



28 November 2025

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

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTIONS REGARDING
2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS
AND
(2) CONTINUING CONNECTED TRANSACTIONS AND MAJOR AND
CONTINUING CONNECTED TRANSACTION REGARDING CERTAIN
MASTER AGREEMENTS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the (i) 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) 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 (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 28 November 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced that, among others, on 30 October 2025 (after trading hours), COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into twenty-three (23) 2025 Second Heavy Industry Shipbuilding Contracts on substantially the same terms in relation to the construction of twenty-three (23) 87,000 DWT bulk cargo vessels at the aggregate contract price of approximately RMB7,337,000,000 (exclusive of tax).



As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the term of the Existing Continuing Connected Transactions Agreements will expire on 31 December 2025, 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 parties have agreed to enter into the Non-exempt Continuing Connected Transactions agreements for a term of three years commencing on 1 January 2026 and ending on 31 December 2028. In addition, on 30 October 2025, 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 2026 to 31 December 2028.

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.

In addition, 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 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.

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 47.16% 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 at the Latest Practicable Date, Heavy Industry (Dalian) is an indirect wholly-owned subsidiary of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, (i) the Second 2025 Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.



Mr. Zhang Mingwen, Mr. Wang Kunhui, Mr. Ip Sing Chi and Ms. Zhang Xueyan, who hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates, and were nominated by COSCO SHIPPING to the Board, have abstained from voting on the relevant Board resolutions approving (i) the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps. Save as aforementioned, none of the other Directors has a material interest in (i) the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps, and therefore no other Director has abstained from voting on such Board resolutions.

The Independent Board Committee (comprising all independent non-executive Directors namely, Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi) has been formed to advise the Independent Shareholders in relation to (i) the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) 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 relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on two occasions. Details of which are set out in (i) its circulars dated 9 October 2024 in relation to discloseable and connected transactions and continuing connected transactions and (ii) its announcement dated 29 July 2025 in relation to continuing connected transaction and 5 September 2025 in relation to major and connected transactions. Furthermore, during the past two years, we were appointed as an independent financial adviser of COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司) (the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026), a connected person of the Company, on three occasions. Details of which are set out in its circulars dated (i) 2 February 2024 in relation to discloseable and connected transactions; (ii) 10 December 2024 in relation to certain continuing connected transactions and (iii) 25 March 2025 in relation to certain connected transactions.

Notwithstanding the above, the previous engagements with the Company and its connected persons would not affect our independence from the Company as we consider that the professional fees we received were at normal commercial terms and at insignificant sum which should not give rise to a perception that our independence would be so affected. Further, since the commencement of our work as the Independent Financial Adviser and as at the Latest Practicable Date, we (i) do not have any direct or indirect shareholdings in; (ii) are not a close associate or core connected person of; (iii) do not have any financial connections (other than with normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser and our aforementioned appointments with the Company and its connected persons) with; (iv) no other current business relationship (save for this appointment as the Independent Financial Adviser) with; (v) within 2 years prior to commencement of our work as the Independent Financial Adviser, we did not serve as a financial adviser to; and (vi) are not an auditor or reporting accountant to, (a) the Company; (b) COSCO Shipping or its subsidiaries and (c) any core connected person of the Company. Accordingly, we are independent of the Company pursuant to Rule 13.84 of the Listing Rules.



BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have reviewed, among others, (i) the 2023 Annual Report (as defined below); (ii) the 2024 Annual Report (as defined below); (iii) the 2025 Interim Report (as defined below); (iv) the Quotations (as defined below); (v) a report namely “2025 Annual Review” published by BRS Group; (vi) bases and assumptions adopted by the Group in arriving the Proposed Annual Caps for the Non-exempt Continuing Connected Transactions and Major and Connected Transaction; (vii) the 2024 Assessment Report (as defined below); and (viii) other information as set out in this letter and the Circular. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to (i) the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) 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 (i) the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) 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

1.1 Background of the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. With its focus on shipping and logistics industry, the Group is committed to developing container manufacturing, container leasing and shipping leasing businesses as the core businesses and investment management as the support, to achieve the integrated development of industry-finance-investment.

1.2 Financial performance of the Group

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, which are extracted from (i) the Company's annual reports for (a) the year ended 31 December 2023 (the "2023 Annual Report"); and (b) the year ended 31 December 2024 (the "2024 Annual Report"); and the Company's interim report for the six months ended 30 June 2025 (the "2025 Interim Report").

	Six months ended 30 June 2025 RMB'000 (unaudited)	Year ended 31 December		
		2024 RMB'000 (audited)	2023 RMB'000 (audited)	2022 RMB'000 (audited)
Revenue	12,159,349	27,411,245	15,533,247	25,419,063
Cost of sales	(9,823,079)	(22,767,001)	(11,233,093)	(18,946,972)
Gross profit	2,336,270	4,644,244	4,300,154	6,472,091
Profit for the year attributable to owners of the Company	970,365	1,685,947	1,407,555	3,923,829

For the six months ended 30 June 2025

According to the 2025 Interim Report, the revenue of the Group for the six months ended 30 June 2025 was approximately RMB12.2 billion, representing an increase of 4.3% compared with the same period in 2024. Such increase was mainly due to the increase in container manufacturing business of approximately RMB10.9 billion, representing an increase of approximately 12.2% as compared to same period in 2024. Such increase was mainly due to year-on-year increase in the sales volume of containers driven by the rising container transportation market influenced by the interplay of multiple factors. During the Period, the aggregate container sales was 845,700 TEU, representing a year-on-year increase of 13.61% as compared with 744,400 TEU for the same period of last year.



Profit for the year attributable to owners of the Company for the six months ended 30 June 2025 was approximately RMB970.4 million, representing an increase of approximately 8.4%, which was mainly attributable to (i) increase in revenue with reasons as mentioned above; (ii) the increase in gross profits of approximately 4.6%, which is in line with the increase in revenue; and (iii) the decrease in finance costs of approximately 10.8% to approximately RMB1.8 billion.

For the year ended 31 December 2024 ("FY2024")

According to the 2024 Annual Report, the revenue of the Group for the FY2024 was approximately RMB27.4 billion, representing an increase of 76.47% compared with 2023. Such increase was mainly due to the substantial increase in container manufacturing business of approximately 124.0% to approximately RMB23.4 billion, which was mainly attributable to increased demand for new containers as a result of recovery in the container market. During the Period, the aggregate container sales were 1,795,900 TEU, representing an increase of 204.08% as compared with 590,600 TEU for the FY2023.

Profit for the year attributable to owners of the Company for FY2024 amounted to RMB1.7 billion, representing an increase of 19.78% as compared to that of approximately RMB1.4 billion for the FY2023, which was mainly due to (i) the increase in revenue as discussed above; (ii) the decrease in selling, administrative and general expenses of approximately 7.30% to approximately RMB1.2 billion, which was mainly attributable to the optimization of the resources allocation and the enhancement of cost management during the year.

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

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

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



1.3 Financial position on the Group

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited)	2022 RMB'000 (audited)
Non-current assets	107,937,293	108,238,698	103,309,374	103,256,637
Current assets	22,350,995	18,128,440	22,621,616	24,833,994
Current liabilities	48,732,054	39,371,497	38,211,188	42,019,557
Non-current liabilities	50,558,973	56,389,962	58,436,124	57,178,447
Equity attributable to equity holders of the Company	30,618,276	30,295,774	29,283,678	28,892,627

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

As at 31 December 2024, total assets of the Group amounted to approximately 126.3 billion, representing an increase of approximately RMB0.4 billion, mainly due to the increase in non-current assets of approximately RMB4.9 billion, due mainly to the increase in property, plant and equipment of approximately RMB5.5 billion as a result of additions of containers of approximately RMB7.2 billion. As at 31 December 2024, total liabilities of the Group further decreased by approximately RMB0.8 billion to approximately RMB95.8 billion, mainly attributable to the decrease in non-current liabilities as a result of the decrease in non-current portion of bank and other borrowings of approximately RMB6.3 billion.

As at 30 June 2025, total assets of the Group amounted to approximately 130.3 billion, representing an increase of approximately RMB3.9 billion, mainly due to the increase in current assets of approximately RMB4.2 billion, due mainly to the increase in cash and cash equivalents as a result of (i) the net cash flow generated from operating activities of approximately RMB1.3 billion and (ii) the net cash flow generated from financing activities of approximately RMB1.4 billion. As at 30 June 2025, total liabilities of the Group increased by approximately RMB3.5 billion to approximately RMB99.3 billion, mainly attributable to the decrease in current liabilities as a result of the increase in current portions of bank and other borrowings of approximately RMB7.9 billion to approximately RMB40.4 billion.

As a result of the foregoing, the total equity attributable to the equity holders of the Company as at 31 December 2022, 2023 and 2024 amounted to RMB28.9 billion, RMB29.3 billion and RMB30.3 billion, respectively while the total equity attributable to the equity holders of the Company as at 30 June 2025 amounted to approximately RMB31.0 billion.



2. THE 2025 SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACT

2.1 Background Information on the parties to the 2025 Second Heavy Industry Shipbuilding Contract

Information on COSCO SHIPPING Development (Hainan)

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

Information on Heavy Industry (Dalian)

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

2.2 Reasons and benefits of entering the 2025 Second Heavy Industry Shipbuilding Contracts

We have discussed with the management of the Company on the reasons for and benefits of entering into the 2025 Second Heavy Industry Shipbuilding Contracts and considered the followings:

Principal business activities and development strategies of the Group

With a focus on shipping and logistics industry, it is the principal business of the Group to concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management, continuously accelerate “integrating industry and finance and facilitating industry development with finance for synergy”, so as to strive to grow into a world-class industry-finance operator in the shipping industry. As discussed in the 2024 Annual Report, the Group achieved a new breakthrough in the integration of industry and finance, promoted the linkage of “leasing, manufacturing- shipping” in the shipping industry, and invested in the construction and leasing of 42 bulk cargo vessels, achieving a substantial increase in the scale of high-quality ship assets, and contributing long-term stable revenue and cash flow to the Company. Going forward, it is the Group’s intention to focus on full lifecycle service demands for various shipping assets, strengthen its “purchase, lease, finance and sale” industrial-financial service capabilities, and deliver premium solutions for shipping development, so as to continue to solidify its leading position in the ship leasing industry in China.



Based on our discussion with the management of the Company, in order to achieve the abovementioned strategy of the Group, we understand that the entering into the 2025 Second Heavy Industry Shipbuilding Contracts can allow the Group to expand the scale of the vessel leasing business. The construction of vessels under the 2025 Second Heavy Industry Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and COSCO SHIPPING Bulk Group. It is expected that, upon the delivery of the vessels under the 2025 Second Heavy Industry Shipbuilding Contracts, the leasing of the vessels to COSCO SHIPPING Bulk Group under the 2025 Second Vessel Leasing Agreement will be accounted for as revenue in the consolidated financial statements of the Group, and will therefore provide a long term stable income stream for the Group and hence to further strengthen the ship leasing business as well as the development of the Group.

Based on the above, the Directors consider that the entering into of the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement is a core development of the principal business of the Company as well as aligning the development strategies of the Company.

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

As advised by the management of the Company, we understand that the green and low-carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has increased significantly. According to the 2024 Annual Report, it is the Company's strategy to actively seize opportunities from the green and low-carbon transformation of the shipping industry. As a demonstration in the support of green, low-carbon and intelligent shipping, two 700 TEU Yangtze River electric vessels have been put into operation successively, achieving carbon emission reduction of 1,249 tonnes during the FY2024.

Based on our review on the 2025 Second Heavy Industry Shipbuilding Contracts, we note that the twenty-three (23) vessels thereunder are methanol-ready eco-friendly bulk cargo vessels. The management of the Company is of the view that such type of vessels under the 2025 Second Heavy Industry Shipbuilding Contracts is able to promote the optimization and adjustment of the fleet structure to a green and low-carbon direction by demonstrating its support for global energy conservation, emission reduction and sustainable development strategies, and contributes to the transformation and upgrade of traditional industries.



Implementing the use of RMB in the international shipping field

As advised by the management of the Company, the Group aims to enhance its competitive edge by collaborating with enterprises both upstream and downstream of the shipping industry chain. As advised by the management of the Company, it is their intention to implement RMB transactions in the international shipping market and hence that the terms of the 2025 Second Heavy Industry Shipbuilding Contracts are denominated in RMB and will also be settled in RMB. Through these collaborative efforts with upstream and downstream enterprises along the shipping industry chain, the Group aims to further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness.

After taking into consideration of the above, in particular, (i) the entering into of the 2025 Second Heavy Industry Shipbuilding Contracts is a principal business of the Company as well as aligning the development strategies of the Company; (ii) the Company's strategy to grasp the opportunity of green and low-carbon transformation of the fleet and the vessels under the 2025 Second Heavy Industry Shipbuilding Contracts is in line with the strategy by promoting the optimization and adjustment of the fleet structure to a green and low-carbon direction; and (iii) 2025 Second Heavy Industry Shipbuilding Contracts help further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness, we therefore concur with the view of the Directors that the entering into of the 2025 Second Heavy Industry Shipbuilding Contracts is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

2.3 Key terms of the 2025 Second Heavy Industry Shipbuilding Contracts

Date:	30 October 2025
Parties:	(1) COSCO SHIPPING Development (Hainan), as buyer; and (2) Heavy Industry (Dalian), as seller.
Subject matter:	Pursuant to the 2025 Second Heavy Industry Shipbuilding Contracts, Heavy Industry (Dalian) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of twenty-three (23) 87,000 DWT bulk cargo vessels.

These vessels are expected to be delivered between May 2027 and the end of 2028, subject to the arrangements of delay in delivery as provided in the respective contracts.



Contract price and payment:

The aggregate contract prices for the twenty-three (23) 87,000 DWT bulk cargo vessels to be built under each of the 2025 Second Heavy Industry Shipbuilding Contracts shall be approximately RMB7,337,000,000 (exclusive of tax), subject to adjustments in accordance with the terms of the respective contracts as set out below.

The vessels are methanol-ready eco-friendly bulk cargo vessels.

The contract price of the vessels under the 2025 Second Heavy Industry Shipbuilding Contracts shall be payable in five instalments based on progress intervals on the construction of each vessel, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the respective vessels.

Adjustment to contract price:

The contract price payable under the 2025 Second Heavy Industry Shipbuilding Contracts is subject to downward adjustments, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the respective 2025 Second Heavy Industry Shipbuilding Contracts, in the event that: (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed standards under the respective 2025 Second Heavy Industry Shipbuilding Contracts; or (ii) the delay in delivery of the relevant vessel(s) exceeds certain agreed time limits under the respective 2025 Second Heavy Industry Shipbuilding Contracts.

Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth instalment of the contract price payable under the respective 2025 Second Heavy Industry Shipbuilding Contracts, at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the respective 2025 Second Heavy Industry Shipbuilding Contracts. The amount of liquidated damages is determined after arm's length negotiation between the parties with reference to the extent of deviation from the relevant technical specifications in respect of the relevant construction elements, the extent of delay and previous practice of downward adjustments for construction of similar types of vessels.

The maximum amount of liquidated damages for each vessel under the 2025 Second Heavy Industry Shipbuilding Contracts shall be approximately RMB9.1 million.



2.4 Fairness and reasonableness of the contract price under the 2025 Second Heavy Industry Shipbuilding Contracts

As stated in the Letter from the Board, the contract price under the 2025 Second Heavy Industry Shipbuilding Contracts was determined after arm's length negotiation between COSCO SHIPPING Development (Hainan) and Heavy Industry (Dalian) with reference to the market price of the same type of vessel.

In order to assess the fairness and reasonableness of the consideration as stipulated under the 2025 Second Heavy Industry Shipbuilding Contracts, we have discussed with the management of the Company and note that the Company has obtained the quotations from (i) an independent ship builder (the "Quotation I"); (ii) another independent ship builder (the "Quotation II", and together with the Quotation I, collectively the "Quotations") and (iii) Heavy Industry (Dalian) on the same specifications of 87,000 DWT-class bulk cargo vessels to be constructed under the 2025 Second Heavy Industry Shipbuilding Contracts. In light of the aforesaid, we have obtained and reviewed the Quotations and compared them with the final quotation from Heavy Industry (Dalian). We noted that the final quotation from Heavy Industry (Dalian) is approximately RMB319 million (exclusive of tax) for each vessel, and the quotation is the same as the Quotation I and the Quotation II. Accordingly, the final quotation from Heavy Industry (Dalian) is on normal commercial terms and hence is fair and reasonable so far as the Independent Shareholders are concerned.

Price Adjustment mechanism

Based on our review on the 2025 Second Heavy Industry Shipbuilding Contracts, we note that contract price payable under the 2025 Second Heavy Industry Shipbuilding Contracts is subject to downward adjustments, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the respective 2025 Second Heavy Industry Shipbuilding Contracts, in the event that: (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed standards under the respective 2025 Second Heavy Industry Shipbuilding Contracts; or (ii) the delay in delivery of the relevant vessel(s) exceeds certain agreed time limits under the respective 2025 Second Heavy Industry Shipbuilding Contracts. Downward adjustments will be made to the contract price payable through deduction of liquidated damages from the fifth instalment of the contract price payable under the respective 2025 Second Heavy Industry Shipbuilding Contracts, at the time of delivery of the vessel if the construction elements of the vessel or the delivery date fail to meet the following agreed standards pursuant to the respective 2025 Second Heavy Industry Shipbuilding Contracts.

We have discussed with the management of the Company and understand that before delivery of the vessels, the Company will perform relevant trial tests including but not limited to speed, deadweight tonnage and fuel consumption rate. If (i) the results of the trial tests do not confirm to the requirement as stipulated in the 2025 Second Heavy Industry Shipbuilding Contracts; and (ii) late delivery exceeding certain agreed time limits, there will be downward adjustments in price of relevant vessels. As such, the price adjustment mechanism is included with an intention to protect the Group from overpaying should the specifications of the vessels fall short of the requirements as stipulated in the 2025 Second Heavy Industry Shipbuilding Contracts. As such, we concur with the view of the Directors that the inclusion of



such adjustment mechanism in the 2025 Second Heavy Industry Shipbuilding Contracts is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment Structure

In addition, we understand that the contract price under the 2025 Second Heavy Industry Shipbuilding Contracts shall be payable in five instalments, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the respective vessels. We understand that shipbuilding involves large raw materials and multiple parts costs such as engines. Therefore, we believe that it is reasonable to pay by installments before delivery (rather than paying in full at the time of delivery or after delivery). Further, we have also reviewed the Quotations and the proposed payment structure thereunder and compared with that of the 2025 Second Heavy Industry Shipbuilding Contracts, and note that the proposed payment terms thereunder are the same. In addition, we have obtained and reviewed the shipbuilding contracts entered into between the Group and independent third parties, details of which are disclosed in the announcements of the Company dated 29 July 2025 and 30 October 2025, respectively. We understand that the payment structure as stipulated thereunder are payable in five instalments based on progress intervals on the construction of each vessel, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the respective vessels, which is similar to that of the 2025 Second Heavy Industry Shipbuilding Contracts. As such, we concur with the view of the Directors that the payment structure in the 2025 Second Heavy Industry Shipbuilding Contracts is an industry norm and hence is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We further understand that COSCO SHIPPING Heavy Industry is one of the leading shipbuilder in China. According to a report published by BRS Group, namely "2025 Annual Review" (https://it4v7.interactiv-doc.fr/html/annual_review_2025_digital_668/), an independent international shipbroking company and maritime data and software provider delivering decision support services, COSCO SHIPPING Heavy Industry is in fourth position, holding 8.8% of the Chinese orderbook and the fifth-largest global shipbuilding group, accounting for 5.9% of the world orderbook in 2024. In addition, we are given to understand from the management of the Company that being as intra-group services providers, COSCO SHIPPING Heavy Industry has been providing shipbuilding services to the Group for years which resulted in better and more efficient communication with the Group as compared with other independent shipbuilders. Leveraging the leading shipbuilding position in China, the stable cooperation relationship with COSCO SHIPPING Heavy Industry facilitates and supports the growth of the core business of the Group over the years which allows COSCO SHIPPING Heavy Industry to be a preferred shipbuilder should the terms offered by COSCO SHIPPING Heavy Industry are on normal commercial terms. In addition, among the Quotations, Heavy Industry (Dalian) is able to deliver more vessels during the delivery period as compared with other shipbuilders which meets the requirements of the Group.



After taking consideration that (i) the pricing under the 2025 Second Heavy Industry Shipbuilding Contracts, being the same among the Quotations; (ii) the price adjustment mechanism and payment structure are industry norm and on normal commercial terms; (iii) COSCO SHIPPING Heavy Industry is also one of the leading shipbuilder in China; (iv) COSCO SHIPPING Heavy Industry is a preferred shipbuilder to the Group given its better and more efficient communication with the Group compared with other independent shipbuilders; and (v) the ability of Heavy Industry (Dalian) to deliver more vessels during the delivery period as compared with other shipbuilders, we therefore concur with the Directors' view that it is fair and reasonable to select Heavy Industry (Dalian) as the shipbuilder under the 2025 Second Heavy Shipbuilding Contracts.

Based on the above, we concur with the view of the Directors that the terms of the 2025 Second Heavy Industry Shipbuilding Contracts are on normal commercial terms or better, and are fair and reasonable so far as the Independent Shareholders are concerned.

3. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the term of the Existing Continuing Connected Transactions Agreements will expire on 31 December 2025, 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 parties have agreed to enter into the Non-exempt Continuing Connected Transactions agreements for a term of three years commencing on 1 January 2026 and ending on 31 December 2028.

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.
(2) Master Vessel Services Agreement	COSCO SHIPPING Group	The Group	Vessel and other ancillary services, including vessel construction supervision services, 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.



Agreements in relation to the Non-exempt Continuing Connected Transactions	Products and/or service providers	Products and/or services recipients	Key services
(3) Master Containers Services Agreement	The Group	COSCO SHIPPING Group	Container and other ancillary services including sale and purchase of containers and containers commissioned manufacturing services.
(4) Master Containers Services 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.

3.1 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 world-class excellent shipping industry-finance operator with COSCO SHIPPING characteristics. 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 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 business relationship between the COSCO SHIPPING Group and the Group and as intra-group services providers, both parties generally have better understanding 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 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 Master Containers Services 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. In addition to the above, by entering into the Master Vessel Services Agreement, the Group



and the COSCO SHIPPING Group will continue to deepen their cooperations, and it is expected that this will reduce the Group's operating costs in procuring vessel and other ancillary services, thereby further enhancing the synergies between both parties.

Furthermore, the transactions in respect of the provision of products and services by the Group under the Master Operating Lease Services Agreement and the Master Containers Services Agreement are revenue in nature to the Group, whereas the transactions in respect of procurement of products and services by the Group under the Master Containers Services 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 arrangements, 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 are in the interests of the Company and the Shareholders as a whole.

3.2 Principal terms in respect of the Non-exempt Continuing Connected Transactions

3.2.1 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, Master Vessel Services Agreement and the Master Containers Services Agreement for a term of three years commencing on 1 January 2026 and ending on 31 December 2028.

3.2.2 Pricing policies in respect of the Non-exempt Continuing Connected Transactions agreements

Master Operating Lease Services Agreement

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. 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, and on the basis of market price, a reasonable buffer of approximately 10% to cope with the increase in costs caused by



uncertainties. At the time of entering each implementation agreements for the specific transactions contemplated under the Master Operating Lease Services Agreement, the Group will also examine the pricing terms charged by the Group to all other independent third-party customer(s), if applicable, so as to ensure the price to be charged by the Group to COSCO SHIPPING would be no less favourable than that charged by the Group to independent third-party customers.

In assessing the fairness and reasonableness of terms and pricing policy of the 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 Operating Lease Services Agreement and understand that vessel leasing services and containers leasing services are the major type of services provided under the Existing Master Operating Lease Services Agreement. In respect of the vessel leasing services, we are given to understand that before entering into of the leasing contract with the Group, COSCO SHIPPING Group will obtain quotations from independent vessel leasing services providers, and we are given to understand that the terms of such quotations are comparable to the terms offered by the Group. In respect of containers leasing, we have obtained and reviewed 3 sample containers leasing contracts entered with the COSCO SHIPPING Group from January 2024 to May 2024 and 2 sets of and comparable container leasing services transactions contracts entered between the Group and the independent third parties in September 2023 and March 2024, respectively. We considered such number of sample contracts are fair and representative as those (a) are entered into during the term of Existing Master Operating Lease Services Agreement and remain valid and (b) represents 2 major types of leasing services as contemplated under Existing Master Operating Lease Services Agreement (i.e. the lease of containers and lease of vessels services). Based on our review, we noted that the prices in the sample contracts entered with the COSCO SHIPPING Group were no less favourable to the Group than the terms entered with independent third parties.

Master Vessel Services Agreement

Pursuant to the Master Vessel Services Agreement, 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 at least two independent third party suppliers, or a bidding and tendering process before the commencement of certain projects in the event that the type or amount of services to be procured meets the bidding standards specified in the Tendering and Procurement Management Rules of the Group, which shall also be conducted in accordance with the Regulations for the Implementation of the National Tendering and Bidding Law (《國家招



標投標法實施條例》) of the PRC. When selecting the successful bidder(s) in the latter case, the Company and/or the relevant member(s) of the Group will conduct a qualification review of potential bidders based on factors such as company profile, business reputation and experience, supply and service assurance capability, quality assurance capability, after-sales service initiatives and compliance performance, the evaluation of which will follow the criteria and methodology specified in the tender documents, being carried out objectively and impartially using the lowest price evaluated, comprehensive scoring method or other bid evaluation methods permitted by applicable laws and regulations.

In assessing the fairness and reasonableness of terms and pricing policy of the Master Vessel 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 Services Agreement and we randomly selected from the aforesaid list and reviewed (i) 2 sample contracts entered into with the COSCO SHIPPING Group in August 2023 and September 2025, respectively under the Existing Master Vessel Services Agreement (which we considered such number of sample contracts are fair and representative as those (i) are entered into during the term of Existing Master Operating Lease Services Agreement and remain valid and (ii) covered major types of vessels services as contemplated under Existing Master Vessel Services Agreement (i.e. vessel construction supervision services and vessel management services) and (ii) 2 sets of comparable leasing services quotations obtained from independent third parties in August 2023 and September 2025. 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.

Master Containers Services Agreement

In respect of the products and services to be provided by the Group under the Master Containers Services Agreement, the prices for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Master Containers 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). 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 Master Containers Services Agreement shall be subject to continuous real-time adjustment mainly based on the current market condition revealed by research reports from Drewry, an independent maritime research consultancy, and take into account factors such as market order transaction prices, raw material costs and inventory levels, and with reference to the historical quotations from independent third parties. In addition, the pricing of the containers services provided by the Group will also take into account the impact of the overall market conditions, and on the basis of market price, a reasonable buffer of approximately 10% to cope with the increase in costs caused by uncertainties. At the time of entering each implementation agreements for the specific



transactions contemplated under the Master Containers Services Agreement for products and services to be provided by the Group, the Group will also examine the pricing terms charged by the Group to all other independent third-party customer(s), if applicable, so as to ensure the price to be charged by the Group to COSCO SHIPPING would be no less favourable than that charged by the Group to independent third-party customers.

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, and we (i), from the aforesaid list, randomly selected and reviewed 2 sample contracts entered into with the COSCO SHIPPING Group in relation to the sale of two types of containers in May 2025 and June 2025, respectively (which we considered such number of sample contracts are fair and representative as those (a) represents the latest pricing terms and (b) covered different types of containers) and (ii) obtained 2 sample contracts entered into with an independent third parties in May 2025 and September 2025 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.

In respect of the procurement of products and services by the Group under the Master Containers Services Agreement, prices for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Master Containers 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 at least two independent third party suppliers, or a bidding and tendering process before the commencement of certain projects in the event that the type or amount of services to be procured meets the bidding standards specified in the Tendering and Procurement Management Rules of the Group, which shall also be conducted in accordance with the Regulations for the Implementation of the National Tendering and Bidding Law (《國家招標投標法實施條例》) of the PRC. When selecting the successful bidder(s) in the latter case, the Company and/or the relevant member(s) of the Group will conduct a qualification review of potential bidders based on factors such as company profile, business reputation and experience, supply and service assurance capability, quality assurance capability, after-sales service initiatives and compliance performance, the evaluation of which will follow the criteria and methodology specified in the tender documents, being carried out objectively and impartially using the lowest price evaluated, comprehensive scoring method or other bid evaluation methods permitted by applicable laws and regulations.



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, and we noted that the majority of the transactions (in terms of transaction amount) are (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 in January 2025 and October 2025, respectively (which we considered such sample contracts are fair and representative as those (a) are entered into during the term of Existing Master Operating Lease Services Agreement and remain valid and (b) covered the 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 the 2 set of transaction documents for covering the merchandising of materials ancillary to containers and the purchase of containers logistics with independent third parties in January 2025 and October 2025, respectively. 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.

In addition to the aforementioned independent workdone, we have reviewed and as disclosed in the 2023 Annual Report and the 2024 Annual Report, (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.



Furthermore, we have also reviewed the internal control procedures of the Group in conducting connected transactions 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. We note that (i) the Company has prepared and implemented the Methods for Management of Connected Transactions (關連交易管理辦法); (ii) the wholly-owned subsidiaries of the Company responsible for the relevant business fields will review contemporaneous prices and other relevant terms offered by at least two independent third parties before entering into any implementation agreements; (iii) Company will quarterly examine the pricing of the transactions after entering into the implementation agreements; (iv) the Company will annually convene meetings to discuss any issues in the transactions; (v) the Company will quarterly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports; (vi) the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Hong Kong Listing Rules if it is anticipated that the existing annual caps may be exceeded; and (vii) the supervision department of the Company will periodically review and inspect the progress of the Relevant Continuing Connected Transactions on a half-year basis.

Based on the aforesaid, in particular (i) we have reviewed the 2023 Annual Report and the 2024 Annual Report and note that the Non-exempt Continuing Connected Transactions conducted in 2023 and 2024 are on normal commercial terms; (ii) our review of sample contracts conducted which we consider are fair and representative as discussed above; and (iii) the implementation of sufficient internal control measures as discussed above, we therefore are 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.



3.2.3 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 2023 and 2024 and the six months ended 30 June 2025 as well as the Proposed Annual Caps for each of the three years ending 31 December 2026, 2027 and 2028:

Non-exempt Continuing Connected Transactions	Historical transaction amounts for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025			Proposed Annual Caps for the three years ending 31 December 2028		
	2023	2024	30 June 2025	2026	2027	2028
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
(1) Services provided by the Group under the Master Operating Lease Services Agreement	2,274,738.6	2,432,324.0	1,272,003.8	4,500,000	6,000,000	9,000,000
(2) Services provided to the Group under the Master Vessel Services Agreement	359,541.6	331,244.3	163,838.8	600,000	1,000,000	2,000,000
(3) Services provided by the Group under the Master Containers Services Agreement	144,842.5	3,247,150.2	1,204,921.1	12,800,000	13,000,000	13,500,000
(4) Services provided to the Group under the Master Containers Services Agreement	374,904.8	1,295,963.9	539,894.2	2,100,000	2,200,000	2,300,000

3.2.4 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 2026, 2027 and 2028 are RMB4.5 billion, RMB6.0 billion and RMB9.0 billion, respectively.



As stated in 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 COSCO SHIPPING Group pursuant to the Existing Master Operating Lease Services Agreement for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 which had not fully utilised the previous annual caps primarily due to fluctuations in the shipping market, which resulted in lower demand and prices for container leasing, as well as reduced demand for vessel leasing compared to the estimated values made when the above historical caps were determined; (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 2028; 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 2028, we understand from the management of the Company that it is determined based on (i) the existing lease orders on hand from the Group and it is expected that such existing orders continues to sustain for the three years ending 31 December 2028; (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 to COSCO SHIPPING Group for the three years ending 31 December 2028. In particular, the Group has already entered into a number of long-term operating leasing agreements with COSCO SHIPPING Group in respect of certain vessels including, amongst others, (a) forty-two (42) bulk cargo vessels ranging from 64,000 to 82,500 DWT to be built under the shipbuilding contracts entered into by the Group on 30 August 2024, which are expected to be delivered not later than 31 December 2027 and each subsequently leased for 180 months $\pm$ 90 days, with an expected highest aggregated annual rent of



approximately RMB1,900 million, (b) ten (10) bulk cargo vessels ranging from 210,000 to 211,000 DWT to be built under the shipbuilding contracts entered into by the Group on 29 July 2025, which are expected to be delivered not later than 31 December 2028 and each subsequently leased for 240 months $\pm$ 90 days, with an expected highest aggregated annual rent of approximately RMB638 million, and (c) twenty-three (23) 87,000 DWT bulk cargo vessels and six (6) 307,000 DWT very large crude oil carriers to be built under the shipbuilding contracts entered into by the Group on or around 30 October 2025, which are expected to be delivered not later than the end of 2028 and each subsequently leased for 240 months $\pm$ 180 days and $\pm$ 90 days, with an expected highest aggregated annual rent of approximately RMB550 million and RMB427 million, respectively, all of which will be made subject to and governed by the Master Operating Lease Services Agreement and the Proposed Annual Caps thereunder. These additional vessels could account for approximately 42.4% of the existing fleet (including orderbook) of the Group as at the Latest Practicable Date. For further details of such operating leases, please refer to the announcements of the Company dated 30 August 2024, 29 July 2025 and 30 October 2025, respectively. Regarding the fee rates of the leasing of vessels, we note that it is determined based on (i) the terms of the existing lease vessels transactions entered and (ii) the expected lease rate on the new vessels leasing business.

In respect of the number of containers to be leased by the COSCO SHIPPING Group for the three years ending 31 December 2028, we understand from the management of the Company that it is determined with reference to (i) existing lease orders on hand from the COSCO SHIPPING Group for the year ending 31 December 2025 and (ii) the expected growth in demand on containers for the three years ending 31 December 2028. The expected growth in demand on containers for the three years ending 31 December 2028 is in line with the expected growth in the transportation capacity of the COSCO SHIPPING Group. According to the circular of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919.HK), which mainly engages in container shipping for both international and domestic customers and indirectly controlled by COSCO SHIPPING, dated 13 October 2025, it is expected that 36 vessels, representing 656,000 TEUs, shall be delivered during the period from 2026 to 2028, indicating its additional demand for lease of containers for the three years ending 31 December 2028. Regarding the fee rates of the leasing of containers, we note that it is determined based on (i) the terms of the existing lease of containers transactions entered and (ii) the expected lease rate on the new containers leasing business.

We also understand that in arriving the Proposed Annual Caps for the Master Operating Lease Services Agreement, the Directors have also taken into consideration the anticipated fluctuations in the exchange rate of RMB against USD. In light of this, we have searched for the exchange rates of US Dollar to RMB from 3 January 2023 to 30 October 2025, being a period from January 2023 and including the date of the announcement (the “**Review Period**”), as quoted from the website of State Administration of Foreign Exchange of the PRC and noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 7.6% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Based on the above, despite the relatively low utilisation rate of the original annual caps set for the Existing Master Operating Lease Services Agreement, the Proposed Annual Caps for the Master Operating Lease Services Agreement adopt a relatively lower starting point with incremental year-by-year adjustments based on the estimated demand of vessel and container leasing services over the next three years, 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.

3.2.5 Proposed Annual Caps for the Master Vessel Services Agreement in respect of services to be provided to the Group

The Proposed Annual Caps for the provision of vessel and other ancillary services to the Group by the COSCO SHIPPING Group under the Master Vessel Services Agreement for the three years ending 31 December 2026, 2027 and 2028 are RMB600 million, RMB1.0 billion and RMB2.0 billion, respectively.

As stated in the Letter from the Board, in arriving at the Proposed Annual Caps for the provision of vessel and other ancillary services to the Group by the COSCO SHIPPING 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 2023 and 2024 and the six months ended 30 June 2025, which had not fully utilised the previous annual caps primarily due to fluctuations in the shipping market, which resulted in aforementioned reduced vessel leasing requirements and related cost expenditures for the vessel and other ancillary services compared to the estimated values made when the above historical caps were determined; (ii) according to the existing respective inspection and maintenance cycles of the vessels, 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 led by an anticipated surge in demand due to the Group's purchase of vessels and the associated leasing services; (iii) the estimated fluctuation in the exchange rate for US\$ to RMB; (iv) the prevailing market rate for the merchandising services, supply of crew members, vessel repair and maintenance services and shipping agent services; and (v) the vessel management and construction supervision expenses arising from the Group's new expansion of vessel charter business.

In assessing the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the vessel and other ancillary services under the Master Vessel 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 receipt of vessel and other ancillary services by the Group.

Based on our review on the aforesaid computations, we note that the Proposed Annual Caps for the provision of vessel and other ancillary services comprised mainly vessel management and construction supervision expenses. We noted that the

Proposed Annual Caps for the provision of vessel and other ancillary services for the year ending 31 December 2026 is estimated based on the (i) existing lease orders on hand from the Group and it is expected that such existing orders continues to sustain for the three years ending 31 December 2028; (ii) the new vessels leasing business along with the expansion of business of the COSCO SHIPPING Group for the year ending 31 December 2026. We also note from the computations that there is a substantial increase in the Proposed Annual Caps for the two years ending 31 December 2028. Based on our discussion with the management of the Company, we understand that the significant increase is mainly due to the increase in vessel management and construction supervision expenses as a result of the increase in the size of the fleet of the Group. In light of this, we have reviewed the announcements of the Group dated (i) 1 September 2024; (ii) 29 July 2025; (iii) 30 October 2025, we noted that the Group has entered several shipbuilding contracts for 81 ships and such ships are expected to be delivered in 2027 and 2028. As such, the demand for construction supervision services are expected to increase for the two years ending 31 December 2028. In addition, upon the delivery of the newly constructed ships, the demand for vessel management services will also increase accordingly.

We also understand that in arriving the Proposed Annual Caps for the Master Vessel Services Agreement, the Directors have also taken into consideration the anticipated fluctuations in the exchange rate of RMB against USD. In light of this, we have 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 and noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 7.6% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Based on the above, despite the relatively low utilisation rate of the original annual caps set for the Existing Master Vessel Services Agreement, the Proposed Annual Caps for the Master Vessel Services Agreement adopt a relatively lower starting point with incremental year-by-year adjustments based on the demand of construction supervision services and vessel management services over the next three years in light of the fleet expansion plan of the Group as mentioned above, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Master Vessel Services Agreement in respect of services to be provided by the Group are fair and reasonable so far as the Independent Shareholders are concerned.

3.2.6 Proposed Annual Caps for the Master Containers Services Agreement in respect of services to be provided by the Group

The Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Master Containers Services Agreement for the three years ending 31 December 2028 are RMB12.8 billion, RMB13.0 billion and RMB13.5 billion, respectively.

As stated in the Letter from the Board, in arriving the Proposed Annual Caps for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Master Containers Services 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 Procurement Agreement for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 which had not fully utilised the previous annual caps primarily due to fluctuations in the shipping market, which led to a decrease in container demand and new container prices compared to the estimated values made when the above historical caps were determined; (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, including but not limited to the increase in the forecasted demand by a COSCO SHIPPING Group company, which mainly engages in container shipping for both international and domestic customers, for delivery of 36 vessels that represents 656,000 TEUs during the period from 2026 to 2028; (iv) the estimated market fluctuation in terms of container price, demands and exchange rate for US\$ to RMB; and (v) 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 2028.

In assessing the fairness and reasonableness of the aforesaid bases and assumptions adopted by the Board in arriving the Proposed Annual Caps for the provision of container and other ancillary services by the Group under the Master Containers 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 container and other ancillary services by the Group.

Based on our review on the aforesaid computations, we note that sales of containers comprise a vast majority of the Proposed Annual Caps under the Master Containers Services Agreement. Based on our discussion with the management of the Company, we understand that the estimated transaction amounts for the sales of containers are determined based on (i) the estimated number of containers to be sold by the Group for each of the three years ending 31 December 2028; and (ii) the estimated market price of new containers.

In respect of the number of containers to be sold by the Group for the three years ending 31 December 2028, we understand from the management of the Company that it is determined with reference to the transportation capacity of COSCO SHIPPING Group over the next three years. As mentioned in the paragraph headed “3.2.4 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group” above, it is expected that 36 vessels, representing 656,000 TEUs, shall be delivered during the period from 2026 to 2028, to COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919.HK), which mainly engages in container shipping for both international and domestic customers and indirectly controlled by COSCO SHIPPING. As such, upon the delivery of the vessels, it is expected that there will be a continuous demand on new containers from COSCO SHIPPING Group in the next three years. In respect of the estimated market price of new containers, we are given to understand that it is estimated based on (i) the average historical transacted prices of sales of containers in 2024; (ii) expected growth of the fee rates in light of the continuous demand of containers as a result of the expected increase in transportation capacities of the COSCO SHIPPING Group in the coming years.

We also understand that in arriving the Proposed Annual Caps for the Master Containers Services Agreement, the Directors have also taken into consideration the anticipated fluctuations in the exchange rate of RMB against USD. In light of this, we have 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 and noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 7.6% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Based on the above, despite the relatively low utilisation rate of the original annual caps set for the provision of container and other ancillary services by the Group to the COSCO SHIPPING Group under the Existing Master Containers Services Procurement Agreement, there is an increase in the Proposed Annual Caps for the Master Containers Services Agreement based on the demand on containers by COSCO SHIPPING Group over the next three years as discussed above, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Master Containers Services Agreement in respect of services to be provided by the Group are fair and reasonable so far as the Independent Shareholders are concerned.

3.2.7 Proposed Annual Caps for the Master Containers Services Agreement in respect of 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 Master Containers Services Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB2.1 billion, RMB2.2 billion and RMB2.3 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 Master Containers Services 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 Procurement Agreement for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 which had not fully utilised the annual cap for the year ended 31 December 2023 primarily due to fluctuations in the shipping market; (ii) the estimated market fluctuation in terms of container price, ancillary materials price, demands and exchange rate for US\$ to RMB, as well as the anticipated increase in demand for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group driven by the expansion of scale of the Group's container manufacturing business; and (iii) the prevailing market rates of containers, materials ancillary to containers, containers depot, containers logistics, containers management and containers maintenance.

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 Master Container Services 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 2024 amounted approximately RMB1.3 billion during the current terms of the Existing Master Containers Services Procurement Agreement, closes to the relevant annual cap for the year ended 31 December 2024. The Directors consider that the historical amount is an appropriate reference in determining the proposed annual cap of RMB2.1 billion for the year ending 31 December 2026 with the assumption that the transaction volume would reach the similar historical level.

We understand from the computations that the vast majority (over 80%) 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 Master Container Services 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.

After taking into consideration above and (i) our workdone as discussed in above paragraph headed “3.2.2 Pricing policies 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 2024 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 Caps.

We note from the computations that the Proposed Annual Caps increase for the three years ending 31 December 2025 and 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 Master Containers Services Agreement is expected to increase along with the expected increase in demand of containers as a result of the increase in transportation capacities of the COSCO SHIPPING Group in the coming three years with reasons as discussed above in the paragraph headed “3.2.6 Proposed Annual Caps for the Master Containers Services Agreement in respect of services to be provided by the Group”. In particular, according to the 2024 Annual Report, the Group experienced robust growth in container sales of 204.08% year-on-year growth and its container fleet successfully exceeding 4 million TEU in 2024. According to the 2025 Interim Report, container sales recorded a year-on-year increase of 13.61% for the six months ended 30 June 2025.



We also understand that in arriving the Proposed Annual Caps for the Master Containers Services Agreement, the Directors have also taken into consideration the anticipated fluctuations in the exchange rate of RMB against USD. In light of this, we have 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 and noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 7.6% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Based on the above, while the utilisation rate of the original annual caps set for the provision of container and other ancillary services by the COSCO SHIPPING Group to the Group under the Existing Master Containers Services Procurement Agreement was considered at appropriate level, there is an increase in the Proposed Annual Caps for the Master Containers Services Agreement based on the demand on containers services by the Group over the next three years as discussed above, we are of the view that the bases and assumptions so adopted in arriving the Proposed Annual Caps for the Master Containers Services Agreement in respect of services to be provided to the Group are fair and reasonable so far as the Independent Shareholders are concerned.

4. MAJOR AND CONTINUING CONNECTED TRANSACTION – THE DEPOSIT SERVICES UNDER THE FINANCIAL SERVICES AGREEMENT

On 30 October 2025, the Company and COSCO SHIPPING Finance entered into the 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 following table sets out the details of the Financial Services Agreement.

Agreement	Service provider	Products and/or services recipient	Key services
Financial Services Agreement	COSCO SHIPPING Finance	The Company	Financial services include: (i) deposit services; (ii) loan services; (iii) settlement services; (iv) foreign exchange services; and (v) other businesses that COSCO SHIPPING Finance is permitted to conduct upon approval by NAFR or its delegated authorities



4.1 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 2028 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 reviewed its financial information for the year ended 31 December 2024 and the six months ended 30 June 2025. We noted that COSCO SHIPPING Finance recorded net assets of approximately RMB24.7 billion and RMB24.5 billion as at 31 December 2024 and 30 June 2025, respectively. We have also reviewed the annual risk management assessment report for the year ended 31 December 2024 (the “**2024 Assessment Report**”) prepared by COSCO SHIPPING Finance which, among others, summarised the current financial positions of COSCO SHIPPING Finance. We note from the 2024 Assessment Report that as at 31 December 2024, various financial ratios of COSCO SHIPPING Finance were in compliance with the regulations 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 NAFR. Based on the current financial position of COSCO SHIPPING Finance, we concur with Directors’ view that the Group would not be exposed to high credit risks for the receipt of financial services from COSCO SHIPPING Finance. In addition, we have enquired with the management of the Company and understand that COSCO SHIPPING Finance has no track record on historical defaults in the previous deposit transactions. Further, we have reviewed the capital risk control measures adopted by the Group in respect of the deposits under the 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 Financial Services Agreement, and the credit risk involved in the underlying transactions is low.

Having taking into consideration that (i) COSCO SHIPPING Finance has been providing financial services to the Group for years and generally have better and more efficient communication with the Group as compared with other independent banks and financial institutions; (ii) the Group have the flexibility and is not obliged to use COSCO SHIPPING Finance’s services; (iii) the Group would not be exposed to high credit risks for the receipt of financial services from COSCO SHIPPING Finance, as COSCO SHIPPING Finance is approved by NAFR and has sound financial ability given that (a) various financial ratios of COSCO SHIPPING Finance were in compliance with the regulations based on our review on the 2024 Assessment Report; and (b) COSCO SHIPPING Finance has no track record on historical defaults in the previous deposit transactions; and (iv) the Group has adopted capital risk control measures to conduct assessment on the operating qualifications,



business and risks of COSCO SHIPPING Finance, we therefore concur with the Directors' view that the entering into of the Financial Services Agreement is in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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

4.2.1 Terms

The initial term of the Financial Services Agreement shall be three years from 1 January 2026 to 31 December 2028.

4.2.2 Pricing policy in respect of the deposit services under the Financial Services Agreement

In respect of the deposit services provided by COSCO Finance to the Group under the Financial Services Agreement, as stated in the Letter from the Board, COSCO SHIPPING Finance shall, in compliance with the interest rates policy requirements of the PBOC, provide deposit services to the Group at interest rates not lower than the rates offered by the major and independent third-party commercial banks in the service location or adjacent areas on normal commercial terms for such types of deposits.

In order to assess the fairness and reasonableness of the terms of the Financial Services Agreement, we have obtained and compared the interest rates offered by COSCO SHIPPING Finance in 2024 with the interest rates offered by independent commercial banks in the PRC for similar type of deposits (i.e. 7 day notice deposits) (the "Interest Rate Comparison"). After taking into consideration that (i) the independent commercial banks are the most representative banks in the PRC; (ii) the interest rates offered by independent commercial banks are quoted on their respective websites for public referencing, we consider that such comparables are fair and representative. We noted that the interest rates offered by COSCO SHIPPING Finance were no less favourable than those offered by independent commercial banks in the PRC for similar types of deposits.

Further, we have reviewed the 2023 Annual Report and 2024 Annual Report and noted that both the auditor of the Company and the independent non-executive Directors confirmed that, among others, the terms of the deposit services under the Existing Master Financial Services Framework Agreement were conducted on normal commercial terms and in accordance with the relevant pricing policies. In addition, we have reviewed the (i) relevant internal control measures and (ii) guarantee letter issued by COSCO SHIPPING to the Company, in respect of the Financial Services Agreement regarding several guarantees, and the details of which are set out in the Letter from the Board.

Based on the aforesaid and our review on the Interest Rate Comparison as mentioned above, we consider that the Company has followed the internal control measures before placing deposits with COSCO SHIPPING Finance and hence, we concur with the Directors' view that, with the aforementioned internal control measures being taken place, and with the guarantee letter issued by COSCO SHIPPING as mentioned above, the Group is able to ensure the deposit services are to



be provided on normal commercial terms or better and the Group's interests can be sufficiently safeguarded. As such, we concur with the view of the Directors that the terms of the Financial Services Agreement in respect of deposit services are entered into on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

4.2.3 Proposed Annual Caps for the Major and Continuing Connected Transaction

The table below sets out the Proposed Annual Caps for the provision of deposit services by COSCO SHIPPING Finance to the Group under the Financial Services Agreement for the three years ending 31 December 2028:

The Major and Continuing Connected Transaction	Proposed Annual Caps for the three years ending 31 December 2028		
	2026 (RMB'000)	2027 (RMB'000)	2028 (RMB'000)
Deposit services ⁽¹⁾	18,000,000	19,000,000	20,000,000

Note:

- (1) Estimated based on the peak value of deposits (including accrued interest and handling fees) held by the Group in COSCO SHIPPING Finance.

As stated in the Letter from the Board, in arriving at the Proposed Annual Caps for the deposit services to be provided by COSCO SHIPPING Finance to the Group under the 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 2023 and 2024 and the six months ended 30 June 2025 which had not fully utilised the previous annual caps mainly because the Company has utilised deposit limits based on its funding plan and project progress, which has been largely in line with its actual funding position; (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 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, 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; and (vi) pursuant to the Financial Services Agreement, the Group has full discretion to withdraw all funds under the deposit services of the Financial Services Agreement on an as-needed basis without any restriction.



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 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 RMB13.5 billion, which represents approximately 67.4% of the highest Proposed Annual Cap. Hence, the Directors consider that and we concur that the historical transaction amount is an appropriate reference in determining the Proposed Annual Caps with the assumption that the transaction volume would reach the similar historical level;
- We also understand that the Company has also considered that the financing demands of the Group will also increase along with the expected expansion of the Group's business in the coming years. As discussed in the above paragraphs headed "3.2.4 Proposed Annual Caps for the Master Operating Lease Services Agreement in respect of services to be provided by the Group" and "3.2.6 Proposed Annual Caps for the Master Containers Services Agreement in respect of 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 and as 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;
- In addition, we have reviewed the 2025 Interim Report and noted that in terms of the container leasing and manufacturing market, overall market demand is steadily being released while showing certain fluctuations. The growth of new shipping capacity in the container transportation industry, the demand for old container renewal, and the expansion of multi-scenario container applications still provided a strong support for the container market. In terms of the ship leasing market, the demand for ship leasing is subject to the combined influence of multiple factors, including the global economic environment, trade policies and interest rates in the capital market. Meanwhile, the green and low carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has further increased. As such, this suggests that there is a demand of the Group's vessel leasing as well as containers leasing or sales which provide a support to the business expansion of the Group and hence demand for the financial services from COSCO SHIPPING Finance;

- We have reviewed the Group's third quarterly report published on 30 October 2025 and noted that there was significant cash inflow and/or outflow from its operating activities, investing activities and financing activities. During nine months ended 30 September 2025, (i) the cash inflow from operating activities amounted to approximately RMB20.7 billion while the cash outflow from operating activities amounted to approximately RMB18.0 billion; and (ii) cash inflow from financing activities amounted to approximately RMB48.9 billion while the cash outflow from financing activities amounted to approximately RMB46.9 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 in normal operations. Moreover, as at 30 September 2025, the cash position of the Group amounted to approximately RMB12.5 billion as per the Group's third quarterly report published on 30 October 2025, which accounted for approximately 62.5% of the highest Proposed Annual Caps of RMB20.0 billion for the three years ending 31 December 2028; and
- We also understand that in arriving the Proposed Annual Caps for the deposit services under the Financial Services Agreement, the Directors have also taken into consideration the anticipated fluctuations in the exchange rate of RMB against USD. In light of this, we have 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 and noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 7.6% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Further, as advised by the management of the Company, as at the Latest Practicable Date, most of the cash is deposited within COSCO SHIPPING Finance and it is the Group's intention to continue to centralise its subsidiaries as well as joint ventures' capital with an aim to increase management efficiency. As such, taking into consideration that (i) the potential business expansion of the Group; (ii) the settlement of the newly built vessels in the coming three years; and (iii) the demand on the working capital and the borrowings will also increase along with the business expansion, it is expected that there will be an increasing demand on the deposit services from COSCO SHIPPING Finance, and hence we concur with the Directors' view that the Proposed Annual Caps for the deposit services will better accommodate the current cash and cash equivalents balance and provide an option for the Group to flexibly manage its surplus cash from operation in the future.

In light of the above, we are of the view that the Proposed Annual Caps for the deposit services under the Financial Services Agreement for the three years ending 31 December 2028 are determined based on reasonable estimations and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

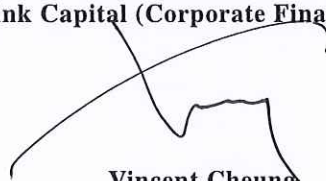


RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that the entering into of the (i) 2025 Second Heavy Industry Shipbuilding Contracts; (ii) the Non-exempt Continuing Connected Transactions and (iii) the Major and Continuing Connected Transaction is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole, and the terms of the (i) 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the (i) 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder and (ii) the Non-exempt Continuing Connected Transactions and the Major and Continuing Connected Transaction and their respective Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Goldlink Capital (Corporate Finance) Limited



Vincent Cheung
Managing Director

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

* for identification purposes only