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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00517)**

## **CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION**

### **CONTINUING CONNECTED TRANSACTIONS**

The Group has been carrying on transactions pursuant to the Existing Agreements which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Existing Agreements will expire on 31 December 2022 and it is expected that the Group will continue to enter into transactions of a nature similar to the transactions under those agreements from time to time thereafter. In view of the above, on 18 October 2022, the New Master Supply Agreement, the New Financial Services Master Agreement, the New Master Purchase Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement were entered into by the Company.

Being the ultimate holding company and immediate holding company of the Company respectively, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) together with their respective associates are connected persons of the Company. Accordingly, the New Master Supply Agreement, the New Financial Services Master Agreement, the New Master Purchase Agreement, the New Management Services Master Agreement, the New Master Tenancy Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the applicable percentage ratios for the Caps in relation to the Non-exempt Continuing Connected Transactions are expected to be higher than 5% on an annual basis, the Non-exempt Continuing Connected Transactions and the Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The SGM will be convened for the Independent Shareholders to approve the New Master Supply Agreement, the New Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services contemplated under the New Financial Services Master Agreement) and the Caps in relation thereto by poll.

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Master Purchase Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DISCLOSABLE TRANSACTION**

The provision of deposit services to the Group under the New Financial Services Master Agreement also constitutes the provision of financial assistance by the Group to COSCO SHIPPING Finance under Rule 14.04(1)(e) of the Listing Rules. Since the highest applicable percentage ratio for the provision of such deposit services and the other financial services (except loan services) under the New Financial Services Master Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

A circular containing, among other things, (a) further information on the Non-exempt Continuing Connected Transactions and the Caps in relation thereto; (b) the letter of advice in respect of the Non-exempt Continuing Connected Transactions from the independent financial adviser to the independent board committee of the Company and Independent Shareholders; (c) the recommendation in respect of the Non-exempt Continuing Connected Transactions from the independent board committee of the Company and (d) a notice of the SGM will be dispatched to the Shareholders on or before 8 November 2022 in accordance with the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

Reference is made to certain transactions carried on by the Group which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules as disclosed in the following announcements and circulars of the Company:

- (a) the announcement dated 18 November 2019 in relation to, among other things, the Existing Master Supply Agreement, the Existing Master Purchase Agreement, the Existing Management Services Master Agreement and the Existing Master Tenancy Agreement;
- (b) the circular dated 9 December 2019 in relation to, among other things, the Existing Master Supply Agreement;
- (c) the announcement dated 25 May 2020 and the circular dated 15 June 2020 both in relation to the Existing Financial Services Master Agreement; and
- (d) the announcement dated 6 September 2021 and the circular dated 28 September 2021 both in relation to the revised annual caps of the Existing Master Supply Agreement for the financial years ending 31 December 2021 and 2022.

The Existing Agreements will expire on 31 December 2022 and it is expected that the Group will continue to enter into transactions of a nature similar to the transactions under those agreements from time to time thereafter. In view of the above, on 18 October 2022, the following agreements were entered into by the Company:

- (a) the New Master Supply Agreement;
- (b) the New Financial Services Master Agreement;
- (c) the New Master Purchase Agreement;
- (d) the New Management Services Master Agreement; and
- (e) the New Master Tenancy Agreement.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

On 18 October 2022, the Company entered into the following agreement which constitutes a continuing connected transaction of the Company subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules:

#### **The New Master Supply Agreement**

The principal terms of the New Master Supply Agreement are set out below:

- Date:** 18 October 2022
- Parties:** The Company; and  
COSCO SHIPPING (Hong Kong)
- Subject matter:**
- (1) Provision of marine and general insurance brokerage services and other services by the relevant member(s) of the Group to the relevant member(s) of the COSCO SHIPPING Group; and
  - (2) Provision of shipping services, sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group by the relevant member(s) of the Group to the relevant member(s) of the COSCO SHIPPING Group, including without limitation:
    - (a) the provision of ship agency services in relation to shipbuilding, ship trading, chartering businesses and the sale and purchase of marine equipment and other related services;

- (b) the provision of supply and installation, repair, logistics and agency services in relation to (i) ship facilities and accessories, which include equipment, materials, spare parts for vessels, oil drills, projects at sea or on land and ports, (ii) radio communication, satellite communication, navigation equipment and other materials, and (iii) construction materials and facilities, chemicals and information management systems; and
- (c) the sale of coatings.

**Duration:** From 1 January 2023 to 31 December 2025 (both dates inclusive)

**Terms and fees:** The transactions contemplated under the New Master Supply Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis and the service fees, commission, brokerage income and the consideration for the sale of materials and products shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available to or from (as appropriate) independent third parties.

**Others:** The New Master Supply Agreement is conditional upon the approval by the Independent Shareholders of the New Master Supply Agreement and the Caps in relation thereto.

At any time during the term of the New Master Supply Agreement, the relevant member(s) of the COSCO SHIPPING Group and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or purchase order(s) may be issued by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group and approved by the latter, or invoice(s) or sales order(s) may be issued by the relevant member(s) of the Group to the relevant member(s) of the COSCO SHIPPING Group and approved by the latter (as appropriate) from time to time in relation to any of the products, services or other subject matters contemplated under the New Master Supply Agreement upon and subject to the terms and conditions in compliance with those of the New Master Supply Agreement as may be agreed between the relevant parties.

### **Pricing policies:**

The amount of service fees payable by the COSCO SHIPPING Group under the New Master Supply Agreement will be mainly determined by pre-determined formulae adopted by the Group (for example, insurance brokerage services and shipping agency services will be charged at certain fixed percentages of the value of the subject matter with reference to market price of comparable services).

The prices offered to the COSCO SHIPPING Group for services provided by the Group and the sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available to independent third party customers for comparable services and similar materials and products (based on similar amount and similar specifications) respectively.

For the purpose of determining the market rates for services fees and the prices for sale of materials and products, the Group will consider the certain fixed percentages of the value of the subject matter and prices offered to independent third party customers of comparable services and similar materials and products (based on similar amount and similar specifications) respectively and compare to those offered to the COSCO SHIPPING Group. In particular, the relevant sales department of the related companies within the Group will compare the services fees and selling price offered to different customers (including the COSCO SHIPPING Group and at least three independent third party customers) in respect of comparable service and a similar type of materials or products (based on similar amount and similar specifications) respectively.

### **Historical amounts:**

The aggregate amounts recognised by the Group for the transactions contemplated under the Existing Master Supply Agreement in respect of each of the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 were HK\$1,554,506,726, HK\$2,039,077,584 and HK\$1,341,522,872 respectively.

### **Caps and basis of determination of such Caps:**

The Caps of the transactions contemplated under the New Master Supply Agreement and the basis of determination of such Caps are set out as follows:

	<b>Caps for the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount receivable by the Group for transactions contemplated under the New Master Supply Agreement	2,513,000,000	2,723,000,000	2,950,000,000

In determining the above Caps, the Company has (a) examined and compared the recent performance of the relevant member(s) of the Group for the two financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022; (b) interviewed the management of the relevant member(s) of the Group to obtain opinion on the forecasts of the transactions contemplated under the New Master Supply Agreement for the financial years of 2023 to 2025; (c) considered the growth trend of the relevant businesses and the market conditions; and (d) taken into account the impact of previous preventive measures of the novel coronavirus pneumonia (COVID-19) pandemic which led to temporary business fluctuation and in particular the following factors:

- (i) the recent price movements and trend of the vessels;
- (ii) the premium rate movements and trend quoted by insurance underwriters;
- (iii) the trend of shipping market in the forthcoming years;
- (iv) the expected increase in demand for ship trading agency services, marine equipment and spare parts for new build and existing vessels;
- (v) the expected increase in demand for insurance brokerage services including members of COSCO SHIPPING and from re-insurance business in the forthcoming years; and
- (vi) the expected periodic fluctuations and growth in demand for coatings from container manufacturers within the COSCO SHIPPING Group.

**Relationship between the Company and the connected persons:**

Being the ultimate holding company and immediate holding company of the Company respectively, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) together with their respective associates are connected persons of the Company. Accordingly, the New Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

**Listing Rules implications:**

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Master Supply Agreement are expected to be higher than 5% on an annual basis, such transactions are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

## **NON-EXEMPT CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION**

### **The New Financial Services Master Agreement**

On 18 October 2022, the Company entered into the New Financial Services Master Agreement which constitutes a continuing connected transaction of the Company (except the loan services contemplated thereunder) subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The provision of deposit services and the other financial services (except loan services) under the New Financial Services Master Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The principal terms of the New Financial Services Master Agreement are set out below:

- Date:** 18 October 2022
- Parties:** The Company; and  
COSCO SHIPPING Finance
- Subject matter:** Provision of a range of financial services, including the deposits services, loan services (except for loans to be secured by the assets of the relevant member(s) of the Group), settlement services, remittance services, entrusted loan services (as lending agent in entrusted loan arrangements among members of the Group), acceptance bill issuance services, foreign exchange services, and other services which may be provided by COSCO SHIPPING Finance as approved by CBIRC, by COSCO SHIPPING Finance to the Group.
- Duration:** From 1 January 2023 to 31 December 2025 (both dates inclusive)
- Terms and fees:** The transactions contemplated under the New Financial Services Master Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis and the terms of the transactions (including the interest receivable by the Group and the fees (including the service fees and handling charges) payable under the financial services to COSCO SHIPPING Finance) shall be at market rates or rates no less favourable than those offered by COSCO SHIPPING Finance to independent third parties or those offered to the relevant member(s) of the Group by independent third parties (as appropriate).
- Others:** The New Financial Services Master Agreement is conditional upon the approval by the Independent Shareholders of the New Financial Services Master Agreement (except the loan services contemplated thereunder) and the Caps in relation thereto.



At any time during the term of the New Financial Services Master Agreement, COSCO SHIPPING Finance and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or invoice(s) may be issued by COSCO SHIPPING Finance to the relevant member(s) of the Group and approved by the latter (as appropriate) in relation to any of the services contemplated under the New Financial Services Master Agreement upon and subject to the terms and conditions in compliance with those of the New Financial Services Master Agreement as may be agreed between the relevant parties.

**Pricing policies:**

Pricing policies to be adopted by COSCO SHIPPING Finance in determining the interest payable to or receivable by the Group (as appropriate) or service fees payable by the Group for the services are set out below:

***Service nature:***

***Pricing principles:***

Deposit services

The interest rate for such deposit services shall be no lower than:

- (i) the floor rate for the same category of deposit services stipulated by the People's Bank of China from time to time;
- (ii) the rate for the same category of deposit services offered by independent commercial banks in the PRC; and
- (iii) the rate for the same category and same term(s) of deposit services offered by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group.

To ascertain the rate referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for the same category of deposit services and compare to those obtained by the Group from COSCO SHIPPING Finance.

Loan services

The interest rate for such loan shall be no higher than:

- (i) the cap rate for the same category of loan services stipulated by the People's Bank of China from time to time; and
- (ii) the rate for the same category of loan services charged by independent commercial banks in the PRC of the same period.



Other services                      Service fees of services other than deposit services and loan services shall be determined in accordance with the following pricing principles:

- (i) the price to be complied with the fee standards prescribed by the People's Bank of China or CBIRC;
- (ii) no higher than those charged by independent commercial banks in the PRC for services of similar nature; and
- (iii) no higher than those charged by COSCO SHIPPING Finance to other member company(ies) of the COSCO SHIPPING Group for similar services.

To ascertain the service fees referred to in paragraph (ii) above, the Group will obtain quotations from at least three independent commercial banks for services of similar nature to the relevant category of other financial services and compare to those obtained by the Group from COSCO SHIPPING Finance.

**Historical amounts:**

The aggregate of the highest daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services, acceptance bill issuance services, foreign exchange services and other financial services payable by the Group to COSCO SHIPPING Finance for transactions (except transactions in connection with the provision of loan services) contemplated under the Existing Financial Services Master Agreement in respect of each of the financial years ended 31 December 2020 (including the transitional period before the signing of the Existing Financial Services Master Agreement on 25 May 2020) and 31 December 2021 and the nine months ended 30 September 2022 were RMB301,933,537 (out of which RMB194,515 was the total amount of the aforesaid fees), RMB438,870,692 (out of which RMB1,986,156 was the total amount of the aforesaid fees) and RMB586,516,361 (out of which RMB226,755 was the total amount of the aforesaid fees) respectively.

For each of the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022, the highest daily balance(s) of the loans services by COSCO SHIPPING Finance to the Group (together with interests accrued thereon) were nil, RMB5,045,694 and RMB5,071,458 respectively.

## Caps and basis of determination of such Caps:

The Caps of the transactions contemplated under the New Financial Services Master Agreement and the basis of determination of such Caps are set out as follows:

	Caps for the year ending 31 December		
	2023	2024	2025
	RMB	RMB	RMB
Amount of daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services, acceptance bill issuance services, foreign exchange services, and other services which may be provided by COSCO SHIPPING Finance as approved by CBIRC) payable by the Group to COSCO SHIPPING Finance for transactions (except transactions in connection with the provision of loan services) contemplated under the New Financial Services Master Agreement	716,000,000	721,000,000	726,000,000
Amount of daily outstanding balance(s) of all loan accounts of the member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all service fees and handling charges for the loan services payable by the Group to COSCO SHIPPING Finance for loan transactions contemplated under the New Financial Services Master Agreement <sup>(Note)</sup>	150,000,000	150,000,000	150,000,000

*Note:* For the avoidance of doubt, the loan balances in respect of the entrusted loan arrangements within the Group are not included as COSCO SHIPPING Finance will only perform the role as a lending agent to handle and facilitate such arrangements.

In determining the above Caps, the Company has (a) examined and compared the recent transactions amounts of the relevant member(s) of the Group for the two financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022; (b) interviewed the management of the relevant member(s) of the Group to obtain opinion on the anticipated cash flow demand based on current scale and daily operation of the relevant businesses and the forecasts of the transactions contemplated under the New Financial Services Master Agreement for the financial years of 2023 to 2025; (c) considered the impact of the novel coronavirus pneumonia (COVID-19) pandemic

and the expected macroeconomic environment of the relevant businesses and in particular the strategies of the treasury management of the Group taking into account the business development plans, financial needs and anticipated cash flows of the Group as well as the sustainable business development of the Group, including the funding requirement for operation of asphalt business; and (d) considered the expected demand of the Group for deposit services provided by COSCO SHIPPING Finance as a result of its competitive edge over other financial services providers becoming more apparent arising from continuing improvement in its services which can better serve the development needs of the Group.

Since the historical amounts of the service fees and handling charges for the financial services are immaterial and the Board currently expects that such service fees and handling charges will be immaterial during the term of the New Financial Services Master Agreement, the Company considers that there is no need to set separate caps solely for such service fees and handling charges.

**Relationship between the Company and the connected persons:**

COSCO SHIPPING Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company. Therefore, COSCO SHIPPING Finance is an associate of COSCO SHIPPING and a connected person of the Company. Accordingly, the New Financial Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

**Listing Rules implications:**

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Financial Services Master Agreement (except the loan services to be provided by COSCO SHIPPING Finance) are expected to be higher than 5% on an annual basis, such transactions and the Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The provision of deposit services to the Group under the New Financial Services Master Agreement also constitutes the provision of financial assistance by the Group to COSCO SHIPPING Finance under Rule 14.04(1)(e) of the Listing Rules. Since the highest applicable percentage ratio for the provision of such deposit services and the other financial services (except loan services) under the New Financial Services Master Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

The provision of loan services to the Group under the New Financial Services Master Agreement also constitutes the provision of financial assistance to the Group by COSCO SHIPPING Finance. As the loan transactions will be conducted on normal commercial terms or better and they will not be secured by the assets of the Group, the loan transactions contemplated under the New Financial Services Master Agreement are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

## **Capital Risk Control Measures under the New Financial Services Master Agreement**

Under the New Financial Services Master Agreement, COSCO SHIPPING Finance shall:

- (i) in order to ensure the security of the funds of the member(s) of the Group, ensure that the funds management information system (a) operates safely, (b) has attained the security standards for commercial banks in the PRC, and (c) has adopted the certification authority security certificate mode;
- (ii) operate strictly in compliance with the risk monitoring indicator guidelines for finance companies issued by the CBIRC from time to time, and ensure that its main regulatory indicators such as gearing ratio and liquidity ratio comply with the requirements of the CBIRC and other relevant PRC laws and regulations; and
- (iii) submit monthly financial statements to the Company by the fifth business day of the following month.

Further, under the New Financial Services Master Agreement, if any member of the Group cannot withdraw all or any of the deposits placed with COSCO SHIPPING Finance, the Group has the right to offset the deposit amounts owing by COSCO SHIPPING Finance to the relevant member(s) of the Group against the loans advanced by COSCO SHIPPING Finance to the relevant member(s) of the Group. On the other hand, if any member of the Group is unable to repay all or any of the loan advanced by COSCO SHIPPING Finance to the relevant member(s) of the Group, COSCO SHIPPING Finance has the right to offset the deposits placed by the relevant member(s) of the Group with COSCO SHIPPING Finance against the outstanding loan amounts owing by the relevant member(s) of the Group to COSCO SHIPPING Finance.

In practice, the Group usually diversifies the cash deposits with a number of banks and financial institutions in order to obtain more competitive deposit interest rates for securing higher yields. The finance & accounting division of the Company will monitor the interest rates on deposits as well as service fees charged for other financial services by the People's Bank of China and other major commercial banks in the PRC as shown on their respective official websites from time to time.

In respect of the deposits placed by the Group with COSCO SHIPPING Finance, the articles of association of COSCO SHIPPING Finance states that COSCO SHIPPING (being the ultimate holding company of the Company) has undertaken to increase the capital of COSCO SHIPPING Finance in the event that COSCO SHIPPING Finance has difficulty in fulfilling its payment obligation. This provides an assurance to the Group on the safety and liquidity of the Group's deposited funds with COSCO SHIPPING Finance.

The finance & accounting division of the Company will closely monitor the transactions under the New Financial Services Master Agreement and will report to the management of the Company on a regular basis.

The aforesaid capital risk control measures will be able to mitigate the financial risks which may be exposed to the Company to the largest extent, and safeguard the interests of the Company and its shareholders. The Directors are of the view that the above capital risk control measures are reasonable and effective in monitoring the relevant transactions in all material respects.

## **CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM SHAREHOLDERS' APPROVAL REQUIREMENT**

On 18 October 2022, the Company entered into the New Master Purchase Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement which constitute continuing connected transactions of the Company subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **(A) The New Master Purchase Agreement**

The principal terms of the New Master Purchase Agreement are set out below:

**Date:** 18 October 2022

**Parties:** The Company; and  
COSCO SHIPPING (Hong Kong)

**Subject matter:** Provision of shipping and other services, sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group, including without limitation:

- (a) the provision of agency services, technical services and ancillary services, including the collection of market information, technical advisory, promotion and marketing, coordination with suppliers and customers, purchase of raw materials and products from suppliers, the provision of assistance in collecting sale proceeds and the procurement or provision of certain after-sale services;
- (b) the provision of logistics, transportation and business travel services;
- (c) the sale of other materials and products including construction materials and chemicals;

(d) the solicitation and referral of businesses by the COSCO SHIPPING Group to the Group, including recommending products manufactured by the Group to the customers and manufacturers of the COSCO SHIPPING Group; and

(e) the sale of shipping related materials and products.

**Duration:** From 1 January 2023 to 31 December 2025 (both dates inclusive)

**Terms and fees:** The transactions contemplated under the New Master Purchase Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis and the service fees, commission and the consideration for the purchase of materials and products shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available to or from (as appropriate) independent third parties.

**Others:** At any time during the term of the New Master Purchase Agreement, the relevant member(s) of the COSCO SHIPPING Group and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or purchase order(s) may be issued by the relevant member(s) of the Group to the relevant member(s) of the COSCO SHIPPING Group and approved by the latter, or invoice(s) or sales order(s) may be issued by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group and approved by the latter (as appropriate) from time to time in relation to any of the products, services or other subject matters contemplated under the New Master Purchase Agreement upon and subject to the terms and conditions in compliance with those of the New Master Purchase Agreement as may be agreed between the relevant parties.

**Pricing policies:**

The service fees, commission and the consideration for the purchase of materials and products shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available to or from (as appropriate) independent third parties.

Different pricing policies will be used for different types of services to be provided by the COSCO SHIPPING Group to the Group under the New Master Purchase Agreement. Part of the services provided by the COSCO SHIPPING Group will be charged by adopting pre-determined formulae (for example, provision of agency services, technical services and ancillary services and solicitation and referral of businesses will be charged at certain fixed percentages of the value of the subject matter with reference to market price of comparable services) and the remaining



services will be charged by the COSCO SHIPPING Group at fixed per unit consideration (for example, provision of logistics, transportation and business travel services will be charged at a fixed per unit price based on the quantity of the subject matter involved and the distance of the destination and location). The prices offered by the COSCO SHIPPING Group for services provided to the Group and sale of other materials and products including construction materials and chemicals to the Group shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available from independent third party suppliers for comparable services and similar materials and products (based on similar amount and similar specifications) respectively. In particular, the relevant purchasing department of the related companies within the Group will obtain quotations from different suppliers (including the COSCO SHIPPING Group and at least three independent third party suppliers) in respect of comparable services and a similar type of materials or products (based on similar amount and similar specifications) respectively for comparison.

**Historical amounts:**

The aggregate amounts recognised by the Group for the transactions contemplated under the Existing Master Purchase Agreement in respect of each of the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 were HK\$47,163,273, HK\$16,145,650 and HK\$3,602,575 respectively.

**Caps and basis of determination of such Caps:**

The Caps of the transactions contemplated under the New Master Purchase Agreement and the basis of determination of such Caps are set out as follows:

	<b>Caps for the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount payable by the Group for transactions contemplated under the New Master Purchase Agreement	63,000,000	66,000,000	68,000,000

In determining the above Caps, the Company has (a) examined and compared the recent performance of the relevant member(s) of the Group for the two financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022; (b) interviewed the management of the relevant member(s) of the Group to obtain opinion on the forecasts of the transactions contemplated under the New Master Purchase Agreement for the financial years of 2023 to 2025; and (c) considered the growth trend of the relevant businesses, the market conditions and in particular the following factors:

- (i) the estimated amount of purchase of raw materials and products from the COSCO SHIPPING Group arisen from anticipated demand of the Group's sale of communication and navigation equipment for vessels;



- (ii) the expected increase in potential purchase orders after taking into account the anticipated demand in sales for new vessels to be launched in the forthcoming years;
- (iii) the estimation of service fee for after-sale services provided by the COSCO SHIPPING Group and the reimbursement of any expenses incurred by the COSCO SHIPPING Group in performing its obligations; and
- (iv) the expected demand in logistics and transportation services to be provided by the COSCO SHIPPING Group to the Group in relation to asphalt trading and coating businesses.

**Relationship between the Company and the connected persons:**

Being the ultimate holding company and immediate holding company of the Company respectively, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) together with their respective associates are connected persons of the Company. Accordingly, the New Master Purchase Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

**Listing Rules implications:**

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Master Purchase Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

**(B) The New Management Services Master Agreement**

The principal terms of the New Management Services Master Agreement are set out below:

**Date:** 18 October 2022

**Parties:** The Company; and  
COSCO SHIPPING (Hong Kong)

**Subject matter:** Provision of administrative services including information technology and office communication network support, business management and manpower resources (including without limitation manpower resources with expertise and experience in the business carried on by the Group from time to time and management of human resources), technical support and other administrative and ancillary support (including without limitation sharing of office premises, office equipment, network and communication system, information technology, other technical support, system management, financial system and maintenance) by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group and sharing of office premises by the relevant member(s) of the Group.

**Duration:** From 1 January 2023 to 31 December 2025 (both dates inclusive)

**Terms and fees:** The transactions contemplated under the New Management Services Master Agreement shall be conducted on normal commercial terms.

**Others:** At any time during the term of the New Management Services Master Agreement, the relevant member(s) of the COSCO SHIPPING Group and the relevant member(s) of the Group may from time to time enter into individual agreement(s), or invoice(s) or sales order(s) may be issued by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group and approved by the latter from time to time (as appropriate) in relation to any of the services contemplated under the New Management Services Master Agreement upon and subject to the terms and conditions in compliance with those of the New Management Services Master Agreement as may be agreed between the relevant parties.

**Pricing policies:**

The management fee shall be calculated based on either:

- (i) the Group's prorated share of the common administrative costs which shall be determined based on the statistics of time-sharing of the workload of staff members shared by the Group and the COSCO SHIPPING Group or the utilisation rate of the office support functions and network systems (depending on the type of management services which are provided) and the actual costs, expenses and disbursements incurred by the COSCO SHIPPING Group in the course of its provision of the administrative services to the Group; or

(ii) fixed per unit consideration. This shall take into account the historical usage of administrative services by the Group provided by the COSCO SHIPPING Group in the past two to three years with reference to the statistics of time-sharing of the workload of staff members shared by the Group and the utilisation rate of the office support functions and network systems and sharing of office premises (depending on the type of management services which are provided) and the actual costs, expenses and disbursements incurred by the COSCO SHIPPING Group in the course of its provision of the administrative services to the Group. The fixed per unit consideration (subject to annual adjustment by inflation rate depending on the type of management services which are provided) will then be used to determine the annual services fees to be paid by the Group. The Group will consider the fees offered to be charged by independent third parties of similar services and compare to those offered by the COSCO SHIPPING Group. In particular, the relevant department of the related companies within the Group will obtain quotations from different service providers (both the COSCO SHIPPING Group and independent third parties) in respect of similar services for comparison.

**Historical amounts:**

The aggregate amounts recognised by the Group for the transactions contemplated under the Existing Management Services Master Agreement in respect of each of the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 were HK\$8,911,641, HK\$8,582,994 and HK\$10,599,581 respectively.

**Caps and basis of determination of such Caps:**

The Caps of the transactions contemplated under the New Management Services Master Agreement and the basis of determination of such Caps are set out as follows:

	<b>Caps for the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount payable by the Group to the COSCO SHIPPING Group for transactions contemplated under the New Management Services Master Agreement	14,000,000	15,000,000	16,000,000

The above Caps were determined by reference to (a) the historical transaction amounts, (b) the anticipated administrative costs relating to the information technology, office communication network support, manpower resources, technical support, use of venue and other administrative and ancillary support of member(s) of the COSCO SHIPPING Group; (c) inflation; and (d) the possible expansion of business network.

**Relationship between the Company and the connected persons:**

Being the ultimate holding company and immediate holding company of the Company respectively, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) together with their respective associates are connected persons of the Company. Accordingly, the New Management Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

**Listing Rules implications:**

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Management Services Master Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

**(C) The New Master Tenancy Agreement**

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

<b>Date:</b>	18 October 2022
<b>Parties:</b>	The Company; and COSCO SHIPPING (Hong Kong)
<b>Subject matter:</b>	Leasing or sub-leasing of any of the Eligible Properties by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group at any time during the period from 1 January 2023 to 31 December 2025.
<b>Duration:</b>	From 1 January 2023 to 31 December 2025 (both dates inclusive)
<b>Terms and fees:</b>	The transactions contemplated under the New Master Tenancy Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. The terms and conditions of the Individual Tenancy Agreements (as defined below) shall be no less favourable to the Group when they are compared with the terms and conditions of similar tenancy agreements available from independent third parties for comparable properties.

**Others:**

At any time during the term of the New Master Tenancy Agreement, the relevant member(s) of the COSCO SHIPPING Group and the relevant member(s) of the Group may from time to time enter into individual agreement(s) or invoice(s) may be issued by the relevant member(s) of the COSCO SHIPPING Group to the relevant member(s) of the Group and approved by the latter from time to time (as appropriate) (collectively the “**Individual Tenancy Agreements**”), each for a term equal to or less than 12 months, in relation to the leasing or sub-leasing of the relevant Eligible Properties upon and subject to the terms and conditions in compliance with those of the New Master Tenancy Agreement as may be agreed between the relevant parties.

**Pricing policies:**

The rent and other fees and charges payable by the Group to the COSCO SHIPPING Group will be determined on fixed per unit consideration. The Group will consider the rental offered to be charged by independent third parties of similar properties (based on similar location and similar area) and compare to those offered by the COSCO SHIPPING Group. In particular, the relevant department of the related companies within the Group will obtain quotations from different parties (including the COSCO SHIPPING Group and at least three independent third parties) in respect of similar properties (based on similar location and similar area) for comparison.

**Historical amounts:**

The aggregate amounts recognised by the Group for the transactions contemplated under the Existing Master Tenancy Agreement in respect of each of the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 were HK\$22,243,289, HK\$28,351,189 and HK\$21,684,118 respectively.

**Caps and basis of determination of such Caps:**

The Caps of the transactions contemplated under the New Master Tenancy Agreement and the basis of determination of such Caps are set out as follows:

	<b>Caps for the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount payable by the Group to the COSCO SHIPPING Group (being the annual aggregate maximum amount of rent and other fees and charges payable by the Group to the COSCO SHIPPING Group) for transactions contemplated under the New Master Tenancy Agreement	36,000,000	38,000,000	39,000,000

The above Caps were determined by reference to (a) the historical transactions amounts; (b) the expected annual basic rent, management fees, government rent and rates payable by the Group under the Individual Tenancy Agreements which may be entered into by the Group and the COSCO SHIPPING Group under the New Master Tenancy Agreement; and (c) the current market rent in general.

**Relationship between the Company and the connected persons:**

Being the ultimate holding company and immediate holding company of the Company respectively, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) together with their respective associates are connected persons of the Company. Accordingly, the New Master Tenancy Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

**Listing Rules implications:**

Given that the leasing term of each of the underlying tenancy agreements to be entered into under the New Master Tenancy Agreement is intended to be equal to or less than 12 months, the Company has elected not to account for any underlying tenancy agreement as a right-of-use asset and a lease liability in the consolidated statement of financial position pursuant to the accounting requirement under HKFRS 16 “Leases” which came into effect on 1 January 2019 and therefore, the transactions contemplated under the New Master Tenancy Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Master Tenancy Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INFORMATION OF THE GROUP AND THE CONNECTED PERSONS**

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

The COSCO SHIPPING Group is one of the largest shipowners in the world.

COSCO SHIPPING is principally engaged in shipping, terminal, logistics, shipping finance, equipment manufacturing and shipping services etc..

COSCO SHIPPING (Hong Kong) is principally engaged in shipping services, expressways investment, property investment and management, information technology and industrial manufacturing, etc..

COSCO SHIPPING Finance is a non-bank financial institution approved and regulated by the People's Bank of China and the CBIRC and is principally engaged in providing financial services to the COSCO SHIPPING Group.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

By entering into the New Master Supply Agreement, the New Master Purchase Agreement and the transactions contemplated thereunder, the Group will benefit in securing the market share and be facilitated to develop further business in relation to the shipping services businesses.

By entering into the New Financial Services Master Agreement and the transactions contemplated thereunder, the Group will benefit in negotiating more favourable terms with COSCO SHIPPING Finance, an intra-group service provider, as compared with other commercial banks or financial institutions. In view of the cooperation history between COSCO SHIPPING Finance and the Company, the Group is expected to benefit from COSCO SHIPPING Finance's better understanding of the operations of the Group which should allow more expedient and efficient service provision than those offered by PRC commercial banks.

As to entering into the New Management Services Master Agreement, the New Master Tenancy Agreement and the transactions contemplated thereunder, the Group believes that it is in the best interest of the Group and the COSCO SHIPPING Group and is cost effective in terms of the costs of operation and administration as a result of the sharing of business management, manpower resources, regional corporate office administration services, back office support functions and other administrative services. In addition, the Group also benefits in securing its use of the Eligible Properties without any disruptions to the operations of the Group.



The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) are of the view that the Non-exempt Continuing Connected Transactions are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the Caps in relation thereto 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) are of the view that the transactions contemplated under the New Master Purchase Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the Caps in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

While some of the Directors (none of whom is an independent non-executive Director) are also directors of COSCO SHIPPING (Hong Kong), none of the Directors will be involved in the negotiation of the individual agreements contemplated under the New Agreements nor derive personal gains from the Group entering into the transactions contemplated under the New Agreements. As such, none of the Directors has a material interest in the New Agreements. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the execution of the New Agreements and transactions contemplated thereunder under the Bye-laws or the Listing Rules.

## **SGM**

As the applicable percentage ratios for the Caps in relation to the Non-exempt Continuing Connected Transactions are expected to be higher than 5% on an annual basis, the Non-exempt Continuing Connected Transactions and the Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The SGM will be convened for the Independent Shareholders to approve the New Master Supply Agreement, the New Financial Services Master Agreement, the transactions contemplated thereunder (except the loan services contemplated under the New Financial Services Master Agreement) and the Caps in relation thereto by poll.

As the applicable percentage ratios for the Caps of the transactions contemplated under the New Purchase Master Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement are expected to exceed 0.1% but less than 5% on an annual basis, such transactions are only subject to the reporting, announcement and annual review requirements but are exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of the interests of COSCO SHIPPING and COSCO SHIPPING (Hong Kong) in the Company, COSCO SHIPPING and COSCO SHIPPING (Hong Kong) and their respective associates will abstain from voting in relation to the resolutions to approve the New Master Supply Agreement, the New Financial Services Master Agreement and the Caps in relation thereto.

Ballas Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders regarding the Non-exempt Continuing Connected Transactions and the Caps in relation thereto. An independent board committee of the Company has been appointed to advise the Independent Shareholders on whether or not the Non-exempt Continuing Connected Transactions and the Caps in relation thereto are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned.

## **INTERNAL CONTROL PROCEDURES FOR THE GROUP**

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal controls systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy under the New Agreements, the Company will implement the following internal control arrangements:

- (a) The Company has formulated "Connected Transaction Management Method" which was incorporated into the rules and regulations of the Company. All divisions of the Company and its subsidiaries must follow the requirements under "Connected Transaction Management Method".
- (b) The internal audit team of the Company will regularly examine the pricing of transactions under the New Agreements including reviewing the transaction records of the Company for the purchase or provision of similar goods or services from or to independent third parties.
- (c) Connected transaction coordination working team (the "**Working Team**"), comprising, among others, responsible persons of various functional divisions of the Company, was set up. Any proposed new connected transaction would be reported to the Working Team in order to carry out all necessary compliance procedures before entering into such connected transaction.
- (d) Connected transaction amounts incurred with 2 months forecast would be updated on monthly basis by the colleagues of subsidiaries of the Company and various functional divisions through an intranet system. Members of the Working Team are responsible for overseeing the connected transaction amounts incurred in a timely manner such that the transactions can be conducted within the annual caps.

The Directors are of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted as agreed in the relevant New Agreement and in compliance with Chapter 14A of the Listing Rules.

## GENERAL

A circular containing, among other things, (a) further information on the Non-exempt Continuing Connected Transactions and the Caps in relation thereto; (b) the letter of advice from the independent financial adviser to the independent board committee of the Company and Independent Shareholders; (c) the recommendation from the independent board committee of the Company; and (d) a notice of the SGM will be dispatched to the Shareholders on or before 8 November 2022 in accordance with the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“associate(s)”	the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company as may be amended from time to time;
“Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the New Agreements for each of the three financial years ending 31 December 2025 set out under the sections headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTION”, “NON-EXEMPT CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION” and “CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM SHAREHOLDERS’ APPROVAL REQUIREMENT” in this announcement;
“CBIRC”	China Banking and Insurance Regulatory Commission;
“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;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“COSCO SHIPPING”	中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), a company established in the PRC which is a PRC state-owned enterprise and the ultimate holding company of COSCO SHIPPING (Hong Kong) and the Company;
“COSCO SHIPPING Finance”	中遠海運集團財務有限責任公司 (COSCO Shipping Finance Co. Limited*), a company established in the PRC and a subsidiary of COSCO SHIPPING;

“COSCO SHIPPING Group”	COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and their subsidiaries and associates (other than the Group);
“COSCO SHIPPING (Hong Kong)”	COSCO SHIPPING (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the immediate holding company of the Company which is wholly-owned by COSCO SHIPPING;
“Directors”	the directors of the Company;
“Eligible Properties”	the properties owned by or leased to the COSCO SHIPPING Group from time to time;
“Existing Agreements”	collectively, the Existing Master Supply Agreement, the Existing Financial Services Master Agreement, the Existing Master Purchase Agreement, the Existing Management Services Master Agreement and the Existing Master Tenancy Agreement;
“Existing Financial Services Master Agreement”	the master agreement entered into between the Company and COSCO SHIPPING Finance dated 25 May 2020 in respect of the provision of a range of financial services by COSCO SHIPPING Finance to the Group;
“Existing Management Services Master Agreement”	the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 November 2019 in respect of the provision of administrative services by the COSCO SHIPPING Group to the Group and sharing of office premises by the Group for the three financial years ending 31 December 2022;
“Existing Master Purchase Agreement”	the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 November 2019 in respect of the provision of shipping and other services, sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group by the COSCO SHIPPING Group to the Group for the three financial years ending 31 December 2022;

“Existing Master Supply Agreement”	the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 November 2019 in respect of the provision of marine and general insurance brokerage services and other services and the provision of shipping services and sale of shipping related and other materials and products by the Group to the COSCO SHIPPING Group for the three financial years ending 31 December 2022 as amended and supplemented by the supplemental agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 6 September 2021 in respect of the revised annual caps of the Existing Master Supply Agreement for the financial years ending 31 December 2021 and 2022;
“Existing Master Tenancy Agreement”	the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 November 2019 in respect of the leasing or sub-leasing of any of the Eligible Properties by the COSCO SHIPPING Group to the Group for the three financial years ending 31 December 2022;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholder(s)”	Shareholder(s) other than COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and any of their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Agreements”	collectively, the New Master Supply Agreement, the New Financial Services Master Agreement, the New Master Purchase Agreement, the New Management Services Master Agreement and the New Master Tenancy Agreement;
“New Financial Services Master Agreement”	the master agreement entered into between the Company and COSCO SHIPPING Finance dated 18 October 2022 in respect of the provision of a range of financial services by COSCO SHIPPING Finance to the Group, particulars of which are set out in the sub-section headed “The New Financial Services Master Agreement” in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION” in this announcement;

- “New Management Services Master Agreement” the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 October 2022 in respect of the provision of administrative services by the COSCO SHIPPING Group to the Group and sharing of office premises by the Group, particulars of which are set out in the sub-section headed “The New Management Services Master Agreement” in the section headed “CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM SHAREHOLDERS’ APPROVAL REQUIREMENT” in this announcement;
- “New Master Purchase Agreement” the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 October 2022 in respect of the provision of shipping and other services, sale of shipping related materials and products and sale of other materials and products by the COSCO SHIPPING Group to the Group, particulars of which are set out in the sub-section headed “The New Master Purchase Agreement” in the section headed “CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM SHAREHOLDERS’ APPROVAL REQUIREMENT” in this announcement;
- “New Master Supply Agreement” the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 October 2022 in respect of the provision of marine and general insurance brokerage services and other services and the provision of shipping services and sale of shipping related and other materials and products by the Group to the COSCO SHIPPING Group, particulars of which are set out in the sub-section headed “The New Master Supply Agreement” in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTION” in this announcement;
- “New Master Tenancy Agreement” the master agreement entered into between the Company and COSCO SHIPPING (Hong Kong) dated 18 October 2022 in respect of the leasing or sub-leasing of any of the Eligible Properties by the COSCO SHIPPING Group to the Group, particulars of which are set out in the sub-section headed “The New Master Tenancy Agreement” in the section headed “CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM SHAREHOLDERS’ APPROVAL REQUIREMENT” in this announcement;
- “Non-exempt Continuing Connected Transactions” the New Master Supply Agreement, the New Financial Services Master Agreement and the transactions contemplated thereunder (except the loan services contemplated under the New Financial Services Master Agreement);

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“SGM”	the special general meeting of the Company to be held to approve the Non-exempt Continuing Connected Transactions and the Caps in relation thereto;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 18 October 2022

*As at the date of this announcement, the Board comprises six directors with Mr. Zhu Jianhui<sup>1</sup> (Chairman and Managing Director), Mr. Ma Jianhua<sup>1</sup>, Mr. Chen Dong<sup>2</sup>, Mr. Tsui Yiu Wa, Alec<sup>3</sup>, Mr. Jiang, Simon X.<sup>3</sup> and Mr. Kwong Che Keung, Gordon<sup>3</sup>.*

<sup>1</sup> *Executive Director*

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

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

\* *For identification purposes only*