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DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 29 December 2023, the Company entered into a Cooperation Agreement in relation to the JV Formation with Jilin Electric Power and Shanggang Energy, of which both are Independent Third Parties. The Joint Venture established will be an investment platform specialising in renewable fuels including green methanol.

Pursuant to the terms of the Cooperation Agreement, the registered capital of the Joint Venture shall be RMB1,000 million, of which Jilin Electric Power, the Company and Shanggang Energy shall contribute RMB550 million, RMB350 million, and RMB100 million respectively, accounting for 55%, 35% and 10% of the registered capital respectively. Accordingly, the Joint Venture shall be owned as to 55% by Jilin Electric Power, 35% by the Company and 10% by Shanggang Energy upon its establishment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the JV Formation exceed 5% but less than 25%, the JV Formation constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE

On 29 December 2023, the Company entered into a Cooperation Agreement in relation to the JV Formation with Jilin Electric Power and Shanggang Energy, of which both are Independent Third Parties.

The Cooperation Agreement is in line with the practice of the PRC law. In particular, its principal terms are set out below:

- Date:** 29 December 2023
- Parties:** (1) Jilin Electric Power;
(2) The Company; and
(3) Shanggang Energy.
- Name of the Joint Venture:** 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*) (subject to final approval of registration by 上海市市場監督管理局 (Shanghai Municipal Administration for Market Regulation*) and/or 國家市場監督管理總局 (State Administration for Market Regulation*) of the PRC).
- Registered capital:** RMB1,000 million
- Scope of business:** Items subject to approval by the relevant PRC authorities: power generation business, power transmission business, power supply (distribution) business; power supply business; gas operation; road freight transport (excluding dangerous goods); and road transport of dangerous goods.
- General items: investment management; investing with its own funds; biomass energy technology services; research and development of emerging energy technologies; wind power technology services; solar power technology services; energy storage technology services; engineering and technology research and experimental development; power generation technology services; contract energy management; engineering and technical services (except planning management, survey, design and supervision); heat production and supply; corporate management; corporate management consulting; information technology consulting services; technical services, technological development, technical consultation, technological exchange, technology transfer, technology promotion; consulting and planning services; environmental advisory services; information system integration services; and port cargo handling activities.

Corporate positioning: The Joint Venture is an investment platform specialising in renewable fuels including green methanol, and is the Parties' only principal of projects investment, research and development of technologies, procurement of diverse equipment and services as well as sales of products, in the green methanol cooperation business under the Cooperation Agreement, with overall role in the production sector of the green methanol industry chain.

Joint Venture type: Company with limited liability (foreign-invested enterprise) (subject to registration at relevant authority(ies))

Capital Contribution: The Parties shall make a total capital contribution of RMB1,000 million, of which (i) Jilin Electric Power shall contribute in cash RMB550 million, accounting for 55% of the registered capital of the Joint Venture; (ii) the Company shall contribute in cash RMB350 million, accounting for 35% of the registered capital of the Joint Venture; and (iii) Shanggang Energy shall contribute in cash RMB100 million, accounting for 10% of the registered capital of the Joint Venture.

The Capital Contribution and the equity percentages in the Joint Venture upon its establishment will be as follows:

Shareholder	Capital contribution commitment <i>(RMB in thousands)</i>	Initial capital contribution <i>(RMB in thousands)</i>	Equity percentage %
Jilin Electric Power	550,000	55,000	55
The Company	350,000	35,000	35
Shanggang Energy	100,000	10,000	10
Total	1,000,000	100,000	100

The Parties shall make their respective capital contribution in instalments in the following manner:

- (1) Jilin Electric Power shall make initial capital contribution in the amount of RMB55,000,000 within 3 months upon the establishment of the Joint Venture;
- (2) The Company shall make initial capital contribution in the amount of RMB35,000,000 within 3 months upon the establishment of the Joint Venture;

- (3) Shanggan Energy shall make initial capital contribution in the amount of RMB10,000,000 within 3 months upon the establishment of the Joint Venture; and
- (4) the remaining Capital Contribution shall be made in a timely manner based on the subsequent project progress of the Joint Venture but the committed registered capital shall be provided in full no later than 5 years following the establishment of the Joint Venture.

Shareholders' meetings:

Resolutions on amendments to the articles of association, increase or reduction of the registered capital, as well as resolution of merger, division, dissolution or change in form of the Joint Venture made at the shareholders' meeting, shall be passed by the shareholders of the Joint Venture representing two-thirds or more of the voting rights of all the shareholders of the Joint Venture.

Resolutions made at the shareholders' meeting of the Joint Venture on matters other than those mentioned in the preceding paragraph shall be passed by the shareholders of the Joint Venture representing more than half of the voting rights of all the shareholders of the Joint Venture.

Board of directors:

The board of directors shall consist of nine directors, with four directors to be nominated by Jilin Electric Power, three directors to be nominated by the Company, and one director to be nominated by Shanggan Energy, and directors nominated by the shareholders shall be elected at the shareholders' meeting. The remaining one director shall be elected at the employee's congress or employee's conference, who shall be nominated by Jilin Electric Power to the labour union. The board of directors shall have one chairman, who shall be nominated by Jilin Electric Power and one vice chairman, who shall be nominated by the Company.

A board meeting shall only be held if attended by more than two-thirds of the directors as quorum.

Resolutions of the board of directors in relation to formulation of the Joint Venture's profit distribution plan and loss recovery plan, matters related to the borrowing and use of its funds by shareholders from the Joint Venture, investing or financing scheme with a total investment of more than RMB300 million in a single project, major related transactions of the Joint Venture and the rules of procedure of shareholders' meeting and the board of directors, as well as the investment management system and the related transaction management system, shall be valid only if approved by more than two-thirds of all directors of the Joint Venture.

Other resolutions within the authority of the board of directors of the Joint Venture, shall be valid if approved by more than half of all directors of the Joint Venture.

Supervisors:

The Joint Venture shall have two supervisors. Each of Jilin Electric Power and the Company shall nominate one supervisor, who shall be elected at the shareholders' meeting.

Senior management:

The Joint Venture shall have one general manager, one executive deputy general manager, one deputy general manager, one chief financial officer and one chief engineer, all being the senior management of the Joint Venture, to be appointed by the board of directors of the Joint Venture. The general manager, deputy general manager and chief engineer shall be nominated by Jilin Electric Power, whereas the executive deputy general manager and chief financial officer shall be nominated by the Company.

Distribution of profits:

The Parties shall be entitled to the profits of the Joint Venture according to their respective proportion of paid-up capital contribution actually made.

Termination:

The Cooperation Agreement shall be terminated upon the occurrence of the following:

- (i) the Joint Venture fails to be established;
- (ii) the business license of the Joint Venture is revoked in accordance with the law;
- (iii) the Joint Venture is declared bankrupt in accordance with the law; or
- (iv) the Parties unanimously agree in writing to terminate the Cooperation Agreement.

The amount of capital contribution was determined after arm's length negotiations between the Parties with reference to the expected capital requirements and the preliminary business plan of the Joint Venture. The capital contribution to be made by the Company will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE JV FORMATION

The JV Formation represents a strategic initiative for the Company to explore opportunities in the emerging green and low-carbon industry, which facilitates the acceleration of the deployment of renewable marine fuels, and the promotion of energy transformation. It is consistent with the Company's development strategies and is beneficial for the Company's long-term business development. The JV Formation, which consolidated the resources and experience of Jilin Electric Power and Shanggang Energy, plays a constructive role in scaling technological innovation, strengthening the foundation of shipping services and improving capital usage efficiency, thereby enhancing the Company's competitiveness.

The Directors consider that the JV Formation and the terms of the Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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

Jilin Electric Power is principally engaged in new energy, comprehensive intelligent energy, hydrogen energy, energy storage and thermal power, heating, biomass energy, power station services, etc.

Shanggang Energy is a wholly-owned subsidiary of SIPG, which is established to further improve the service level and shipping resource allocation capability of Shanghai International Shipping Center. It is the main body of construction and operation of Shanghai Port Green Energy Center, the main body of investment and development of port and shipping new energy projects, and also an integrated management platform for energy sectors of SIPG. With the vision of building a global green energy center, Shanggang Energy has always implemented the concept of green and low-carbon, deeply participated in the construction of green energy industry chain, promoted the cooperation of shipping new energy worldwide, provided reliable energy supply and services for international shipping companies, and helped the transition and sustainable development of shipping energy.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both Jilin Electric Power and Shanggang Energy, and their ultimate beneficial owners are Independent Third Parties. In particular, Jilin Electric Power is a listed company and Shanggang Energy is wholly-owned directly by SIPG (which being a listed company is regarded as the ultimate beneficial owner of Shanggang Energy for the purpose of disclosure). For further information, COSCO SHIPPING Holdings, an associate of the Company's controlling shareholder, holds approximately 15.55% interest in SIPG according to public information. Aside from COSCO SHIPPING Holdings, the Directors are not aware of any other shareholders of SIPG who are connected persons of the Company.

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DEFINITIONS

The following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Capital Contribution”	the capital contribution of RMB550,000,000 by Jilin Electric Power in cash, RMB350,000,000 by the Company in cash and RMB100,000,000 by Shanggang Energy in cash, pursuant to the Cooperation Agreement;
“Company”	COSCO SHIPPING International (Hong Kong) Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00517);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	合作協議 (cooperation agreement) dated 29 December 2023 entered into between the Parties in relation to the JV Formation;
“COSCO SHIPPING Holdings”	中遠海運控股股份有限公司 (COSCO SHIPPING Holdings Co., Ltd.*), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01919), and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601919);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules);
“Jilin Electric Power”	吉林電力股份有限公司 (Jilin Electric Power Co., Ltd.*), a company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000875);
“Joint Venture”	上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*), the company to be established pursuant to the terms of the Cooperation Agreement;
“JV Formation”	the formation of the Joint Venture and relevant transactions contemplated under the Cooperation Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	Jilin Electric Power, the Company and Shanggang Energy, collectively;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanggang Energy”	上港集團能源(上海)有限公司 (Shanggang Group Energy (Shanghai) Co., Ltd*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of SIPG;
“SIPG”	上海國際港務(集團)股份有限公司 (Shanghai International Port (Group) Co., Ltd.*), a company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600018);
“Share(s)”	the shares of the Company;
“Shareholder(s)”	holder(s) of Share(s) in the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and

“%”

per cent.

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

29 December 2023

As at the date of this announcement, the Board of the Company consists of Mr. Zhu Changyu¹ (Chairman and Managing Director), Mr. Chen Dong², Ms. Meng Xin¹, Mr. Tsui Yiu Wa, Alec³, Mr. Jiang, Simon X.³ and Mr. Kwong Che Keung, Gordon³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent non-executive Director*

* *for identification purposes only*