signatures of the Directors</p> <p>The directors attending the meeting shall sign the minutes of the meeting, summary of the meeting and records of the resolutions in person or on behalf of the directors appointing them to attend the meeting. Where a director has different opinions on the minutes of the meeting, summary of the meeting or the records of the resolutions, he/she shall leave his/her comments when signing the said minutes, summary or records. Where necessary, he/she may report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement.</p> <p>In the event that a director neither signs the minutes as instructed nor provides his/her opinions, in writing or report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement, he/she shall be deemed as having agreed with the minutes of the meeting, summary of the meeting or the records of the resolutions.</p>	<p>Article 30</p> <p>The directors attending the meeting shall sign the minutes of the meeting, summary of the meeting <u>(if any)</u> and records of the resolutions in person or on behalf of the directors appointing them to attend the meeting. Where a director has different opinions on the minutes of the meeting, summary of the meeting <u>(if any)</u> or the records of the resolutions, he/she shall leave his/her comments when signing the said minutes, summary or records. Where necessary, he/she may report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement.</p> <p>In the event that a director neither signs the minutes as instructed nor provides his/her opinions, in writing or report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement, he/she shall be deemed as having agreed with the minutes of the meeting, summary of the meeting <u>(if any)</u> or the records of the resolutions.</p>

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS	
Before amendments	After amendments
<p>Article 33 Maintenance of Meeting Archives</p> <p>Archives of the Board meetings include notices of the meeting, meeting documents, attendance records, form of proxies, recordings, ballots, minutes signed by the attending directors, meeting summaries, records of the resolutions, announcements of the resolutions, and others, which shall be kept by the Secretary of the Board.</p> <p>Archives of the Board meetings shall be kept for at least 10 years.</p>	<p>Article 33</p> <p>Archives of the Board meetings include notices of the meeting, meeting documents, attendance records, form of proxies, recordings, ballots, minutes signed by the attending directors, meeting summaries <u>(if any)</u>, records of the resolutions, announcements of the resolutions, and others, which shall be kept by the Secretary of the Board.</p> <p>Archives of the Board meetings shall be kept for at least 10 years.</p>

The full text of the Proposed Amendments to the Rules of Procedure of the Supervisory Committee is set out below.

COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF PROCEDURE
OF THE SUPERVISORY COMMITTEE OF COSCO SHIPPING DEVELOPMENT CO.,
LTD.

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 2 Duties of the Supervisory Committee</p> <p>The Supervisory Committee is a standing organisation of the Company responsible for supervising the board of directors of the Company (the “Board”), and its members, and the Chief Executive Officer, General Manager, Deputy General Managers, Chief Financial Officer and other senior management, and preventing them from abusing their powers and jeopardising the legitimate rights and interests of the shareholders of the Company (the “Shareholders”), the Company and its employees.</p>	<p>Article 2</p> <p>The Supervisory Committee is a standing organisation of the Company responsible for supervising the board of directors of the Company (the “Board”), and its members, and the General Manager, Deputy General Managers, Chief Financial Officer and other senior management, and preventing them from abusing their powers and jeopardising the legitimate rights and interests of the shareholders of the Company (the “Shareholders”), the Company and its employees.</p>
<p>Article 3 Office of the Supervisory Committee The Supervisory Committee shall set up an office (the “Office of the Supervisory Committee”) for handling the daily affairs of the Supervisory Committee.</p> <p>The chairperson of the Supervisory Committee may request the representative from the securities affair of the Company or other officers to assist him in handling with the daily affairs of the Supervisory Committee.</p>	<p>Article 3</p> <p>The <u>affair administration department of the Supervisory Committee of the Company</u> shall be responsible for handling the daily affairs of the Supervisory Committee.</p> <p>The chairperson of the Supervisory Committee may request other officers to assist him in handling with the daily affairs of the Supervisory Committee.</p>
<p>Article 6 Resolutions of the Regular Meetings</p> <p>Before despatching the notice of regular meeting of the Supervisory Committee, the Office of the Supervisory Committee shall collect resolutions from all the supervisors and seek opinions from the employees of the Company for at least two days. During the period of collecting resolutions and seeking opinions, the Office of the Supervisory Committee shall reiterate the main concerns of the Supervisory Committee on supervising the operations of the Company and the conduct of the directors and senior management.</p>	<p>Article 6</p> <p>Before despatching the notice of regular meeting of the Supervisory Committee, the <u>affair administration department of the Supervisory Committee</u> shall collect resolutions from all the supervisors. During the period of collecting resolutions and seeking opinions, the <u>affair administration department of the Supervisory Committee</u> shall reiterate the main concerns of the Supervisory Committee on supervising the operations of the Company and the conduct of the directors and senior management.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 7 Procedure for Proposing Provisional Meetings</p> <p>A proposal put forward by a supervisor for convening a provisional meeting of the Supervisory Committee shall be made in written form, affixed with his/her signature (seal) and be submitted to the Office of the Supervisory Committee or directly to the chairperson of the Supervisory Committee. A written proposal may include, but not limited to, the following:</p> <p>(I) the name(s) of the proposing supervisor(s);</p> <p>(II) the reasons for the proposal or the objective facts on which the proposal is based upon;</p> <p>(III) time or duration, location and form of the meeting;</p> <p>(IV) a clear and concrete information in relation to the resolutions; and</p> <p>(V) the contact details of the proposing supervisor and the date of proposal.</p> <p>The Office of the Supervisory Committee shall issue a notice of the provisional meeting within 3 days after the Office or chairperson of the Supervisory Committee receives a written proposal from a supervisor.</p> <p>In the event that the Office of the Supervisory Committee hesitates to issue a notice of the meeting, the proposing supervisor shall immediately report to the local office of the securities regulatory authority under the State Council and the stock exchange.</p>	<p>Article 7</p> <p>A proposal put forward by a supervisor for convening a provisional meeting of the Supervisory Committee shall be made in written form, affixed with his/her signature (seal) and be submitted to the <u>affair administration department of the Supervisory Committee</u> or directly to the chairperson of the Supervisory Committee. A written proposal may include, but not limited to, the following:</p> <p>(I) the name(s) of the proposing supervisor(s);</p> <p>(II) the reasons for the proposal or the objective facts on which the proposal is based upon;</p> <p>(III) time or duration, location and form of the meeting;</p> <p>(IV) a clear and concrete information in relation to the resolutions; and</p> <p>(V) the contact details of the proposing supervisor and the date of proposal.</p> <p>The <u>affair administration department of the Supervisory Committee</u> shall issue a notice of the provisional meeting within 3 days after the <u>affair administration department of the Supervisory Committee</u> or chairperson of the Supervisory Committee receives a written proposal from a supervisor.</p> <p>In the event that the <u>affair administration department of the Supervisory Committee</u> hesitates to issue a notice of the meeting, the proposing supervisor shall immediately report to the <u>China Securities Regulatory Commission (hereinafter referred to as the "CSRC")</u> and its local office and the stock exchange.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 9 Notice of the Meeting</p> <p>The Office of the Supervisory Committee shall despatch a written notice of the meeting carrying the seal of the Supervisory Committee to all the supervisors by courier, fax, email or other means 10 days before a regular meeting and 5 days before a provisional meeting of the Supervisory Committee is held. In the event that the notice is not served by courier, telephone acknowledgement shall be made with proper records.</p> <p>If a provisional meeting of the Supervisory Committee has to be convened in case of an emergency, the notice of the meeting may be served by telephone or any other verbal means, provided that the chairperson shall explain the reasons for holding the provisional meeting at the meeting.</p>	<p>Article 9</p> <p>The <u>affair administration department of the Supervisory Committee</u> shall despatch a written notice of the meeting carrying the seal of the Supervisory Committee to all the supervisors by courier, fax, email or other means 10 days before a regular meeting and 5 days before a provisional meeting of the Supervisory Committee is held. In the event that the notice is not served by courier, telephone acknowledgement shall be made with proper records.</p> <p>If a provisional meeting of the Supervisory Committee has to be convened in case of an emergency, the notice of the meeting may be served by telephone or any other verbal means, provided that the chairperson shall explain the reasons for holding the provisional meeting at the meeting.</p>
<p>Article 10 Details of the Notice</p> <p>A written notice of the meeting shall include the following information as a minimum:</p> <p>(I) time and location of the meeting;</p> <p>(II) the issues (resolutions) to be considered;</p> <p>(III) convener and presider of the regular meeting, or proposer of the provisional meeting and its written proposal;</p> <p>(IV) the materials required by the supervisors to cast their vote;</p> <p>(V) the requirement for the supervisors to attend the meeting in person;</p> <p>(VI) coordinator and the contact details for the meeting; and</p> <p>(VII) the date on which the notice of the meeting is despatched.</p> <p>A verbal notice of the meeting shall include at least the above item (I) and (II), as well as the explanation for the provisional meeting in the event of an emergency.</p>	<p>Article 10</p> <p>A written notice of the meeting shall include the following information:</p> <p>(I) <u>date, location and duration</u> of the meeting;</p> <p>(II) <u>the reasons for and agenda of the meeting</u>;</p> <p>(III) the date on which the notice of the meeting is despatched.</p> <p>A verbal notice of the meeting shall include at least the above item (I) and (II), as well as the explanation for the provisional meeting in the event of an emergency.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 11 Form of the Meeting</p> <p>A meeting of the Supervisory Committee shall be held on site.</p> <p>In case of an emergency, voting at a meeting of the Supervisory Committee may be carried out by means of telecommunications, provided that the chairperson (meeting convener) of the meeting shall explain to the attending supervisors the particulars in relation to the urgency of the meeting. In the case of voting by correspondence, the supervisors shall fax to the Office of the Supervisory Committee their written opinions and intentions on the issues to be considered with their signatures attached thereto.</p>	<p>Article 11</p> <p>A meeting of the Supervisory Committee shall be held on site. <u>If necessary, the meeting may also be held by means of video, telephone, fax or email voting with the consent of the convener (presider) and the proposer, provided that the supervisors can fully express their opinions. The meeting of the Supervisory Committee may also be held onsite and off-site simultaneously.</u></p> <p><u>If the meeting is not held on-site, the number of supervisors attending the meeting shall be calculated based on the supervisors present at the meeting through video display, the supervisors expressing opinions in the conference call, the valid votes such as faxes or emails received within the prescribed period, or the written confirmation letters submitted by the supervisors afterwards to attend the meeting.</u></p> <p>In case of an emergency, voting at a meeting of the Supervisory Committee may be carried out by means of telecommunications, provided that the chairperson (meeting convener) of the meeting shall explain to the attending supervisors the particulars in relation to the urgency of the meeting. In the case of voting by correspondence, the supervisors shall fax to the <u>affair administration department of the Supervisory Committee</u> their written opinions and intentions on the issues to be considered with their signatures attached thereto.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 12 Holding of the Meeting</p> <p>A supervisors' meeting can only be held when more than two thirds (inclusive) of the supervisors are present.</p> <p>Where a supervisor is unable to attend a meeting for any reason, he/she shall read the meeting documents in advance to form his/her opinions, and appoint another supervisor in writing to attend the meeting on his/her behalf.</p> <p>The form of proxy shall specify, among other things:</p> <p>(I) the names of the delegating supervisor and his/her proxy;</p> <p>(II) the summarised opinions of the delegating supervisor on each of the resolutions;</p> <p>(III) the delegating supervisor's scope of authorisation and instructions on how to vote on his/her behalf in relation to each of the resolutions; and</p> <p>(IV) the signature of the delegating supervisor, the date and others.</p> <p>The secretary of the Board and the securities affairs representatives shall also be present at the meetings.</p>	<p>Article 12</p> <p>A supervisors' meeting can only be held when <u>more than half</u> of the supervisors are present.</p> <p>Where a supervisor is unable to attend a meeting for any reason, he/she shall read the meeting documents in advance to form his/her opinions, and appoint another supervisor in writing to attend the meeting on his/her behalf.</p> <p>The form of proxy shall specify, among other things:</p> <p>(I) the names of the delegating supervisor and his/her proxy;</p> <p>(II) the summarised opinions of the delegating supervisor on each of the resolutions;</p> <p>(III) the delegating supervisor's scope of authorisation and instructions on how to vote on his/her behalf in relation to each of the resolutions; and</p> <p>(IV) the signature of the delegating supervisor, the date and others.</p> <p>The secretary of the Board and the securities affairs representatives shall also be present at the meetings.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 16 Minutes of the Meetings</p> <p>The minutes of the meetings should be maintained by the staff at Office of the Supervisory Committee onsite at the meetings, which shall include the following information:</p> <p>(I) time, location and form of the meeting;</p> <p>(II) information on the status of despatch of the notice of the meeting;</p> <p>(III) the chairperson of the meeting;</p> <p>(IV) the attendance of the meeting;</p> <p>(V) the agenda and process of the meeting;</p> <p>(VI) the resolutions considered at the meeting, the key points of the speech and opinions of each of the supervisors on the relevant issues, and their intentions on the resolutions;</p> <p>(VII) the voting method and results for each proposal (including the number of votes for and against the proposal and number of abstentions); and</p> <p>(VIII) other issues that the attending supervisors considered necessary to be included in the minutes.</p> <p>For the meetings held by correspondence, the Office of the Supervisory Committee shall prepare the minutes as per the above provisions.</p>	<p>Article 16</p> <p>The minutes of the meetings should be maintained by the staff at <u>affair administration department of the Supervisory Committee</u> onsite at the meetings, which shall include the following information:</p> <p>(I) time, location and form of the meeting;</p> <p>(II) information on the status of despatch of the notice of the meeting;</p> <p>(III) the chairperson of the meeting;</p> <p>(IV) the attendance of the meeting;</p> <p>(V) the agenda and process of the meeting;</p> <p>(VI) the resolutions considered at the meeting, the key points of the speech and opinions of each of the supervisors on the relevant issues, and their intentions on the resolutions;</p> <p>(VII) the voting method and results for each proposal (including the number of votes for and against the proposal and number of abstentions); and</p> <p>(VIII) other issues that the attending supervisors considered necessary to be included in the minutes.</p> <p>For the meetings held by correspondence, the <u>affair administration department of the Supervisory Committee</u> shall prepare the minutes as per the above provisions.</p>

RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE	
Before amendments	After amendments
<p>Article 17 Signatures of the Supervisors</p> <p>The supervisors attending the meeting shall sign and confirm the meeting minutes. If any supervisors have different opinions on the minutes, he/she shall leave his/her comments when signing the minutes or request an explanatory note to be added in the minutes in relation to his/her speech at the meeting. Where necessary, he/she may report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement.</p> <p>In the event where a supervisor neither signs the minutes as provided above nor provides his/her opinions in writing, or report to the local office of the securities regulatory authority under the State Council and the stock exchange or make a public announcement, he/she shall be deemed as having agreed with the minutes of the meeting.</p>	<p>Article 17</p> <p>For the meetings of the <u>Supervisory Committee convened onsite</u>, the supervisors attending the meeting shall sign and confirm the meeting minutes. If any supervisors have different opinions on the minutes, he/she shall leave his/her comments when signing the minutes or request an explanatory note to be added in the minutes in relation to his/her speech at the meeting. Where necessary, he/she may report to the <u>CRSC and its</u> local office and the stock exchange or make a public announcement.</p> <p>In the event where a supervisor neither signs the minutes as provided above nor provides his/her opinions in writing, or report to the <u>CSRC and its</u> local office and the stock exchange or make a public announcement, he/she shall be deemed as having agreed with the minutes of the meeting.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE RULES OF
INDEPENDENT NON-EXECUTIVE DIRECTORS**

The full text of the Proposed Amendments to the Rules of Independent Non-executive Directors is set out below.

COMPARISON TABLE OF THE AMENDMENTS TO THE RULES OF PROCEDURE
OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF COSCO SHIPPING
DEVELOPMENT CO., LTD.

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 1 In order to promote the standardised operation of COSCO SHIPPING Development Co., Ltd. (hereinafter referred to as the “Company”), safeguard the overall interests of the Company, and protect the legitimate rights and interests of all shareholders, especially minority shareholders, from being prejudiced, these Rules are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Standards for the Governance of Listed Companies, the Guidance—Opinions Regarding the Establishment of the System of Independent Directors of Listed Companies, the Provisions on Strengthening the Protection of the Rights and Interests of the General Public Shareholders, the listing rules of the stock exchange of the listing place and other laws, regulations, regulatory documents and the Articles of Association of China Shipping Container Lines Company Limited (hereinafter referred to as the “Articles of Association”).</p>	<p>Article 1 In order to promote the standardised operation of COSCO SHIPPING Development Co., Ltd. (hereinafter referred to as the “Company”), safeguard the overall interests of the Company, and protect the legitimate rights and interests of all shareholders, especially minority shareholders, from being prejudiced, these Rules are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Standards for the Governance of Listed Companies, the <u>Rules of Independent Directors of Listed Companies</u>, the <u>securities regulatory rules</u> of the listing place and other laws, regulations, regulatory documents and the Articles of Association of <u>COSCO SHIPPING Development Co., Ltd.</u> (hereinafter referred to as the “Articles of Association”).</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 5 The number of independent non-executive directors of the Company shall not be less than one-third of the total number of the board of directors, including at least one accounting professional. At least one independent non-executive director of the Company shall be ordinarily resident in Hong Kong. If the number of independent non-executive directors fails to meet the above requirements, the Company shall make up for the number of independent non-executive directors as required.</p> <p>The accounting professional referred to in the preceding paragraph refers to a person who holds a senior title in accounting or is a certified public accountant.</p>	<p>Article 5 The number of independent non-executive directors of the Company shall not be less than one-third of the total number of the board of directors, including at least one accounting professional. At least one independent non-executive director of the Company shall be ordinarily resident in Hong Kong. If the number of independent non-executive directors fails to meet the above requirements, the Company shall make up for the number of independent non-executive directors as required.</p> <p><u>The candidate nominated to be an independent non-executive director as an accounting professional shall have extensive accounting expertise and experience, and shall at least fulfil one of the following conditions:</u></p> <p>(I) <u>qualified as a certified public accountant;</u></p> <p>(II) <u>qualified as a senior professional, associate professor or obtained doctorate degree in accounting, auditing or financial management;</u></p> <p>(III) <u>qualified as a senior professional in economic management and with more than 5 years of full-time working experience in professional posts such as accounting, auditing or financial management.</u></p>
<p>Article 7 Independent non-executive directors shall account for more than half of the members of the remuneration, audit and nomination committees under the board of directors of the Company and act as the conveners (chairmen).</p>	<p>Article 7 <u>The board of directors of the Company consists with remuneration, audit and nomination committees. The independent non-executive directors shall account for the majority of the members of the audit committee, nomination committee and remuneration committee and act as the conveners.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE RULES OF
INDEPENDENT NON-EXECUTIVE DIRECTORS**

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>The original “Chapter III Independence of independent non-executive directors” is adjusted to “Chapter II Independence of independent non-executive directors”, and the following articles are renumbered accordingly</p>	
<p>Article 9 The following persons shall not serve as independent non-executive directors of the Company:</p> <p>(I) persons employed by the Company or its subsidiaries and their immediate family members or other relatives (immediate family members shall include spouse, parents and children, while other relatives shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);</p> <p>(II) natural person shareholder who directly or indirectly holds more than 1% of the Company’s issued shares or who is one of the top ten shareholders of the Company, and his/her immediate family members;</p> <p>(III) entity owned by the shareholders which directly or indirectly hold more than 5% of the Company’s issued shares or the persons working in the entities owned by any top five shareholders of the Company, and their immediate family members;</p> <p>(IV) persons who fall into categories (I) to (III) in the preceding year;</p>	<p>Article 8 The following persons shall not serve as independent non-executive directors of the Company:</p> <p>(I) persons employed by the Company or its subsidiaries and their immediate family members or other relatives (immediate family members shall include spouse, parents and children, while other relatives shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);</p> <p>(II) natural person shareholder who directly or indirectly holds more than 1% of the Company’s issued shares or who is one of the top ten shareholders of the Company, and his/her immediate family members;</p> <p>(III) entity owned by the shareholders which directly or indirectly hold more than 5% of the Company’s issued shares or the persons working in the entities owned by any top five shareholders of the Company, and their immediate family members;</p> <p>(IV) <u>persons employed by the de facto controller of the Company and its subsidiaries;</u></p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>(V) persons who provide financial, legal and consulting services to the Company or its subsidiaries;</p> <p>(VI) persons deemed by the CSRC as not qualified to serve as an independent non-executive director-</p>	<p>(V) persons who provide financial, legal and consulting services to the Company <u>and controlling shareholders or their subsidiaries, including all members of the project teams, reviewers at all levels, persons who sign on the report, partners and key persons in charge of intermediary agencies providing services;</u></p> <p><u>(VI) person who serve as directors, supervisors and senior management personnel in entities that have material business dealings with the Company and the controlling shareholders or their respective subsidiaries, or serve as directors, supervisors and senior management personnel in the controlling shareholder units of such entities with business dealings;</u></p> <p><u>(VII) persons who fall into categories (I) to (VI) in the preceding twelve months;</u></p> <p><u>(VIII) persons deemed by the CSRC and the stock exchange as not qualified to serve as an independent non-executive director;</u></p> <p><u>The subsidiaries of the controlling shareholders and the de facto controller of the Company as set out in the items (IV), (V) and (VI) of the preceding paragraph do not include the subsidiaries which do not constitute connected relationship with the Company under Rule 6.3.4 of the Listing Rules;</u></p> <p><u>(VIX) persons who do not comply with any of the provisions of Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) as amended from time to time or the requirements of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).</u></p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>The original “Chapter II Qualifications for independent non-executive directors” is adjusted to “Chapter III Qualifications for independent non-executive directors”, and the articles are renumbered accordingly</p>	
<p>Article 8 Persons serving as independent non-executive directors of the Company shall have the following qualifications suitable for the exercise of their powers:</p> <p>(I) having the qualifications as directors of the Company in accordance with the laws, regulations, relevant listing rules and other relevant provisions;</p> <p>(II) having the independence as required by the laws, administrative regulations, department rules and the relevant listing rules;</p> <p>(III) having basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules (including but not limited to applicable accounting standards);</p> <p>(IV) having more than five years’ experience in legal and economic work or other work required for fulfilling the duties of independent non-executive directors;</p> <p>(V) other conditions specified in the Articles of Association.</p>	<p>Article 9 Persons serving as independent non-executive directors of the Company shall have the following qualifications suitable for the exercise of their powers:</p> <p>(I) having the qualifications as directors of the Company in accordance with the laws, regulations, relevant listing rules and other relevant provisions;</p> <p>(II) having the independence as required by the laws, administrative regulations, department rules and the relevant listing rules;</p> <p>(III) having basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules (including but not limited to applicable accounting standards);</p> <p>(IV) having more than five years’ experience in legal, economic, <u>accounting, financial and management</u> work or other work required for fulfilling the duties of independent non-executive directors;</p> <p>(V) other conditions specified in the Articles of Association.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 10 A candidate for an independent non-executive director shall have none of the following bad records:</p> <p>(I) administrative penalties imposed by the CSRC in the last 36 months;</p> <p>(II) during the period when the stock exchange publicly determines that he/she is not suitable to serve as a director of a listed company;</p> <p>(III) having been publicly condemned or criticised by the stock exchange for more than two times in the past 36 months;</p> <p>(IV) failure to attend board meetings for two consecutive times during his/her term of office as an independent non-executive director, or failure to attend board meetings in person representing more than one-third of the number of board meetings in that year;</p> <p>(V) during his/her tenure as an independent non-executive director, the independent opinions expressed are obviously inconsistent with the facts;</p> <p>(VI) other circumstances as determined by the stock exchange.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 11 The consent of the nominees shall be obtained before the nominators nominate them for the position of independent non-executive directors; the nominators shall be fully aware of such details of the nominees as their occupation, educational background, title, career details, all of their concurrent positions, etc. and provide such written materials to the Company, and shall express opinions on the nominees' qualification and independence as independent non-executive directors. The nominees shall make a public announcement as to the absence of any connection between the Company and them which would affect their independent and objective judgments, and shall make a written commitment to the Company, agree to accept the nomination, promise that the publicly disclosed information about the candidates is true and complete, and to guarantee that they will earnestly perform their duties if being selected.</p>	<p>Article 12 The consent of the nominees shall be obtained before the nominators nominate them for the position of independent non-executive directors; the nominators shall be fully aware of such details of the nominees as their occupation, educational background, title, career details, all of their concurrent positions, etc. and provide such written materials to the Company, and shall express opinions on the nominees' qualification and independence as independent non-executive directors. The nominees shall make a public announcement as to the absence of any connection between the Company and them which would affect their independent and objective judgments.</p>
<p>Article 12 Prior to the holding of a general meeting at which an independent non-executive director is to be elected, the Company shall simultaneously submit the relevant materials on all the nominees to the CSRC and/or its local office and the stock exchange on which the shares of the Company are listed. If the board of directors of the Company has objections concerning the relevant details of a nominee, the Company shall additionally submit the written opinion of the board of directors.</p> <p>The nominees against whom the CSRC has objections or fails to meet the requirements of relevant listing rules shall not be the candidate for the independent non-executive director.</p> <p>At the time the general meeting to elect an independent non-executive director is held, the board of directors of the Company shall elaborate on whether the CSRC had any objections against the candidates for the post of independent non-executive director.</p>	<p>Article 13 <u>The Company shall simultaneously submit the relevant materials on all the nominees to the stock exchange on which the shares of the Company are listed not later than the time of the publication of the notice of convening the general meeting in relation to the election of independent non-executive directors.</u> If the board of directors of the Company has objections concerning the relevant details of a nominee, the Company shall additionally submit the written opinion of the board of directors.</p> <p>The nominees against whom the <u>stock exchange</u> has objections, <u>the Company shall not elect them as independent non-executive directors at the general meeting, and shall delay or cancel such general meeting in accordance with the Rules for General meetings of Listed Companies or cancel the relevant proposals at the general meeting.</u></p> <p>At the time the general meeting to elect an independent non-executive director is held, the board of directors of the Company shall elaborate on whether the <u>stock exchange</u> had any objections against the candidates for the post of independent non-executive director.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE RULES OF
INDEPENDENT NON-EXECUTIVE DIRECTORS**

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 14 If an independent non-executive director fails to attend the board meeting in person for three consecutive times, the board of directors shall propose a replacement of director to the general meeting.</p> <p>Except for the conditions mentioned above and the situations in which a person shall not act as director under the Company Law, the office of an independent non-executive director cannot be terminated without any reason before expiration. In case of a removal prior to expiration, it shall be disclosed as a special issue by the Company. If the independent non-executive director whose office is terminated before expiration considers that the reason for termination is not proper, he/she can make a public declaration.</p>	<p>Article 15 If an independent non-executive director fails to attend the board meeting in person for three consecutive times, the board of directors shall propose a replacement of director to the general meeting.</p> <p><u>The listed company may remove an independent non-executive director following the statutory procedure before the expiry of his/her term of office. In case of an early removal, it shall be disclosed as a special issue by the Company. If the independent non-executive director whose office is terminated before expiration considers that the reason for termination is not proper, he/she can make a public declaration.</u></p>
<p>Article 15 An independent non-executive director may tender resignation before expiration of the term of office by submitting a written resignation report to the board of directors, providing an explanation of any conditions which are related to his/her resignation or which are considered by him/her as necessary to draw the attention of shareholders and creditors of the Company.</p> <p>If the proportion of independent non-executive directors in the board of directors is lower than the number required by these Rules due to the resignation of the independent non-executive director, such independent non-executive director shall continue to perform his/her duties in accordance with the laws, administrative regulations and these Rules until the re-elected independent non-executive director takes office. The board of directors shall convene a general meeting within two months to re-elect an independent non-executive director. The resignation report of the resigning independent non-executive director shall take effect after the succeeding independent non-executive director fills his/her vacancy. If the Company fails to convene a general meeting within the time limit, the independent non-executive directors may no longer perform their duties.</p>	<p>Article 16 An independent non-executive director may tender resignation before expiration of the term of office by submitting a written resignation report to the board of directors, providing an explanation of any conditions which are related to his/her resignation or which are considered by him/her as necessary to draw the attention of shareholders and creditors of the Company.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 17 If an independent non-executive director of the Company fails to meet the independence criteria or is otherwise unsuitable to perform the duties of an independent non-executive director after his/her appointment, he/she shall resign as an independent non-executive director within one month from the date of such occurrence. If he/she fails to resign as required, the board of directors of the Company shall initiate the decision-making process to remove him/her as an independent non-executive director within 2 days after the expiry of the term.</p> <p>If the resignation of an independent non-executive director causes the number of independent non-executive directors in the board of directors of the Company to fall below one-third of the total members of the board of directors, the resigning independent non-executive director shall continue to perform his/her duties until the date of appointment of the new independent non-executive director. The original nominator of the independent non-executive director or the board of directors the Company shall nominate a new candidate for independent non-executive director within three months from the date of resignation of such independent non-executive director. Where laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 18 If the resignation of an independent non-executive director causes the proportion of independent non-executive directors in the board of directors of the Company to fall below the minimum requirement stipulated herein, the resignation report of the resigning independent non-executive director shall take effect after the succeeding independent non-executive director fills his/her vacancy.</p>
<p>The original “Chapter V Special powers for independent non-executive directors” and “Chapter VI Independent opinions of independent non-executive directors” are consolidated into “Chapter V Special powers for independent non-executive directors”, and the following chapters and articles are renumbered accordingly</p>	
<p>Article 16 In order to give full play to the role of independent non-executive directors, in addition to the powers conferred by laws, regulations, normative documents and the Articles of Association, the Company shall also grant the following special powers to independent non-executive directors:</p> <p>(I) Major connected transactions (refer to connected transactions proposed to be entered into between the Company and connected persons with a total amount of more than RMB3,000,000 or more than 5% of the latest audited net asset value of the listed company) shall be submitted to the general meeting for consideration upon approval by the independent non-executive directors; the independent non-executive directors may, before making judgment, appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment.</p>	<p>Article 19 In order to give full play to the role of independent non-executive directors, in addition to the powers conferred by laws, regulations, normative documents, <u>securities regulatory rules of the place where the shares of the Company are listed</u> and the Articles of Association, the Company shall also grant the following special powers to independent non-executive directors:</p> <p>(I) Major connected transactions (refer to connected transactions proposed to be entered into between the Company and connected persons with a total amount of more than RMB3,000,000 or more than 5% of the latest audited net asset value of the listed company) shall be submitted to the general meeting for consideration upon approval by the independent non-executive directors; the independent non-executive directors may, before making judgment, appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>(II) to propose to the board of directors for appointment or dismissal of accounting firm;</p> <p>(III) to propose the board of directors to convene an extraordinary general meeting;</p> <p>(IV) to propose to convene a board meeting;</p> <p>(V) to independently appoint external audit and consulting institutions;</p> <p>(VI) to openly collect voting rights from shareholders before a general meeting is held;</p> <p>Independent non-executive directors shall seek the consent of more than half of all the independent non-executive directors before exercising the powers under (H), (IV) and (VI); more than two independent non-executive directors may exercise the powers under (H); independent non-executive directors shall seek the consent of all the independent non-executive directors before exercising the powers under (V).</p>	<p>(II) to propose to the board of directors for appointment or dismissal of accounting firm;</p> <p>(III) to propose the board of directors to convene an extraordinary general meeting;</p> <p>(IV) to propose to convene a board meeting;</p> <p><u>(V) to openly collect voting rights from shareholders before a general meeting is held;</u></p> <p><u>(VI) to independently appoint external audit and consulting institutions;</u></p> <p>Independent non-executive directors shall seek the consent of more than half of all the independent non-executive directors before exercising the powers under <u>(I) to (V)</u>; independent non-executive directors shall seek the consent of all the independent non-executive directors before exercising the powers under <u>(VI)</u>.</p> <p><u>Items (I) and (II) shall be approved by more than half of the independent non-executive directors before being submitted to the board of directors for discussion.</u></p>
<p>Article 17 If a proposal put forward by an independent non-executive director pursuant to the above special powers is not adopted or his/her powers cannot be exercised normally, the Company shall disclose the relevant information.</p>	<p>Article 20 If a proposal put forward by an independent non-executive director pursuant to the above special powers is not adopted or his/her powers cannot be exercised normally, the Company shall disclose the relevant information.</p> <p><u>Where the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, CSRC and Hong Kong Stock Exchange provide otherwise, such provisions shall prevail.</u></p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 21 Independent non-executive directors shall actively perform their duties in corporate governance, internal control, information disclosure and financial supervision. Independent non-executive directors, as equal board members, should give the board of directors and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.</p> <p>Independent non-executive directors shall perform their duties independently and fairly, and shall not be affected by the Company's substantial shareholders, de facto controllers or other entities and individuals who have interests in the Company. If it is found that any matter under consideration affects his/her independence, he/she shall declare to the Company and abstain from voting. In the event that the independence is significantly affected during his/her term of office, he/she shall notify the Company in a timely manner, propose solutions and, if necessary, resign.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 18 Independent non-executive directors shall, in addition to fulfilling the aforesaid duties, provide the board of directors or general meeting with independent opinions on the following matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior management personnel;</p> <p>(III) remunerations of directors and senior management personnel of the Company;</p> <p>(IV) any existing or new borrowings or other fund transfers by the Company's shareholders, de facto controllers and their related enterprises with an aggregate amount of more than RMB3,000,000 or more than 5% of the latest audited net assets of the Company, and whether the Company has taken effective measures to recover the debts;</p> <p>(V) matters which independent non-executive directors deem likely to damage the interests of minority shareholders;</p> <p>(VI) other issues specified in laws and regulations and the Articles of Association.</p>	<p>Article 22 Independent non-executive directors shall, in addition to fulfilling the aforesaid duties, provide the board of directors or general meeting with independent opinions on the following matters:</p> <p>(I) nomination, appointment and dismissal of directors;</p> <p>(II) appointment or dismissal of senior management personnel;</p> <p>(III) remunerations of directors and senior management personnel of the Company;</p> <p><u>(IV) appointment or dismissal of accounting firms;</u></p> <p><u>(V) changes in accounting policies, accounting estimates or correction of significant accounting errors due to reasons other than changes in accounting standards;</u></p> <p><u>(VI) non-standard unqualified audit opinions issued by the accounting firm on the financial and accounting reports and internal control of the Company;</u></p> <p><u>(VII) internal control evaluation report;</u></p> <p><u>(VIII) the plan for the change of commitments by relevant parties;</u></p> <p><u>(IX) the effects of the issuance of preference shares on the interests of various shareholders of the Company;</u></p> <p><u>(X) formulation of profit distribution policies, profit distribution plans and cash dividend plans;</u></p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p><u>(XI) material matters such as connected transactions, provision of guarantees (excluding provision of guarantees for subsidiaries within the scope of the consolidated financial statements), entrusted wealth management, provision of financial assistance, use of proceeds, investment in shares and derivatives to be disclosed;</u></p> <p><u>(XII) material asset restructuring plan, management acquisition, equity incentive plan, employee stock ownership plan, share repurchase plan, debt repayment plan for related parties of the listed company;</u></p> <p><u>(XIII) the Company intends to decide that its shares will no longer be traded on the stock exchange;</u></p> <p>(XIV) any existing or new borrowings or other fund transfers by the Company's shareholders, de facto controllers and their related enterprises with an aggregate amount of more than RMB3,000,000 or more than 5% of the Company's latest audited net assets, and whether the Company has taken effective measures to recover the debts;</p> <p>(XV) matters which independent non-executive directors deem likely to damage the interests of minority shareholders;</p> <p><u>(XVI) other issues specified in laws and regulations, requirements of the stock exchange and the Articles of Association.</u></p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 25 The independent opinions of independent non-executive directors on major issues shall include at least the following:</p> <p>(I) basic information on major matters;</p> <p>(II) basis for expressing opinions, including the procedures performed, the documents to be reviewed, the contents of on-site inspections, etc.;</p> <p>(III) legal compliance of major matters;</p> <p>(IV) the impact on the rights and interests of the listed company and its minority shareholders, the possible risks, and whether the measures taken by the Company are effective;</p> <p>(V) concluding opinions issued. Where there are reservations, objections or opinions that could not be expressed on major matters, the relevant independent non-executive directors shall clearly explain the reasons and obstacles for inability to express opinion.</p> <p>The independent directors shall sign and confirm their independent opinions issued, and report the said opinions to the board of directors in a timely manner and disclose the same together with relevant announcements of the Company.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 26 An independent non-executive director shall actively perform his/her due diligence obligations and make a report to the stock exchange, and if necessary, engage an intermediary to carry out special inspections, if the independent non-executive director finds that the Company:</p> <p>(I) fails to consider the material events as required;</p> <p>(II) fails to perform the information disclosure obligation in a timely manner;</p> <p>(III) discloses information which contains misrepresentations, misleading statements, or material omissions;</p> <p>(IV) is otherwise suspected of violating laws and regulations or damaging the legitimate rights and interests of minority shareholders.</p>
	<p>Additional article:</p> <p>Article 27 In addition to attending board meetings, independent non-executive directors shall ensure to arrange reasonable time for conducting on-site inspection on the production and operation conditions, the establishment and implementation of management and internal control systems of listed companies, and the implementation of resolutions of the board of directors. If any abnormality is found during the on-site inspection, it shall be reported to the board of directors of the Company and the stock exchange in a timely manner.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
	<p>Additional article:</p> <p>Article 28 In the case of any conflict between shareholders or directors of the Company, which has a major impact on the operation and management of the Company, independent non-executive directors shall perform their duties proactively to protect the overall interests of the Company.</p>
	<p>Additional article:</p> <p>Article 29 An independent non-executive director shall make a report to the stock exchange in a timely manner, if:</p> <p>(I) the independent non-executive director is dismissed by the Company and the dismissal is, in opinion of the independent non-executive director, groundless;</p> <p>(II) the independent non-executive director resigns due to the Company hindering the independent non-executive director from exercising his/her authorities by law;</p> <p>(III) the materials of board meeting are incomplete or insufficient, and the written request of two or more independent non-executive directors for postponing the board meeting or the consideration of relevant matters is rejected;</p> <p>(IV) the board of directors fails to take effective measures after a report is made to the board of directors on the suspected violation of laws and regulations by the Company or its directors, supervisors and senior management personnel;</p> <p>(V) other circumstances occur that seriously hinder the independent non-executive director from performing his/her duties.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 26 The independent non-executive directors shall review the continuing connected transactions every year and confirm in the annual report and accounts that:</p> <p>(I) the transactions are in the ordinary course of business of the Company;</p> <p>(II) the transactions either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and</p> <p>(III) the transactions are conducted in accordance with the terms of the agreements for relevant transactions and the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.</p>	<p>Article 35 The independent non-executive directors shall review the continuing connected transactions every year and confirm in the annual report and accounts that:</p> <p>(I) the transactions are in the ordinary course of business of the Company;</p> <p>(II) the transactions either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and</p> <p>(III) the transactions are conducted in accordance with the terms of the agreements for relevant transactions and the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.</p>
<p>The original title of “Chapter VII Working conditions of independent non-executive directors” is changed to “Chapter VI Working conditions of independent non-executive directors”</p>	
<p>The original title of “Chapter VIII Duty performance guarantee of independent non-executive directors” is changed to “Chapter VII Duty performance guarantee of independent non-executive directors”</p>	

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 29 The Company shall provide the independent non-executive directors with the working conditions they need to perform their duties.</p> <p>The secretary of the board of directors of the Company shall actively assist the independent non-executive directors in performing their duties, such as describing the situation and providing materials. Where the independent opinions, proposals and written explanations issued by the independent non-executive directors should be announced, the secretary of the board of directors shall handle the announcement matters with the stock exchange in a timely manner</p>	<p>Article 38 The Company shall provide the independent non-executive directors with the working conditions they need to perform their duties.</p> <p>The secretary of the board of directors of the Company shall actively assist the independent non-executive directors in performing their duties, such as describing the situation, <u>providing materials, regularly reporting the operation status of the Company, and organising the independent directors to visit the Company on the spot if necessary.</u> Where the independent opinions, proposals and written explanations issued by the independent non-executive directors should be announced, the secretary of the board of directors shall <u>assist in handling</u> the announcement matters in a timely manner</p>
<p>Article 32 The Company shall grant the appropriate allowance to the independent non-executive directors, and disclosed in the annual report. In addition to the said allowances, independent non-executive directors shall not receive any other additional and undisclosed benefits from the Company, its substantial shareholders or stakeholders, whether entities or individuals.</p>	<p>Article 41 The Company shall grant the appropriate allowance to the independent non-executive directors. <u>The standard of the allowance shall be proposed by the board of directors, approved by the general meeting,</u> and disclosed in the annual report. In addition to the said allowances, independent non-executive directors shall not receive any other additional and undisclosed benefits from the Company, its substantial shareholders or stakeholders, whether entities or individuals.</p>

RULES OF INDEPENDENT NON-EXECUTIVE DIRECTORS	
Before amendments	After amendments
<p>Article 34 Matters not covered herein shall be implemented in accordance with relevant laws, regulations, normative documents and the Articles of Association.</p> <p>In case of any conflict between these Rules and any laws and regulations, normative documents or the Articles of Association in force at that time, such laws and regulations, normative documents and the Articles of Association shall prevail.</p>	<p>Article 43 Matters not covered herein shall be implemented in accordance with relevant laws, regulations, normative documents, <u>securities regulatory rules of the place where the shares of the Company are listed</u> and the Articles of Association.</p> <p>In case of any conflict between these Rules and any laws and regulations, normative documents, <u>securities regulatory rules of the place where the shares of the Company are listed</u> or the Articles of Association in force at that time, such laws and regulations, normative documents, <u>securities regulatory rules of the place where the shares of the Company are listed</u> and the Articles of Association shall prevail.</p>

The following is an explanatory statement required by Rule 10.06(1)(b) of the Hong Kong Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the special resolution to approve the grant of the H Share Repurchase Mandate.

1. NUMBER OF SHARES PROPOSED TO BE REPURCHASED

As at the Latest Practicable Date, the total number of issued Shares was 13,586,477,301, comprising 9,910,477,301 A Shares and 3,676,000,000 H Shares.

Subject to the passing of the special resolution in respect of the granting of the H Share Repurchase Mandate and on the basis that the total number of issued H Shares as at the Latest Practicable Date (i.e. 3,676,000,000 H Shares) will remain unchanged as at the date of the EGM and the Class Meetings, the Directors will be authorised to repurchase up to 367,600,000 H Shares pursuant to the H Share Repurchase Mandate during the period when the H Share Repurchase Mandate remains in force, representing 10% of the total number of issued H Shares.

2. REASONS FOR SHARE REPURCHASE

In order to implement the relevant requirements of the State Council and the State-owned Assets Supervision and Administration Commission of the State Council on further improving the quality of listed companies, maintain the value of the Company and the interests of the Shareholders, and give the Company the flexibility to repurchase Shares if and when appropriate, it is proposed that the H Share Repurchase Mandate be granted to the Board.

Repurchase of H Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

3. SOURCE OF FUNDS

In repurchasing H Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Hong Kong Listing Rules and the applicable laws and regulations of the PRC, as the case may be.

The Directors propose that repurchase of H Shares will be financed by the Company's self-raised funds as and when appropriate.

4. IMPACT ON WORKING CAPITAL

As compared with the financial position of the Company as at 31 December 2021 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the H Share Repurchase Mandate would be exercised in full at any time during the proposed repurchase period.

5. MARKET PRICES OF SHARES

The highest and lowest prices at which the H Shares were traded on the Hong Kong Stock Exchange during each of the previous twelve months before the Latest Practicable Date (excluding) were as follows:

	Lowest <i>HK\$</i>	Highest <i>HK\$</i>
2021		
November	1.3300	1.5100
December	1.4000	1.5200
2022		
January	1.4000	1.5400
February	1.4000	1.5500
March	1.1300	1.6100
April	1.4700	1.6700
May	1.4500	1.6100
June	1.5300	1.6600
July	1.2700	1.6200
August	1.1600	1.3100
September	0.9600	1.2000
October	0.9000	1.1000
November (excluding the Latest Practicable Date)	0.8900	1.0300

6. GENERAL

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates (as defined in the Hong Kong Listing Rules) has any present intention, in the event that the proposed grant of the H Share Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

The Company has not been notified by any core connected persons (as defined in the Hong Kong Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the proposed grant of the H Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to repurchase H Shares pursuant to the H Share Repurchase Mandate and in accordance with the Hong Kong Listing Rules and the applicable laws and regulations of the PRC.

7. TAKEOVERS CODE

If on the exercise of the power to repurchase H Shares pursuant to the H Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, COSCO SHIPPING and parties acting in concert with it controlled or were entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 107,844,000 H Shares, representing approximately 45.86% of the total issued share capital of the Company and approximately 46.06% of the total voting rights of the A Share and H Share capital of the Company (excluding the Shares in the non-voting A Share repurchase account). COSCO SHIPPING is the indirect controlling shareholder of the Company.

In the event that the Directors will exercise the H Share Repurchase Mandate in full, the percentage interest of COSCO SHIPPING and parties acting in concert with it in the voting rights of the Company will be increased to approximately 47.35% of the total voting rights of the A Share and H Share capital of the Company (excluding the Shares in the non-voting A Share repurchase account) if they do not participate in such repurchase. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the H Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a takeover or to such an extent as would, in the case of any applicable law, have a similar effect. In addition, the Directors will not make such repurchase on the Hong Kong Stock Exchange if such repurchase would result in a breach of Rule 8.08 of the Hong Kong Listing Rules.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Hong Kong Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

NOTICE OF EGM

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



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 the extraordinary general meeting (the “**EGM**”) of COSCO SHIPPING Development Co., Ltd. (the “**Company**”) will be held at 1:30 p.m. on Monday, 19 December 2022 (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 1 December 2022 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. To consider and approve the continuing connected transaction agreements entered into between the Company and COSCO SHIPPING and the Proposed Annual Caps thereunder:
 - 1.1 To consider and approve the continuing connected transactions under the Master Operating Lease Services Agreement and its Proposed Annual Caps.
 - 1.2 To consider and approve the continuing connected transactions under the Master Finance Lease Services Agreement and its Proposed Annual Caps.
 - 1.3 To consider and approve the continuing connected transactions under the Master Insurance Brokerage Services Agreement and its Proposed Annual Caps.
 - 1.4 To consider and approve the continuing connected transactions under the Master Vessel Services Agreement and its Proposed Annual Caps.

NOTICE OF EGM

- 1.5 To consider and approve the continuing connected transactions under the Containers Services Procurement Agreement and its Proposed Annual Caps.
- 1.6 To consider and approve the continuing connected transactions under the Master General Services Agreement and its Proposed Annual Caps.
- 1.7 To consider and approve the continuing connected transactions under the Master Tenancy Agreement and its Proposed Annual Caps.
- 1.8 To consider and approve the continuing connected transactions under the Trademark License Agreement and its Proposed Annual Caps.
2. To consider and approve the continuing connected transactions under the Master Financial Services Agreement entered into between the Company and COSCO SHIPPING Finance and its Proposed Annual Caps.

SPECIAL RESOLUTIONS

3. To consider and approve the Articles of Association of COSCO SHIPPING Development Co., Ltd. and the relevant rules of procedure:
 - 3.1 To consider and approve the Proposed Amendments to the Articles of Association.
 - 3.2 To consider and approve the Proposed Amendments to the Rules of Procedure of the Shareholders' General Meeting.
 - 3.3 To consider and approve the Proposed Amendments to the Rules of Procedure of the Board of Directors.
 - 3.4 To consider and approve the Proposed Amendments to the Rules of Procedure of the Supervisory Committee.

ORDINARY RESOLUTION

4. To consider and approve the Proposed Amendments to the Rules of Independent Non-executive Directors.

SPECIAL RESOLUTION

5. To consider and approve the grant of the H Share Repurchase Mandate:

“THAT

The Board is authorised to repurchase H Shares with the Company's self-raised funds during the Relevant Period with an aggregate number of H Shares not exceeding 10% of the aggregate number of H Shares in issue as at the date of consideration and approval of the resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

NOTICE OF EGM

The Board is authorised to deal with matters relating to the repurchase of H Shares, including but not limited to:

- (i) to formulate and implement specific repurchase plans in accordance with the Company Law and other laws and regulations, the listing rules of the place where the Shares are listed and the Articles of Association, including but not limited to determining the timing of repurchase, repurchase period, repurchase price, repurchase quantity, etc.;
- (ii) to notify creditors and make announcements and handle matters related to the exercise of creditors' rights (if applicable);
- (iii) to open stock accounts and capital accounts and handle the corresponding foreign exchange change registration procedures;
- (iv) upon completion of the H Share repurchase, to cancel the repurchased H Shares and to reduce the Company's registered capital accordingly;
- (v) to amend the Articles of Association in relation to the total share capital and share capital structure, and to complete the relevant registration and filing procedures (if applicable); and
- (vi) to adjust the repurchase plan and continue to handle matters in relation to the repurchase of H Shares in accordance with the relevant PRC regulations, requirements of government departments and securities regulatory authorities, market conditions and the actual operation of the Company in the event that there are new requirements of laws and regulations and securities regulatory authorities on repurchase policies, as well as changes in market conditions, except for matters that are subject to re-voting at the general meeting as required by the relevant laws and regulations and the Articles of Association.

The Board may authorise any Director to deal with the above matters. Any one of the Directors is authorised by the Board to implement matters related to the repurchase of H Shares.

For the purpose of the H Share Repurchase Mandate, the "Relevant Period" means the period from the date of passing of the special resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution; or

NOTICE OF EGM

- (ii) the date on which the H Share Repurchase Mandate is revoked or varied by a special resolution at any general meeting, A Shareholders' class meeting and H Shareholders' class meeting of the Company.”

If, during the Relevant Period, the Board or the authorised person of the Board has signed the necessary documents, completed the necessary formalities, and such documents, formalities may need to be performed, carried out or continued after the end of the Relevant Period, the Relevant Period will be extended accordingly.

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

Shanghai, the People's Republic of China
1 December 2022

NOTICE OF EGM

Notes:

1. For the purpose of holding the EGM, the register of H Shares members of the Company (the “**Register of Members**”) will be closed from 15 December 2022 to 19 December 2022 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Holders of the Company’s H Shares (the “**H Shareholders**”) whose names appear on the Register of Members at the close of business on 14 December 2022 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 Hong Kong Investor Services Limited (“**Computershare**”), the Company’s H Share registrar, not later than 4:30 p.m. on 14 December 2022.

The address of Computershare is as follows:

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong

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 specify 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 licence issued by such legal person Shareholder. The Form 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 Hong Kong 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.
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.

The Board as at the date of this notice comprises Mr. Liu Chong and Mr. Zhang Mingwen, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Cai Hongping, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, 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.”.*

NOTICE OF H SHAREHOLDERS' CLASS MEETING

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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 H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting for holders of H shares (the “**H Shareholders’ Class Meeting**”) of COSCO SHIPPING Development Co., Ltd. (the “**Company**”) will be held on Monday, 19 December 2022 immediately after the class meeting for holders of A shares of the Company to be convened and held on the same day and at the same place, which will be held immediately after the extraordinary general meeting of the Company to be convened at 1:30 p.m. at 3rd Floor, Ocean Hotel, No. 1171 Dong Da Ming Road, Hongkou District, Shanghai, the PRC on the same day and at the same place for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution of the Company.

Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 1 December 2022 (the “**Circular**”).

SPECIAL RESOLUTION

1. To consider and approve the grant of the H Share Repurchase Mandate:

“THAT

The Board is authorised to repurchase H Shares with the Company’s self-raised funds during the Relevant Period with an aggregate number of H Shares not exceeding 10% of the aggregate number of H Shares in issue as at the date of consideration and approval of the resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

The Board is authorised to deal with matters relating to the repurchase of H Shares, including but not limited to:

- (i) to formulate and implement specific repurchase plans in accordance with the Company Law and other laws and regulations, the listing rules of the place where the Shares are listed and the Articles of Association, including but not limited to determining the timing of repurchase, repurchase period, repurchase price, repurchase quantity, etc.;
- (ii) to notify creditors and make announcements and handle matters related to the exercise of creditors' rights (if applicable);
- (iii) to open stock accounts and capital accounts and handle the corresponding foreign exchange change registration procedures;
- (iv) upon completion of the H Share repurchase, to cancel the repurchased H Shares and to reduce the Company's registered capital accordingly;
- (v) to amend the Articles of Association in relation to the total share capital and share capital structure, and to complete the relevant registration and filing procedures (if applicable); and
- (vi) to adjust the repurchase plan and continue to handle matters in relation to the repurchase of H Shares in accordance with the relevant PRC regulations, requirements of government departments and securities regulatory authorities, market conditions and the actual operation of the Company in the event that there are new requirements of laws and regulations and securities regulatory authorities on repurchase policies, as well as changes in market conditions, except for matters that are subject to re-voting at the general meeting as required by the relevant laws and regulations and the Articles of Association.

The Board may authorise any Director to deal with the above matters. Any one of the Directors is authorised by the Board to implement matters related to the repurchase of H Shares.

For the purpose of the H Share Repurchase Mandate, the "Relevant Period" means the period from the date of passing of the special resolution in relation to the grant of the H Share Repurchase Mandate at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution; or
- (ii) the date on which the H Share Repurchase Mandate is revoked or varied by a special resolution at any general meeting, A Shareholders' class meeting and H Shareholders' class meeting of the Company."

If, during the Relevant Period, the Board or the authorised person of the Board has signed the necessary documents, completed the necessary formalities, and such documents, formalities may need to be performed, carried out or continued after the end of the Relevant Period, the Relevant Period will be extended accordingly.

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

Shanghai, the People's Republic of China
1 December 2022

NOTICE OF H SHAREHOLDERS' CLASS MEETING

Notes:

1. For the purpose of holding the H Shareholders' Class Meeting, the register of H Shares members of the Company (the "**Register of Members**") will be closed from 15 December 2022 to 19 December 2022 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Holders of the Company's H Shares (the "**H Shareholders**") whose names appear on the Register of Members at the close of business on 14 December 2022 are entitled to attend and vote at the H Shareholders' Class Meeting.
2. In order to attend and vote at the H Shareholders' Class Meeting, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited ("**Computershare**"), the Company's H Share registrar, not later than 4:30 p.m. on 14 December 2022.

The address of Computershare is as follows:

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

3. Each H Shareholder who has the right to attend and vote at the H Shareholders' Class Meeting 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 H Shareholders' Class Meeting.
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 H Shareholders' Class Meeting or any adjournment thereof in order for such documents to be valid.
6. If a proxy attends the H Shareholders' Class Meeting 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 specify the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the H Shareholders' Class Meeting, 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 licence issued by such legal person Shareholder. The Form 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 H Shareholders' Class Meeting. Completion and return of the Form of Proxy will not preclude a Shareholder from attending in person and voting at the H Shareholders' Class Meeting or any adjournment thereof should he/she so wish.
7. Pursuant to the Hong Kong 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 H Shareholders' Class Meeting 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 H Shareholders' Class Meeting.
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 H Shareholders' Class Meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto.
9. The H Shareholders' Class Meeting is estimated to last for half a day. Shareholders who attend the H Shareholders' Class Meeting in person or by proxy shall bear their own transportation and accommodation expenses.

The Board as at the date of this notice comprises Mr. Liu Chong and Mr. Zhang Mingwen, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Cai Hongping, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, 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."*