Gram Capital Limited
嘉林資本有限公司

13 October 2025

*To: The independent board committee and the independent shareholders of COSCO SHIPPING Holdings Co., Ltd.**

Dear Sir/Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 13 October 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 August 2025 (the "**Agreement Date**"):

- the Company and COSCO SHIPPING entered into the COSCO SHIPPING Master Agreements in respect of certain transactions, the nature of which is similar to the transactions under the Existing COSCO SHIPPING Master Agreements, for a term of three years from 1 January 2026 to 31 December 2028, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied.

- the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement in relation to, among others, the provision of deposit services by COSCO SHIPPING Finance to the Company and its subsidiaries and associates, for a term of three years from 1 January 2026 to 31 December 2028, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied.

With reference to the Board Letter, the Non-exempt Continuing Connected Transactions are subject to the requirements of reporting, annual review, announcement and Independent Shareholders' approval under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Prof. MA, Si Hang Frederick, Mr. SHEN Dou and Ms. HAI Chi-yuet (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Non-exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Non-exempt Continuing Connected Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of the discloseable and connected transactions of the Company, details of which are set out in the Company's circular dated 29 October 2024. Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Non-exempt Continuing Connected Transactions. We consider that we have taken sufficient and necessary steps (including review of the Group's financial information for the year ended 31 December 2024 and the six months ended 30 June 2025 (together with comparative figures), the Master

Shipping Services Agreement, the Master Vessel and Container Asset Services Agreement, the Master Financial Services Agreement, the past transaction documents/records in relation to the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps, and discussion with the Company's management) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, COSCO SHIPPING, COSCO SHIPPING Finance, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Non-exempt Continuing Connected Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Non-exempt Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Company was established in the PRC on 3 March 2005 and the Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2024 and the six months ended 30 June 2025 as extracted from the Company's annual report for the year ended 31 December 2024 ("**2024 Annual Report**") and the Company's interim report for the six months ended 30 June 2025 ("**2025 Interim Report**"):

	For the six months ended 30 June 2025 ("1H2025") *RMB'000* *(unaudited)*	For the six months ended 30 June 2024 ("1H2024") *RMB'000* *(unaudited)*	Change from 1H2024 to 1H2025 %	For the year ended 31 December 2024 ("FY2024") *RMB'000* *(audited)*	For the year ended 31 December 2023 ("FY2023") *RMB'000* *(audited)*	Change from FY2023 to FY2024 %
Revenues	109,099,344	101,224,495	7.78	233,859,079	175,452,975	33.29
– Container shipping business	*104,758,968*	*97,460,096*	*7.49*	*225,890,689*	*168,044,636*	*34.42*
– Container terminal business	*4,340,376*	*3,764,399*	*15.30*	*7,968,390*	*7,408,339*	*7.56*
Gross profit	22,428,974	23,165,394	(3.18)	67,683,856	27,601,238	145.22
Profit attributable to equity holders of the Company	17,527,589	16,870,109	3.90	49,172,465	23,860,169	106.09

The Group's revenues increased from approximately RMB175.5 billion for the year ended 31 December 2023 ("**FY2023**") to approximately RMB233.9 billion for the year ended 31 December 2024 ("**FY2024**"), representing an increase of approximately 33.29%; and the Group's revenue increased from approximately RMB101.2 billion for 1H2024 to approximately RMB109.1 billion for 1H2025, representing an increase of approximately 7.78%, primarily attributable to the increase in revenue from container shipping business. The Group's revenues from container shipping business accounted for approximately 95.78%, 96.59% and 96.02% of the Group's revenues for FY2023, FY2024 and 1H2025, respectively.

As a result of the increase in the Group's revenues and gross profit for FY2024, as partially offset by decrease in other income, increase in selling, administrative and general expenses and increase in income tax expenses, the profit attributable to equity holders of the Company for FY2024 increased by approximately 106.09% as compared to that for FY2023.

Notwithstanding the increase in the Group's revenues for 1H2025, the Group's gross profit for 1H2025 slightly decreased by approximately 3.18% as compared to that for 1H2024. With reference to the 2025 Interim Report, such decrease was mainly due to increase in equipment and cargo transportation costs and vessel costs. The Group's profit for 1H2025 attributable to equity holders of the Company increased by approximately 3.90% as compared to that for 1H2024. With reference to the 2025 Interim Report, such increase was mainly attributable to the increase in other income.

As at 30 June 2025, the Group's cash and cash equivalents and net assets were approximately RMB169.1 billion and RMB282.9 billion respectively.

Information on COSCO SHIPPING

With reference to the Board Letter, COSCO SHIPPING is a state-owned enterprise wholly-owned and controlled by SASAC. The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel, maritime engineering etc. As at the Latest Practicable Date, COSCO SHIPPING and its associates controlled or were entitled to exercise control over approximately 45.25% of the total issued share capital of the Company. COSCO SHIPPING is the indirect controlling Shareholder and therefore members of the COSCO SHIPPING Group (including COSCO SHIPPING Finance) are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules.

Information on COSCO SHIPPING Finance

With reference to the Board Letter, COSCO SHIPPING Finance is a company established in the PRC, and is a limited liability company established with the approval of the former China Banking and Insurance Regulatory Commission. It was established by way of joint capital contribution by COSCO SHIPPING and its subsidiaries as members, with COSCO SHIPPING being the de facto controller. It is principally engaged in the provision of financial services to the abovementioned members. As at the Latest Practicable Date, the Company directly and indirectly held 22.9688% of the equity interests in COSCO SHIPPING Finance and was the second largest shareholder of COSCO SHIPPING Finance.

As advised by the Directors, COSCO SHIPPING Finance is required to operate in compliance with the Administrative Measures for the Finance Company of Enterprise Group* (《企業集團財務公司管理辦法》, the "**Administrative Measures**") issued by National Financial Regulatory Administration. According to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group members. The Administrative Measures set out certain compliance and risk control requirements in relation to the operation of group finance companies, including maintaining certain financial ratios at all time.

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The table below sets out the key financial ratio requirements of the Administrative Measures and the respective financial ratios of COSCO SHIPPING Finance for FY2023 and FY2024 as provided by the Company:

Financial ratio	**Requirements**	**Financial ratios of COSCO SHIPPING Finance for FY2024**	**Financial ratios of COSCO SHIPPING Finance for FY2023**
		Lowest during the respective period	
Capital adequacy ratio	Not less than 10.5%	22.30%	24.23%
Current ratio	Not less than 25%	46.41%	56.06%
		Highest during the respective period	
Off-balance sheet liabilities to net equity	Not higher than 100%	Nil	Nil
Bills acceptance balance to inter-bank deposit balance	Not higher than 300%	1.92%	2.04%
Total investment to net capital ratio	Not higher than 70%	23.45%	23.91%
Fixed assets to net equity ratio	Not higher than 20%	0.01%	0.01%
Non-performing loan ratio	Not more than 5%	Nil	Nil

As shown in the above table, COSCO SHIPPING Finance had complied with the relevant key financial ratio requirements as set out in the Administrative Measures. Furthermore, the Directors also advised us that, (1) COSCO SHIPPING Finance and its businesses comply with applicable laws and regulations; and (2) since COSCO SHIPPING Finance's incorporation, it had not experienced any (i) bank-run; (ii) inability to settle debts that fall due; (iii) substantial amount of loan overdue; (iv) serious computer system malfunction; (v) bank heist or being defrauded; or (vi) involvement of serious disciplinary or criminal cases by senior management.

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

As aforementioned, the Group's container shipping business accounted for majority of the Group's revenues. COSCO SHIPPING Group and the Group have been providing the necessary supporting shipping services to each other since the establishment of the Group. The shipping services to be provided by the COSCO SHIPPING Group under the Master Shipping Services Agreement mainly include vessel fuel, vessel materials and related repairing services, vessel safety management and technical consultancy services for vessels, which are essential to the Group's businesses and operations and are conducted in the Group's ordinary and usual course of business.

With reference to the Board Letter, in view of the rapid expansion and development of both international and domestic container transportation market, improving shipping route network layout as well as good corporate brand and creditworthiness of the COSCO SHIPPING Group, the Directors believe that the continuing long-term collaboration in respect of the vessel and container asset leasing and container manufacturing services between the Group and the COSCO SHIPPING Group would decrease operating costs and achieve advantages complementation, as well as achieve synergy in the domestic and international shipping market. The Directors believe that the entering into the Master Vessel and Container Asset Services Agreement can provide flexibility to the Company's business operations as it enables the Company to react timely to demand for container shipping by being able to lease additional vessels, cabins and containers from the COSCO SHIPPING Group.

With reference to the Board Letter, facing rising uncertainties in the global macro environment, sufficient cash reserves will help the Group to enhance its ability to resist risks and stabilize cyclical fluctuations, and seize potential industrial opportunities to achieve high quality and sustainable development. The services under the Existing Financial Services Agreement and the Master Financial Services Agreement (including the deposit services thereunder) will serve the strategic development goals of the Company, and enable the Company to manage and control the capital and to leverage the capital value.

As at the Latest Practicable Date, the Group held approximately 22.9688% of the equity interests in COSCO SHIPPING Finance and is the second largest shareholder of COSCO SHIPPING Finance. Therefore, reaping the economic benefits brought by the service improvement of COSCO SHIPPING Finance, the Group can participate in the decision-making process of COSCO SHIPPING Finance, to exert certain level of influence on its operation and gain more effective support for building capacity of shipping supply chain based on globalization and digitalization of the Group. COSCO SHIPPING Finance, being an intra-group financial services provider, generally has better and more efficient communication with the Company and its subsidiaries compared with independent banks and financial institutions. The Company and its subsidiaries may negotiate more favorable terms with COSCO SHIPPING Finance compared with other commercial banks.

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As depicted from the section headed "Information on the Group" above, the Group's revenue from container shipping business for FY2024 increased by approximately 33.29% as compared to that for FY2023; and the Group's revenue from container shipping business for 1H2025 amounted to approximately RMB104.8 billion, representing an increase of approximately 7.49% as compared to that for 1H2024. We also noted from the 2024 Annual Report and the 2025 Interim Report that (i) the Group's net cash generated from operating activities increased from approximately RMB22.6 billion for FY2023 to approximately RMB69.3 billion for FY2024; and (ii) the Group recorded net cash generated from operating activities of approximately RMB25.8 billion for 1H2025, representing an increase of approximately 13.78% as compared to that for 1H2024.

Industry overview

Set out below are the volume of freight transported through maritime transportation of the PRC during the five years ended 31 December 2024 published by the National Bureau of Statistics of the PRC:

	2020	**2021**	**2022**	**2023**	**2024**
Volume of freight transported through maritime transportation of the PRC *(approximate billion tons)*	7.6	8.2	8.6	9.4	9.8
Total volume of freight transported of the PRC *(approximate billion tons)*	47.4	53.0	51.5	55.7	57.8

As shown in the table above, there was year-on-year increase in the volume of freight transported through maritime transportation of the PRC for each of the year 2021, 2022, 2023 and 2024. The volume of freight transported through maritime transportation of the PRC increased from approximately 7.6 billion tons in 2020 to approximately 9.8 billion tons in 2024, representing a compound annual growth rate of approximately 5.18%.

Set out below are the freight turnover of maritime transport (being the product of the quantity of freight (in tons) multiply by the distance of the transport (in kilometres)) of the PRC during the five years ended 31 December 2024 published by the National Bureau of Statistics of the PRC:

	2020	**2021**	**2022**	**2023**	**2024**
Freight turnover of maritime transport of the PRC *(billion ton-km)*	10,583.4	11,557.8	12,100.3	12,995.2	14,142.3

As shown in the table above, there was year-on-year increase in the freight turnover of maritime transport of the PRC during each of the year 2021, 2022, 2023 and 2024. The volume of freight turnover of maritime transport of the PRC increased from approximately 10,583.4 billion ton-km in 2020 to approximately 14,142.3 billion ton-km in 2024, representing a compound annual growth rate of approximately 7.52%.

Set out below are the average China Containerized Freight Index ("CCFI") during the five years ended 31 December 2024, published by the Ministry of Transport of the PRC:

	2020	**2021**	**2022**	**2023**	**2024**
Average CCFI	984.42	2,615.54	2,792.14	937.29	1,550.59

As shown in the table above, there was year-on-year increase in the average CCFI during each of the year 2021 and 2022. Although the average CCFI for the year 2023 decreased significantly as compared to that for the year 2022, the average CCFI recovered to 1,550.59 for the year 2024, representing a compound annual growth rate of approximately 12.03% as compared to that for the year 2020.

The above statistics demonstrate the growth potential of the shipping market.

Having considered the above, in particular, the Group's financial performance and the growth potential of the shipping market, we consider that the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Non-exempt Continuing Connected Transactions

(1) Provision of shipping services by the COSCO SHIPPING Group under the Master Shipping Services Agreement ("Purchase of Shipping Services")

On 28 August 2025, the Company and COSCO SHIPPING entered into the Master Shipping Services Agreement in relation to the mutual provision of shipping services between the Group and the COSCO SHIPPING Group.

Parties

(i) the Company; and

(ii) COSCO SHIPPING

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Nature of transaction

The mutual provision of the following port and other related services between the Group and the COSCO SHIPPING Group:

(i) vessel fuel;

(ii) vessel materials and related repairing services;

(iii) vessel safety management, technical consultancy services for vessel and shipbuilding supervision technology services;

(iv) vessel lubricants, paint for vessel and warehouse maintenance paint, sea chart and vessel parts;

(v) vessel repairing, conversion and shipbuilding supervision services;

(vi) radio communication equipment reservation, repairing and installation;

(vii) provision and repairing of vessel equipment services;

(viii) brokerage services in respect of vessel trade and vessel insurance and brokerage services;

(ix) container loading and unloading, depot, towage, storage, tallying, repairing, sealing and disposal services;

(x) leasing of chassis vehicles and electricity generators;

(xi) seamen leasing, management, training and related services;

(xii) freight, slot booking, logistics, custom clearance, vessel agency, cargo canvassing, documentation, collections and payments of shipping freights and other related services;

(xiii) handling of shipping-related disputes and cases; and

(xiv) other vessels, containers and shipping-related services.

Pricing policies

The services fees charged under the Master Shipping Services Agreement will be determined with reference to the prevailing market price, being the price charged by independent third parties providing similar types of services in their ordinary course of business in the same or nearby area based on normal commercial terms, and in accordance with the principle of fairness and reasonableness. Such prevailing market price is usually based on historical prices quoted by independent third parties in recent three years or the public price rates published by governments or third-party trading platforms (if applicable), the Company will also obtain such prevailing market price through quotation or competitive negotiation to be provided or participated by at least three independent third-party suppliers, or bidding procedure for certain projects prior to their commencement pursuant to relevant internal rules and management measures of the Company.

In the event that the type or amount of services to be procured meets the bidding standards specified in the Tendering and Procurement Rules (《招標採購工作細則》) of the Group, the Company and/or the relevant member of the Group will conduct a qualification review of potential suppliers for procurement services proposed for public bidding 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》). Suppliers that pass the qualification review will directly obtain supplier status for the Group.

For our due diligence purpose, the Company provided us with a summary of the Purchase of Shipping Services for FY2023 and FY2024. From the aforesaid summary, we randomly selected and the Company provided us three sets of transaction documents in respect of the Purchase of Shipping Services (being purchase of vessel fuel which the market prices could be obtained from public sources) during FY2023 and FY2024. After comparing the aforesaid transaction documents and the then prevailing market rates of vessel fuel, we noted that the fee rates charged by the COSCO SHIPPING Group to the Group were not higher than the then prevailing market rates.

With reference to the Board Letter, the Company has adopted certain internal control procedures to ensure the transactions with connected persons are conducted in accordance with the pricing policy, details of which are set out in the section headed "6. Internal Control Procedures" of the Board Letter. Having considered that (i) the Company will regularly examine the pricing of, among others, the Purchase of Shipping Services on a yearly basis to ensure that they are conducted in accordance with the pricing terms thereof; and (ii) the Company may request for written documents to be provided by COSCO SHIPPING Group to demonstrate that their transactions pricing complies with the pricing terms as stipulated in the Master Shipping Services Agreement and that the prices offered by COSCO SHIPPING Group to the Group are not less favourable to the Group than those offered to other independent third parties for similar type of services and goods, we are of the view that the internal control procedures are sufficient, and the effective implementation of which will ensure the fair pricing of the Purchase of Shipping Services.

With reference to the 2024 Annual Report, the Company's auditor was engaged to report on the continuing connected transactions (including the Purchase of Shipping Services under the Existing Master Shipping Services Agreement) for FY2024. The Company's auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules (the "**Auditor's Confirmation**"). The independent non-executive Directors also reviewed the continuing connected transactions (including the Purchase of Shipping Services under the Existing Master Shipping Services Agreement) for FY2024 and confirmed that these transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole (the "**INEDs' Confirmation**").

Based on our findings on the pricing of the Purchase of Shipping Services as detailed above, the Auditor's Confirmation and the INEDs' Confirmation, we do not doubt the effectiveness of the internal control procedures for the Purchase of Shipping Services.

Proposed annual caps

Set out below are (i) the historical transaction amount in relation to the Purchase of Shipping Services for the three years ending 31 December 2025, together with the existing annual caps; and (ii) the proposed annual caps for the Purchase of Shipping Services for the three years ending 31 December 2028:

	For the year ended 31 December 2023 *RMB'000*	**For the year ended 31 December 2024** *RMB'000*	**For the year ending 31 December 2025** *RMB'000*
Historical transaction amount	26,650,535	28,058,386	12,963,887 *(Note)*
Existing annual caps	48,000,000	50,000,000	53,000,000
Utilization rate	55.52%	56.12%	24.46% *(Note)*

	For the year ending 31 December 2026 *RMB'000*	**For the year ending 31 December 2027** *RMB'000*	**For the year ending 31 December 2028** *RMB'000*
Proposed annual caps	48,000,000	50,000,000	53,000,000

Note: for the six months ended 30 June 2025.

With reference to the Board Letter, the proposed annual caps for the Purchase of Shipping Services were determined with reference to (i) the historical transaction amounts for the two years ended 31 December 2024 and the six months ended 30 June 2025; (ii) the expected increase in demand for shipping services based on the total transportation capacity of the Group's current newbuilding vessel delivery plan of 656,000 TEUs during the period from 2026 to 2028; and (iii) a reasonable buffer to cater for (1) the expected fuel prices and volatility; and (2) the anticipated exchange rate fluctuations.

According to the above table, the utilization rates of the historical annual caps were approximately 55.52% for FY2023 and 56.12% for FY2024. The Company had downward adjusted the proposed annual caps for FY2026 and FY2027 as compared to the existing annual cap for FY2025; and the proposed annual cap for FY2028 remained the same as the existing annual cap for FY2025. Despite the low utilisation of the existing annual caps , as advised by the Directors, the proposed annual caps for the three years ending 31 December 2028 represent possible growing demand for Purchase of Shipping Services in light of the Group's business growth.

Given the amounts of Purchase of Shipping Services are relating to the demand for the Group's container shipping services, we reviewed the 2024 Annual Report and the 2025 Interim Report and noted that the Group's revenue from container shipping business amounted to approximately RMB233.9 billion and RMB104.8 billion for FY2024 and 1H2025 respectively, representing an increase of approximately 33.29% and 7.49% respectively, as compared to those for the previous year/period. We also noted that the average CCFI was approximately 1,550.59 in 2024 as compared to approximately 984.42 in 2020, representing a compound annual growth rate of approximately 12.03%. The year-on-year growth rates of the proposed annual caps (i.e. approximately 4% from FY2026 to FY2027 and approximately 6% from FY2027 to FY2028) were not overestimated in this respect.

As noted from the 2024 Annual Report, the Group's cost of services related to container shipping business were approximately RMB139.6 billion for FY2023 and approximately RMB157.1 billion for FY2024, indicating the Group's possible demand for the shipping services under the Master Shipping Agreement. Furthermore, based on the Group's transportation capacity of approximately 3.3 million TEUs as at 31 December 2024 and the Group's cost of services related to container shipping business of RMB157.1 billion for FY2024, the Group's new shipbuilding orders with the total transportation capacity of 656,000 TEU to be delivered during the period from 2026 to 2028 implied substantial additional annual demands for shipping services.

In respect of the expected fuel prices and volatility, we searched on Wind Financial Terminal for the historical closing price of Brent crude oil (which vessel fuels originate from upon refinery) during the period from 1 September 2022 up to the Agreement Date, being a period of approximately three years prior to and including the Agreement Date (the "**Review Period**") as quoted on the Intercontinental Exchange. We noted that the closing price of Brent crude oil fluctuated between the lowest of US$60.25 per barrel as recorded on 5 May 2025 and the highest of US$98.75 per barrel as recorded on 4 November 2022. The highest closing price of Brent crude oil was approximately 63.90% higher than the lowest closing price of Brent crude oil during the Review Period.

In respect of the anticipated exchange rate fluctuation, as further advised by the Directors, certain types of the transactions under the Master Shipping Services Agreement are denominated in US Dollar. We searched for the exchange rates of US Dollar to RMB during the Review Period as quoted on the website of State Administration of Foreign Exchange of the PRC. We noted that the highest exchange rate of US Dollar to RMB during the Review Period represented a premium of approximately 8.08% over the lowest exchange rate of US Dollar to RMB during the Review Period.

In light of the above, we are of the view that the proposed annual caps for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of costs or expenses to be incurred from the Purchase of Shipping Services. Consequently, we express no opinion as to how closely the actual costs or expenses to be incurred from the Vessels and Containers Services will correspond with the proposed annual caps.

Having considered the principal terms of the Purchase of Shipping Services as set out above, we consider the terms of the Purchase of Shipping Services (including the proposed annual caps) to be fair and reasonable.

(2) Leasing of vessels and containers and services of manufacture of containers under the Master Vessel and Container Asset Services Agreement (the "Vessels and Containers Services")

On 28 August 2025, the Company and COSCO SHIPPING entered into the Master Vessel and Container Asset Services Agreement in relation to, among other things, the leasing of vessels and containers and services of manufacture of containers provided by the COSCO SHIPPING Group to the Group.

Parties

(i) the Company; and

(ii) COSCO SHIPPING

Nature of transaction

The COSCO SHIPPING Group shall provide the leasing of vessels, cabins and containers and the services of purchase and manufacture of containers to the Group.

Pricing policy

The fees payable by the Group under the Master Vessel and Container Asset Services Agreement shall be determined with reference to the prevailing market price, being the price charged by independent third parties providing similar types of products and/or services in their ordinary course of business in the same or nearby area based on normal commercial terms, and in accordance with the principle of fairness and reasonableness.

For our due diligence purpose, the Company provided us with a summary of the transactions in relation to the Vessels and Containers Services for FY2023 and FY2024. From the aforesaid summary, we randomly selected and the Company provided us three sets of transaction documents in respect of the provision of Vessels and Containers Services by the COSCO SHIPPING Group to the Group during FY2023 and FY2024, together with three sets of transaction documents between the Group and independent third parties in respect of transactions that are comparable to the Vessels and Containers Services during FY2023 and FY2024.

After comparing the aforesaid transaction documents, we noted that the service fee rates charged by the COSCO SHIPPING Group to the Group for the provision of Vessels and Containers Services were not higher than those charged by independent third parties.

With reference to the Board Letter, the Company has adopted certain internal control procedures to ensure the transactions with connected persons are conducted in accordance with the pricing policy, details of which are set out in the section headed "6. Internal Control Procedures" of the Board Letter. Having considered that (i) the Company will regularly examine the pricing of, among others, the provision of Vessels and Containers Services by the COSCO SHIPPING Group on a yearly basis to ensure that they are conducted in accordance with the pricing terms thereof; and (ii) the Company may request for written documents to be provided by COSCO SHIPPING Group to demonstrate that their transactions pricing complies with the pricing terms as stipulated in the Master Vessel and Container Asset Services Agreement and that the prices offered by COSCO SHIPPING Group to the Group are not less favourable to the Group than those offered to other independent third parties for similar type of services and goods, we are of the view that the internal control procedures are sufficient, and the effective implementation of which will ensure the fair pricing of the transactions contemplated under then Master Vessel and Container Asset Services Agreement.

With reference to the 2024 Annual Report, the Company's auditor was engaged to report on the continuing connected transactions (including the transactions under the Existing Master Vessel and Container Asset Services Agreement) for FY2024. The Company's auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules (i.e. the Auditor's Confirmation). The independent non-executive Directors also reviewed the continuing connected transactions (including the transactions under the Existing Master Vessel and Container Asset Services Agreement) for FY2024 and confirmed that these transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole (i.e. the INEDs' Confirmation).

Based on our findings on the pricing of the Vessels and Containers Services as detailed above, the Auditor's Confirmation and the INEDs' Confirmation, we do not doubt the effectiveness of the internal control procedures for the pricing of the Vessels and Containers Services.

Proposed annual caps

Set out below are (i) the historical transaction amount in relation to the provision of Vessels and Containers Services by the COSCO SHIPPING Group to the Group for the three years ending 31 December 2025, together with the existing annual caps; and (ii) the proposed annual caps for the provision of Vessels and Containers Services for the three years ending 31 December 2028:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the year ending 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amount	2,140,019	4,135,566	3,055,019 *(Note)*
Existing annual caps	12,000,000	16,000,000	22,000,000
Utilization rate	17.83%	25.85%	13.89% *(Note)*

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	For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	20,000,000	22,000,000	24,000,000

Note: for the six months ended 30 June 2025.

With reference to the Board Letter, the proposed annual caps were determined with reference to (i) the historical transaction amounts for the two years ended 31 December 2024 and the six months ended 30 June 2025; (ii) the expected demand for leasing of vessels and containers and the manufacture of containers, taking into account the expansion of the Group's business scale and the expected demand based on the Group's business plan for 2026 to 2028; and (iii) a reasonable buffer to cater for (1) the anticipated fluctuations in the exchange rate of RMB against the US Dollar; and (2) the expected fluctuations in the market rents of vessel and container.

According to the above table, the utilization rates of the historical annual caps were approximately 17.83% for FY2023 and 25.85% for FY2024. Although the utilisation rates of the historical annual caps were at relatively low levels, the proposed annual caps for the three years ending 31 December 2028 remained at similar level as that for the year ending 31 December 2025.

As advised by the Directors, the proposed annual caps for the three years ending 31 December 2028 represent the Group's possible demand for Vessels and Containers Services (mainly consist of the leasing and purchasing of containers) in light of the Group's business growth. As noted from the 2024 Annual Report and 2025 Interim Report, (i) the Group's shipping volume increased by approximately 10.12% from approximately 23.6 million TEUs for FY2023 to approximately 25.9 million TEUs for FY2024; and (ii) the Group's shipping volume increased by approximately 6.59% from approximately 12.5 million TEUs for 1H2024 to approximately 13.3 million TEUs for 1H2025. Furthermore, the Group's self-operating fleets increased from 502 vessels with total shipping capacity of approximately 3.04 million TEUs as at 31 December 2023 to 538 vessels with total shipping capacity of approximately 3.32 million TEUs as at 31 December 2024, and further increased to 557 vessels with a total shipping capacity of approximately 3.40 million TEUs as at 30 June 2025.

We understood from the Directors that the estimated transaction amounts for the leasing and manufacturing of containers were determined based on (i) the estimated number of containers to be leased by the Group from COSCO SHIPPING Group and the estimated number of containers to be manufactured by COSCO SHIPPING Group for the

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Group for each of the three years ending 31 December 2028, which were determined with reference to the Group's demand for new containers and the expansion of the Group's business scale; and (ii) the estimated fee rates.

We noted from the 2024 Annual Report and the 2025 Interim Report that (i) as at 31 December 2024, the aggregate capacity of the Group's self-operated container fleet size reached 538 vessels with a capacity of approximately 3.32 million TEUs; and (ii) as at 30 June 2025, the aggregate capacity of the Group's self-operated container fleet size reached 557 vessels with a capacity of approximately 3.4 million TEUs. As noted from the 2024 Annual Report, the Group's shipping volume increased from approximately 23.6 million TEUs for FY2023 to approximately 25.9 million TEUs for FY2024, representing an increase of approximately 10.12%.

We also noted from the 2024 Annual Report that the Group had recorded (i) additions to containers of approximately RMB2.5 billion for FY2024; and (ii) vessel costs relating to short-term lease and lease with low value assets (consisted of leasing of containers and vessels) of approximately RMB8.0 billion for FY2024. Furthermore, we noted from the Board Letter that the Group expects that 36 vessels, representing 656,000 TEUs, shall be delivered during the period from 2026 to 2028, indicating the Group's additional demand for Vessels and Containers Services (which mainly consist of the leasing and purchasing of containers) when such vessels come into service.

We noted from the 2024 Annual Report that the Group and the partners of OCEAN Alliance (an alliance formed by the members of the Group (namely, COSCO SHIPPING Lines Co., Ltd. and Orient Overseas Container Line Limited) with two other container shipping service providers had agreed to extend their collaboration until 2032. In March 2024, the Ocean Alliance launched the new "DAY8" route product and a total of approximately 355 vessels with a capacity of around 4.82 million TEUs have been put into operation, providing over 480 direct port-to-port services. In January 2025, the Ocean Alliance launched the "DAY9" services products with a collaborative capacity exceeding 5 million TEUs to provide 41 East-West services and over 520 direct port-to-port services.

In light of the above, the Group expects increasing demand for containers to be leased from or manufactured by the COSCO SHIPPING Group.

In respect of the estimated fee rates, the Company expects the fee rates to grow alongside with the growth in CCFI. As detailed in the section headed "Reasons for and benefits of the Non-exempt Continuing Connected Transactions" above, the average CCFI was approximately 1,550.59 in 2024 as compared to approximately 984.42 in 2020, representing a compound annual growth rate of approximately 12.03%. The year-on-year growth rates of the proposed annual caps (i.e. 10% from FY2026 to FY2027 and approximately 9% from FY2027 to FY2028) were not overestimated in this respect.

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In light of the above, we are of the view that the proposed annual caps for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of costs or expenses to be incurred from the Vessels and Containers Services. Consequently, we express no opinion as to how closely the actual costs or expenses to be incurred from the Vessels and Containers Services will correspond with the proposed annual caps.

Having considered the principal terms of the Vessels and Containers Services as set out above, we consider the terms of the Vessels and Containers Services (including the proposed annual caps) to be fair and reasonable.

(3) Deposit Services under the Master Financial Services Agreement

On 28 August 2025, the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement in relation to the provision of certain financial services by COSCO SHIPPING Finance to the Company and its subsidiaries and associates.

Parties

(i) the Company; and

(ii) COSCO SHIPPING Finance

Nature of transaction

COSCO SHIPPING Finance will provide the Company, its subsidiaries and associates with certain financial services, including the following:

(i) deposit services;

(ii) credit services (including loans, acceptance and discounting, guarantee letters, and other services);

(iii) clearing services;

(iv) foreign exchange trading services; and

(v) other businesses that COSCO SHIPPING Finance can engage in as permitted by the NFRA or its local offices.

Pricing policy

The interest rates for deposits shall be determined as not lower than the prevailing interest rate in the market for the same type of deposit during the same period as determined by independent third party commercial banks providing same type of deposit services in their ordinary course of business in the same or nearby service area based on normal commercial terms, and in accordance with the principle of fairness and reasonableness, provided that such interest rates so determined shall, at all times, be strictly in compliance with the interest rate policy requirements of the People's Bank of China.

To ensure that the pricing policies under the Existing Financial Services Agreement are complied with, prior to conducting transactions under the Existing Financial Services Agreement, the Company has enquired or will enquire with independent third party commercial banks and other financial institutions about the interest rates for loans and deposits and the fees for provision of similar financial services in the same or nearby area for the same type of services, to compare with the interest rates for loans and deposits and the fees for other financial services offered by COSCO SHIPPING Finance. The Group shall seek to obtain quotations from at least three independent third party commercial banks or other financial institutions through their respective website and public information in each case where practicable.

For our due diligence purpose, we obtained from the Company (i) a list of the latest prevailing interest rates offered by COSCO SHIPPING Finance to the Group for deposit with various deposit periods (i.e. demand deposit, 7 days' notice, three months, six months, one year and agreed-term) prior to the entering into of the Master Financial Services Agreement; and (ii) lists of the latest prevailing interest rates offered by three commercial banks who are independent third parties (including the Group's major bankers, the "**Independent Banks**") to the Group for deposit with various deposit periods (i.e. demand deposit, 7 days' notice, three months, six months, one year and agreed-term) prior to the entering into of the Master Financial Services Agreement. After comparing the aforesaid lists of deposit interest rates, we noted that the interest rates offered by COSCO SHIPPING Finance were higher than those offered by the Independent Banks for deposit with various periods.

For our due diligence purpose, we also obtained from the Company a list of the Group members that have placed deposit with COSCO SHIPPING Finance. We randomly selected three Group members from the list and obtained deposit records in relation to the deposits placed by them with COSCO SHIPPING Finance, together with the then prevailing interest rates for the same deposit period offered by the Independent Banks. After comparison, we noted that the interest rates offered by COSCO SHIPPING Finance for various deposit periods were higher than those offered by the Independent Banks for deposit placed within the same period.

Given that (i) the prevailing interest rates offered by COSCO SHIPPING Finance are higher than those offered by the Independent Banks; and (ii) the interest rates offered by COSCO SHIPPING Finance are higher than those offered by Independent Banks for deposit with the same deposit period placed by the Group within the same period based on our findings, we are of the view that the (i) prevailing interest rates are on normal commercial terms or better so far as the Group is concerned; and (ii) the interest rates offered by COSCO SHIPPING Finance are fair and reasonable.

With reference to the Board Letter, the Company has adopted certain internal control procedures to ensure the transactions with connected persons are conducted in accordance with the pricing policy, details of which are set out in the section headed "6. Internal Control Procedures" of the Board Letter. We are of the view that the effective implementation of the internal control procedures will ensure the fair interest rates determination for the Deposit Services.

With reference to the 2024 Annual Report, the Company's auditor was engaged to report on the continuing connected transactions (including the Deposit Services) for FY2024. The Company's auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules (i.e. the Auditor's Confirmation). The independent non-executive Directors also reviewed the continuing connected transactions (including the Deposit Services) for FY2024 and confirmed that these transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole (i.e. the INEDs' Confirmation).

Based on our findings on the pricing of Deposit Services as detailed above, the Auditor's Confirmation and the INEDs' Confirmation, we do not doubt the effectiveness of the internal control procedures for determining the interest rate of the Deposit Services.

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Proposed annual caps

Set out below are (i) the historical maximum daily outstanding balance of deposits (including accrued interest) placed by the Company and its subsidiaries with COSCO SHIPPING Finance for the three years ending 31 December 2025, together with the existing annual caps; and (ii) the proposed annual caps for the Deposit Services for the three years ending 31 December 2028:

	For the year ended 31 December 2023 *RMB'000*	**For the year ended 31 December 2024** *RMB'000*	**For the year ending 31 December 2025** *RMB'000*
Maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Company and its subsidiaries with COSCO SHIPPING Finance	115,353,672	101,746,237	96,888,449 *(Note)*
Existing annual caps	150,000,000	150,000,000	150,000,000
Utilization rate	76.90%	67.83%	64.59% *(Note)*

	For the year ending 31 December 2026 *RMB'000*	**For the year ending 31 December 2027** *RMB'000*	**For the year ending 31 December 2028** *RMB'000*
Proposed annual caps	150,000,000	150,000,000	150,000,000

Note: for the six months ended 30 June 2025.

With reference to the Board Letter, the proposed annual caps were determined with reference to (i) the historical transaction amounts; (ii) the steady improvement in operating results and the significant increase in net operating cash flow of the Group due to the continuous growth of the container shipping market in recent years, and the expected increase in the transaction amount of deposits services under the Master Financial Services Agreement; (iii) the anticipated fluctuations in the exchange rate of RMB against the US Dollar; and (iv) the expansion of the business scale of the Group.

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According to the above table, the utilization rates of the existing annual caps were approximately 76.90% for FY2023 and 67.83% for FY2024. The existing annual caps have been utilised at relatively high levels.

We noted from the 2024 Annual Report that the Group's revenues were approximately RMB233.9 billion for FY2024, representing an increase of approximately RMB58.4 billion or 33.29% as compared to that for FY2023; and the Group's net cash generated from operating activities was approximately RMB69.3 billion for FY2024, representing an increase of approximately RMB46.7 billion or 206.91% as compared to that for FY2023.

We noted from the 2025 Interim Report that the Group's net cash generated from operating activities was approximately RMB25.8 billion for 1H2025, representing an increase of approximately 13.78% as compared to that for 1H2024. The Group's cash and cash equivalents were approximately RMB169.1 billion as at 30 June 2025.

Furthermore, we understood from the Directors that certain portion of the Group's deposits with COSCO SHIPPING Finance were denominated in US Dollar whereas the proposed annual caps are denominated in RMB. As such, the utilisation of the annual caps would also been affected by the fluctuations in the exchange rate of RMB against the US Dollar. We searched for the exchange rates of US Dollar to RMB during the Review Period as quoted on 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 8.08% over the lowest exchange rate of US Dollar to RMB during the Review Period.

Having considered the above, we are of the view that the proposed annual caps for the three years ending 31 December 2028 are necessary for catering the increase in the Group's net cash inflow from operating activities and cash and cash equivalents. Accordingly, we consider the proposed annual caps for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of deposit amount under the Deposit Services. Consequently, we express no opinion as to how closely the actual deposit amount under the Deposit Services will correspond with the annual caps.

Having considered the principal terms of the Deposit Services as set out above, we consider the terms of the Deposit Services (including the proposed annual caps) to be fair and reasonable.

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Hong Kong Listing Rules implications

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the Non-exempt Continuing Connected Transactions must be restricted by the respective annual caps; (ii) the terms of the Non-exempt Continuing Connected Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Non-exempt Continuing Connected Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Non-exempt Continuing Connected Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision or procurement of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps.

In the event that the transaction amounts in respect of the Purchase of Shipping Services, Provision of Shipping Services and the Vessels and Containers Services or the maximum daily balance in respect of the Deposit Services are anticipated to exceed the respective annual caps, or that there is any proposed material amendment to the terms of the Non-exempt Continuing Connected Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the Non-exempt Continuing Connected Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Non-exempt Continuing Connected Transactions (including their respective proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited

Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *for identification purposes only*

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