AGREEMENT

for the sale and purchase of 5,679,542,724 Shares in
China Shipping Ports Development Co., Limited
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THIS AGREEMENT (the Agreement) is made on 11 December 2015

BETWEEN

(1) CHINA SHIPPING (HONG KONG) HOLDINGS CO., LIMITED 中國海運(香港)控股有限公司, a company incorporated under the laws of Hong Kong, whose registered office is at 33/F., Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, N.T., Hong Kong (CSHK);

(2) CHINA SHIPPING CONTAINER LINES COMPANY LIMITED 中海集装箱运输股份有限公司, a company incorporated under the laws of the PRC, whose registered office is at Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, the PRC (CSCL); and

(3) COSCO PACIFIC LIMITED 中遠太平洋有限公司, a company incorporated under the laws of Bermuda, whose principal place of business is at 49/F, COSCO Tower, 183 Queen's Road Central, Hong Kong (the Purchaser).

(each a Party, and collectively the Parties)

WHEREAS

(A) China Shipping Ports Development Co., Limited (the Target) is a company incorporated under the laws of Hong Kong, with its registered address at 33/F., Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, N.T., Hong Kong.

(B) As of the date hereof, the issued share capital of the Target consists of 5,679,542,724 ordinary shares (the Shares).

(C) CSHK, a wholly-owned subsidiary of China Shipping, is the legal and beneficial owner of 2,896,566,789 Shares, representing 51% of the issued share capital of the Target.

(D) CSCL is the legal and beneficial owner of 2,782,975,935 Shares, representing 49% of the issued share capital of the Target.

(E) The Sellers intends to sell to the Purchaser, and the Purchaser intends to purchase from the Sellers, the entire 5,679,542,724 Shares (the Sale Shares).

THE PARTIES AGREE AS FOLLOWS:

1. SALE AND PURCHASE

1.1 CSHK shall sell, and the Purchaser shall purchase, 2,896,566,789 Sale Shares free from Third Party Rights with effect from Closing and with all rights attaching to them including the right to receive all distributions and dividends declared, paid or made in respect of such Sale Shares after Closing.

1.2 CSCL shall sell, and the Purchaser shall purchase, 2,782,975,935 Sale Shares free from Third Party Rights with effect from Closing and with all rights attaching to them including the right to receive all distributions and dividends declared, paid or made in respect of such Sale Shares after Closing.
1.3 CSHK has the right to transfer the legal and beneficial title to 2,896,566,789 Sale Shares to the Purchaser. CSCL has the right to transfer the legal and beneficial title to 2,782,975,935 Sale Shares to the Purchaser.

1.4 The sale and purchase of the Sale Shares shall be on the terms set out in this Agreement.

2. PRICE

2.1 The initial price for the Sale Shares (the Initial Price) shall be an amount equal to RMB7,632,455,300. The Initial Price is determined based on, among other things, the valuation of the Target as at 30 September 2015 (the Valuation) as stated in the valuation report prepared by China Tong Cheng Assets Appraisal Co., Ltd. (the Valuation Report).

2.2 CSHK and CSCL may, on a date that is at least 10 Business Days prior to the Closing Date, subject to applicable Law, procure the Target to declare and pay a dividend of an amount no greater than the amount of the distributable profits of the Target as at 30 September 2015 (the Pre-Closing Dividend). The Pre-Closing Dividend may only be paid once and the Sellers must notify the Purchaser of the declaration of the Pre-Closing Dividend on the day on which the Pre-Closing Dividend is declared by the Target. The Sellers undertake that the Pre-Closing Dividend shall only be paid from cash held by the Target as at 30 September 2015 and shall not be funded by the proceeds from any financial indebtedness incurred after 30 September 2015.

2.3 The price payable by the Purchaser for the Sale Shares at Closing (the Closing Price) pursuant to Clause 5 and Part B of Schedule 2 shall be an amount equal to:

(a) the Initial Price;

(b) minus the Renminbi equivalent of an amount equal to the Pre-Closing Dividend;

(c) if the Damietta Sale has completed on or prior to the Closing Date:

   (i) minus an amount equal to RMB216,989,700; and

   (ii) plus the Renminbi equivalent of an amount equal to the Net Damietta Proceeds; and

(d) if the Damietta Sale has not completed on or prior to the Closing Date:

   (i) minus an amount equal to RMB216,989,700.

For the purposes of this Clause 2.3, the Renminbi equivalent of an amount in any currency shall be calculated by reference to the exchange rate set by The People’s Bank of China on 30 September 2015.

2.4 The final price for the Sale Shares (the Final Price) shall be calculated after Closing in accordance with Schedule 4. The Parties agree to make payments to each relevant Party in accordance with Part B of Schedule 4.
2.5 If, after the filing of the Valuation Report with the relevant state-owned assets supervision and administration authorities or their authorised bodies, there is any change or adjustment to the Valuation, the Parties agree to negotiate in good faith to agree on adjustments to the Closing Price and any other consequential amendments to the provisions of this Agreement that may be necessary in relation to such change or adjustment to the Valuation.

2.6 Payment to CSHK shall be in Hong Kong dollar and payment to CSCL shall be in either Renminbi or Hong Kong dollar in accordance with Part B of Schedule 2.

3. CONDITIONS TO CLOSING

3.1 Closing shall be conditional on:

(a) the Conditions specified in Clause 3.2 (the Seller Conditions) having been fulfilled or waived in accordance with this Agreement;

(b) the Conditions specified in Clause 3.3 (the Purchaser Conditions) having been fulfilled or waived in accordance with this Agreement; and

(c) the Conditions specified in Clause 3.4 (the Common Conditions) having been fulfilled in accordance with this Agreement.

3.2 The Seller Conditions are as follows:

(a) resolutions of the shareholders of the Sellers shall have been passed approving the Proposed Transaction;

(b) all necessary third party consents and regulatory approvals required by the Sellers in relation to the Proposed Transaction (including the relevant state-owned assets supervision and administration authorities or their authorised bodies and the National Development and Reform Commission) shall have been granted, and such consents and regulatory approvals shall not have been revoked before the Closing Date; and

(c) each of the Purchaser Warranties shall be true and accurate as of the date hereof and as at the Closing Date;

3.3 The Purchaser Conditions are as follows:

(a) resolutions of the shareholders of the Purchaser shall have been passed approving the Proposed Transaction;

(b) resolutions of the shareholders of China COSCO shall have been passed approving the Proposed Transaction;

(c) all necessary third party consents and regulatory approvals required by the Purchaser in relation to the Proposed Transaction shall have been granted, and such consents and regulatory approvals shall not have been revoked before the Closing Date;

(d) all necessary third party consents and regulatory approvals required by China COSCO in relation to the Proposed Transaction shall have been granted, and such consents and regulatory approvals shall not have been revoked before the Closing Date;
approval from the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in connection with the Proposed Transaction (where such approval is not subject to any additional condition) shall have been obtained by China COSCO, or if any such approval is subject to any additional conditions, all such conditions required to be fulfilled prior to Closing shall have been fulfilled or satisfied, and in each case, such approval shall not have been revoked before the Closing Date;

(f) each of the Seller Warranties shall be true and accurate as of the date hereof and as at the Closing Date;

(g) consents of, and notifications to, third parties required for the Proposed Transaction shall have been obtained and made by the Target Group Companies and the Target Group Operating Companies; and

(h) each Seller shall have performed or complied with, in all material respects, all of its undertakings and obligations under Clause 4 required to be performed or complied with prior to Closing.

3.4 The Common Conditions are all regulatory approvals and shareholders’ approvals (if any) in respect of the transactions contemplated under each CP Agreement shall have been obtained in accordance with its terms.

3.5 The Sellers shall, at their own cost, use all reasonable efforts to ensure that the Conditions set out in Clauses 3.2(a), 3.2(b), 3.3(f) to (h), and 3.4 (in respect of Clause 3.4, only to the extent that it is a party to the relevant CP Agreement) are fulfilled as soon as possible after the date of this Agreement, and shall notify the Purchaser promptly upon becoming aware that any such Condition has been fulfilled and provide the Purchaser with evidence of such fulfilment as soon as possible.

3.6 The Purchaser shall, at its own cost, use all reasonable efforts to ensure that the Conditions set out in Clauses 3.2(c), 3.3(a), 3.3(c) and 3.4 (in respect of Clause 3.4, only to the extent that it is a party to the relevant CP Agreement) are fulfilled as soon as possible after the date of this Agreement, and shall notify the Sellers promptly upon becoming aware that any such Condition has been fulfilled and provide the Sellers with evidence of such fulfilment as soon as possible.

3.7 The Purchaser shall be entitled, in its absolute discretion, by written notice to the Seller, to waive any of the Purchaser Conditions either in whole or in part, and the Sellers shall be entitled, in its absolute discretion, by written notice to the Purchaser, to waive any of the Seller Conditions either in whole or in part.

3.8 The first Business Day on or by which all Conditions have been fulfilled (or waived in accordance with Clauses 3.1 and 3.7) is the Unconditional Date.

3.9 If the Unconditional Date has not occurred on or before 31 December 2016 (the Longstop Date) (or such later date as the Parties may agree in writing), this Agreement shall automatically terminate (other than in respect of the Surviving Provisions). In such event, neither Party (nor any of its Affiliates) shall have any claim under this Agreement of any nature whatsoever against the other Party (or any of its Affiliates) except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Provisions.
4. **PRE-CLOSING UNDERTAKINGS**

4.1 Pending Closing, the Sellers (to the extent lawfully permitted and that the directors of the Target will not breach their own fiduciary duties) shall use all reasonable efforts to make sure that, the businesses of the Target Group Companies are conducted in their ordinary course. The Sellers shall use reasonable efforts to preserve the structural integrity of the Target Group Companies and maintain their material existing relationships with customers, suppliers, creditors, business partners and other persons having business contacts with them so that on the Closing Date their business continuity will not be damaged. Without limiting the above, each of the Sellers shall procure that each of the Target Group Companies comply with the remaining provisions of this Clause 4.

4.2 No dividend or other distribution shall be declared, paid or made by any Target Group Company (other than a Pre-Closing Dividend as contemplated under Clause 2.3) without prior written consent of the Purchaser.

4.3 No amendments shall be made to any Constitutional Documents of any Target Group Company without the prior written consent of the Purchaser.

4.4 The Target shall not, and shall procure that none of the Target Group Subsidiaries shall, grant any consent or waiver in relation to any reserved matters that require the consent or approval of any Target Group Company (however described) or exercise any other consent, approval or veto right (in each case, however described) pursuant to any shareholders’ agreement, joint venture agreement or articles of association that are applicable to any Target Group Company or Target Group Operating Company, without the prior written consent of the Purchaser.

4.5 No Target Group Company shall enter into any contract (whether in relation to a disposal, acquisition or otherwise) or commitment with a value exceeding HK$70,000,000 (or its equivalent in foreign currencies) without prior written consent of the Purchaser. This Clause 4.5 shall not apply to contracts or transactions entered into in the ordinary course of business of the relevant Target Group Company. For this purpose “ordinary course of business” shall exclude any sale or purchase of any equity interests in any company, corporation or entity.

4.6 None of the Target or any Target Group Subsidiary shall increase the emoluments of any employee other than in accordance with the normal practice of the Target without prior written consent of the Purchaser.

4.7 No Target Group Company shall transfer or surrender any asset to, or assume, indemnify or incur any liability, for the benefit of any Seller or any member of the Seller Group without prior written consent of the Purchaser except for settlement of Inter-Company Debts pursuant to Clause 6.8.

4.8 No Target Group Company shall pass any directors’ resolution or any shareholders’ resolution in relation to any winding-up of any Target Group Company without prior written consent of the Purchaser.

4.9 No Target Group Company shall create, allot or issue any shares, loan capital, securities convertible into shares of that Target Group Company or any option or right to subscribe in respect of any shares of that Target Group Company, loan capital or share option or subscription right related with securities convertible into shares of that Target Group Company without prior written consent of the Purchaser.
4.10 No Target Group Company shall enter into any binding legal agreement in relation to any joint venture in relation to, or any acquisition or disposal of any interest in, any entity that operates or manages any port or terminal, without the prior written consent of the Purchaser. This Clause 4.10 shall not apply to the KBCT Project.

4.11 After the date of this Agreement, the Target shall promptly notify the Purchaser once it has entered into definitive agreements relating to the KBCT Project. The Target shall provide all material information relating to the KBCT Project reasonably requested by the Purchaser.

4.12 Except (a) the Proposed Transaction or (b) with the prior written consent of the Purchaser or (c) in the ordinary and usual course of business or consistent with past practices of the Target Group Companies, the Target Group Companies shall not enter into any transaction or take any action or measure that will cause any Material Adverse Effect.

4.13 Notwithstanding any provisions (if any) to the contrary in this Agreement, the Target Group Companies may enter into financing transactions in the ordinary course of business. Nothing in this Clause 4.13 shall be construed to impose or increase any restriction on the operation of the Target Group Companies or otherwise prejudice the rights of the Sellers.

5. CLOSING

5.1 Closing shall take place at the offices of the Purchaser on the 30th Business Day after the Unconditional Date (or at such other place and time as the Parties may mutually agree).

5.2 At Closing, each of the Sellers and the Purchaser shall deliver or perform (or ensure that there is delivered or performed) all those documents, items and actions respectively listed in relation to that Party or any of its Affiliates (as the case may be) in Schedule 2.

5.3 If the Sellers (on the one hand) or the Purchaser (on the other) fail(s) to comply with any material obligation in Schedule 2, then the Purchaser (in the case of non-compliance by a Seller) or, as the case may be, the Sellers (in the case of non-compliance by the Purchaser) shall be entitled (in addition to and without prejudice to other rights and remedies available) by written notice to the Party in default on the date Closing would otherwise have taken place, to:

(a) require Closing to take place so far as practicable having regard to the defaults which have occurred;

(b) notify the Party in default of a new date for Closing (being not more than 10 Business Days after the original date for Closing) in which case the provisions of this Clause 5 (other than this Clause 5.3) and Schedule 2 shall apply to Closing as so deferred but on the basis that such deferral may only occur once; or

(c) terminate this Agreement (other than the Surviving Provisions).

If this Agreement is so terminated, neither any Party nor any of its Affiliates shall have any claim under this Agreement of any nature against the other Party or its Affiliates (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Provisions). For the purposes of this Clause 5, a material obligation is (i) in respect of the Sellers, those obligations set out in paragraphs 1(a) to (c) and 1(f) to (i) of Part A of Schedule 2, and (ii) in respect of the Purchaser, those obligations set out in paragraphs 2(a),
5.4 If each Seller (on the one hand) or the Purchaser (on the other) complies with all of its material obligations in Schedule 2, but fails to comply with any obligation in Schedule 2 that is not a material obligation, then the Purchaser (in the case of any Seller being the defaulting Party) or, as the case may be, the Sellers (in the case of the Purchaser being the defaulting Party), shall be required to proceed to Closing and, to the extent that any such obligation is not complied with at Closing, the defaulting Party(ies) shall (without affecting any other rights and remedies available to the other Party(ies)) use its reasonable endeavours to ensure that such obligation is fulfilled as soon as practicable following Closing.

5.5 If in accordance with Clause 5.3(b), Closing is deferred and at such deferred Closing any Seller fails to comply with its material obligations in Schedule 2, the Purchaser shall have the right to terminate this Agreement by written notice to the Sellers, in which event none of the Parties nor any of their respective Affiliates shall have any claim under this Agreement of any nature against the other Parties or its Affiliates (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Provisions).

5.6 If in accordance with Clause 5.3(b), Closing is deferred and at such deferred Closing the Purchaser fails to comply with its material obligations in Schedule 2, the Sellers shall have the right to terminate this Agreement by written notice to the Purchaser, in which event none of the Parties nor any of their respective Affiliates shall have any claim under this Agreement of any nature against the other Parties or its Affiliates (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Provisions).

6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

6.1 Each Seller represents, warrants and undertakes to the Purchaser in the terms of the Warranties as set out in Part A of Schedule 3 and acknowledges that the Purchaser has entered into this Agreement in reliance upon the Seller Warranties. Each of the Seller Warranties is subject to the Disclosures and shall be qualified and limited accordingly.

6.2 The Purchaser represents, warrants and undertakes to the Sellers in the terms of the Warranties as set out in Part B of Schedule 3 and acknowledges that the Sellers have entered into this Agreement in reliance upon the Purchaser Warranties.

6.3 Each of the Warranties shall be construed as a separate Warranty and (save as expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.

6.4 The Warranties shall be deemed to be repeated immediately before Closing with reference to the facts and circumstances then existing.

6.5 The Sellers undertake to notify the Purchaser in writing promptly if it becomes aware of any circumstance arising after the date of this Agreement which would cause any of the Seller Warranties set out in Part A of Schedule 3 (if the Warranties were repeated with reference to the facts and circumstances then existing) to become untrue or inaccurate or misleading in any respect which is material to the financial condition, trading position or prospects of any of the Target Group Companies or the Target Group Operating Companies (as the case may be).

6.6 Each of the Sellers will not, and undertakes to procure that each member of the Seller
Group will not, on or before the second anniversary of Closing, engage in, or be directly or indirectly interested in any entity that engages in, the business of management and operation of terminals or ports. The restrictions set out in the first sentence of this Clause 6.6 shall not prohibit any member of the Seller Group to continue to hold its existing interest as at the date of this Agreement in any entity that engages in the business of management and operation of terminal or ports (except for the Target Group Companies and the Target Group Operating Companies) which is Disclosed against Warranty 3.11 in the Disclosure Letter.

6.7 If the proposed sale of the Target’s entire 20% equity interests in Damietta (the Damietta Sale) completes after the Closing Date, the Purchaser shall, on or before the date falling 10 Business Days after the date on which the Target receives the proceeds from such sale, procure the Target to pay:

(a) to CSHK an amount equal to 51% of the Net Damietta Sale Proceeds; and

(b) to CSCL an amount equal to 49% of the Net Damietta Sale Proceeds.

For the purposes of this Agreement, Net Damietta Sale Proceeds shall be an amount equal to the total sale proceeds received by the Target in relation to the Damietta Sale less all Costs incurred or suffered by the Target and its Affiliates in relation to the Damietta Sale.

6.8 Each of the Sellers shall procure that all Inter-Company Debts shall be settled (including settlement of all principal, interests, fees and penalties (if applicable)) between the any Target Group Company and each relevant member of the Seller Group prior to the Closing Date.

7. INDEMNITY

7.1 Each Party undertakes that it shall pay in cash to the other Parties (each an Indemnified Person) by way of indemnity (the Indemnity) on demand in the case of a breach of any of the Warranties given by it, a sum equal to the aggregate of (i) the amount which, if received by the Indemnified Person, would be necessary to put that Indemnified Person into the financial position which would have existed had there been no breach of the Warranty in question; and (ii) all Costs suffered or incurred by the Indemnified Person, directly or indirectly, as a result of or in connection with such breach of that Warranty.

7.2 The Sellers undertake to pay in cash to the Purchaser (for itself and on trust for each Target Group Subsidiary) by way of indemnity on demand, a sum equal to the aggregate of, and to hold the Purchaser (for itself and on trust for each Target Group Subsidiary) harmless from, all Costs suffered or incurred by any Target Group Subsidiary, directly or indirectly, as a result of or in connection with any of the following:

(a) any outstanding payments or liabilities in respect of or to any housing provident fund or social security fund that are required to be made by any Target Group Company prior to Closing or in respect of any non-compliance by any Target Group Company prior to Closing with any applicable Law in relation to the PRC’s Social Security Laws 《社会保险法》 or Housing Provident Fund Regulations 《住房公积金管理条例》; or

(b) any non-compliance by 连云港新东方国际货柜码头有限公司 or 锦州新时代集装箱码头有限公司 in respect of the requirements of 《劳务派遣暂行规定》 prior to Closing;
any Costs suffered or incurred by the Target, directly or indirectly, in relation to any matter relating to Damietta, including but not limited to the Target’s 20% equity interest in Damietta, any loans provided by the Target to Damietta, any guarantees provided by the Target in relation to any obligation (financial or otherwise) of Damietta, all Costs incurred in relation to the proposed sale of the Target’s 20% equity interest in Damietta, all Costs relating to or as a result of any legal or arbitral proceedings with any third party relating to the Target’s 20% equity interest in Damietta (including enforcing any of the Target’s rights under the repurchase agreement with KGL International for Ports Warehousing and Transport K.C.S.C.)

or

(i) any land premium or administrative penalties payable by 连云港新东方国际货柜码头有限公司; or (ii) any Costs incurred or suffered by 连云港新东方国际货柜码头有限公司 due to any material business disruption or suspension, in relation to the non-compliance with any requirement of PRC Laws in respect of the lease of the parcel of land covering an area of approximately 6,406.6 square meters that 连云港新东方国际货柜码头有限公司 leases from 连云港港口集团有限公司.

7.3 The Sellers undertake to pay in cash to the Purchaser by way of indemnity on demand, a sum equal to the aggregate of the following (or, where the relevant Tax or other Costs are suffered or incurred by any Target Group Subsidiary or any Target Group Operating Company, the Target’s Equity Interest in the relevant Target Group Subsidiary or Target Group Operating Company of a sum equal to the aggregate of the following):

(a) any Tax Liability of any Target Group Company or any Target Group Operating Company which arises as a result of any event, transaction, action, circumstance or omission which occurred on or before the Closing Date;

(b) any Tax Liability of any Target Group Company or any Target Group Operating Company which arises in respect of or with reference to Income, Profits or Gains which were earned, accrued or received on or before the Closing Date; and

(c) any costs and expenses suffered or incurred by any of the Purchaser, the Target Group Companies or the Target Group Operating Companies in connection with any liability to Tax or any of the matters referred to in the foregoing paragraphs of this Clause 7.3.

For the purpose of this Clause 7.3, “Tax Liability” means a liability to make payments of, or in respect of, Tax.

8. LIMITATIONS

8.1 Time Limit: To make a claim under or in connection with this Agreement (including under the Indemnity) (a Claim), a Party shall issue a written notice to the other Party

(a) in respect of any Claim under or in connection with any Specific Indemnity or any Damietta Claim, within five years of the Closing Date, which shall include details then available of the matter giving rise to such Claim;

(b) in respect of any Tax Claim, within seven years of the Closing Date, which shall include details then available of the matter giving rise to such Tax Claim; and
(c) in respect of any other Claim, within one year of the Closing Date, which shall include details then available of the matter giving rise to such Claim.

8.2 Minimum Amount of Claim: Except for: (a) a Claim in relation to the Closing Price payable under Clause 2 or the sums payable under Part B of Schedule 4; (b) a Claim under or in connection with a Specific Indemnity; (c) a Damietta Claim; or (d) a Tax Claim, only when the amount of liabilities under a Claim (for the purposes hereof, several Claims resulting from the same set of facts, events or circumstances may be aggregated and constitute one single Claim) exceeds 0.1% of the Final Price may a Party make such Claim against the other Party in accordance with Clause 7, in which case the Party making such Claim can claim for the whole amount rather than the mere portion exceeding 0.1% of the Final Price.

8.3 For any Claim in relation to any breach of the Seller Warranties, if and to the extent that the fact, matter, event or circumstance giving rise to such Claim:

(a) has been Disclosed to the Purchaser; or

(b) a specific provision has been made in respect of the fact, matter, event or circumstance giving rise to the Claim (Provision) in the Accounts and such Provision is sufficient to cover the amount otherwise payable by the Sellers to the Purchaser in respect of such Claim,

the relevant Seller shall not be liable for such Claim.

8.4 Except for: (a) a Claim in relation to the Closing Price payable under Clause 2 or the sums payable under Part B of Schedule 4; (b) a Claim under or in connection with a Specific Indemnity; (c) a Damietta Claim; or (d) a Tax Claim, the aggregate amount of the liability of a Party for all Claims shall not exceed 50% of the Final Price.

8.5 None of the limitations contained in Clause 8.1 shall apply to any breach of any Warranty which (or the delay in discovery of which) is the consequence of: (i) fraud; (ii) dishonest or deliberate misstatement; (iii) concealment; or (iv) other similar conduct by any Party.

9. PAYMENTS

9.1 Any payment to be made pursuant to this Agreement by the Purchaser shall be made to the Sellers’ Bank Account.

9.2 Other than any payment in Renminbi, payments required to be made under this Agreement shall be in immediately available funds by electronic transfer on the due date for payment and receipt of the amount due shall be an effective discharge of the relevant payment obligation. In respect of any payment in Renminbi that is required to be made under this Agreement, the delivery by the Party required to make such payment (the Paying Party) to the Party receiving such payment (the Receiving Party) on the date such payment is to be made of a copy of an irrevocable payment instruction to transfer the relevant amount in Renminbi to the Receiving Party’s bank account shall be deemed to be an effective discharge of the relevant payment obligation of the Paying Party under this Agreement.

9.3 If any sum due for payment in accordance with this Agreement is not paid on the due date for payment, the person in default shall pay Default Interest on that sum from, but excluding, the due date to, and including, the date of actual payment calculated on a daily
10. CONFIDENTIALITY

10.1 Each Party shall (and shall ensure that each of its Representatives shall) use its best endeavours to maintain Confidential Information in confidence and not disclose Confidential Information to any person except: (i) as this Clause 10 permits; (ii) in the case of the Sellers, as the Purchase may approve in writing; or (iii) in the case of the Purchaser, as the Sellers may approve in writing.

10.2 Clause 10.1 shall not prevent disclosure by a Party or any of its Representatives to the extent it can demonstrate that:

(a) disclosure is required by Law or by any stock exchange or any regulatory, governmental or antitrust body having applicable jurisdiction (provided that, if reasonably practicable, the disclosing Party shall first inform the Sellers (in the case the disclosing Party is the Purchaser) or, as the case may be, the Purchaser (in the case the disclosing Party is a Seller) of its intention to disclose such information and take into account the reasonable comments of the Sellers or the Purchaser (as the case may be));

(b) disclosure is of Confidential Information which was lawfully in the possession of that Party or any of its Representatives (in either case as evidenced by written records) without any obligation of secrecy before its being received or held by that Party or any of its Representatives;

(c) disclosure is of Confidential Information which has previously become publicly available other than through that Party’s action or failure to act (or that of its Representatives); or

(d) disclosure is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement.

10.3 If this Agreement terminates, each Party shall as soon as practicable on request by any other Parties:

(a) return to the requesting Party all written documents and other materials relating to that Party, its Affiliates or this Agreement (including any Confidential Information) which the requesting Party (or its Representatives) have provided to the other Party (or its Representatives) without keeping any copies thereof;

(b) destroy all information or other documents derived from such Confidential Information; and

(c) so far as it is practicable to do so, expunge such Confidential Information from any computer, word processor or other device,

provided that nothing in this Clause 10.3 shall require the Parties (or any of their Representatives) to return or destroy any Confidential Information which they are required to retain under any applicable Law, rule or regulation (including the rules of a professional body).
11. ANNOUNCEMENTS

11.1 Notwithstanding Clause 10, none of the Sellers or the Purchaser (nor any of their respective Affiliates) shall make any announcement (or issue any communication to shareholders) in connection with the existence, subject matter or terms of this Agreement without the prior written approval of the other (such approval not to be unreasonably withheld or delayed).

11.2 The restriction in Clause 11.1 shall not apply to the extent that the announcement (or communication to shareholders) is required by Law, by any stock exchange or any regulatory or other supervisory body or authority of competent jurisdiction, whether or not the requirement has the force of law. If this exception applies, the Party making the announcement or issuing the communication to shareholders shall use its reasonable efforts to consult with the other Party in advance as to its form, content and the timing of issue.

12. COSTS AND TAXATION

12.1 Except as otherwise provided in this Agreement, each Seller and the Purchaser shall each be responsible for its own Costs and charges incurred in connection with the Proposed Transaction.

12.2 Any stamp duty payable in respect of the transfer of the Sale Shares shall be borne by the Sellers and the Purchaser in equal proportion. The Sellers shall provide all information relating to the Target that the Purchaser may reasonably demand for the purposes of submission of documents and related information to the Stamp Office of the Inland Revenue Department of Hong Kong in relation to any assessment of stamp duty for the transfer of the Sale Shares.

12.3 Notwithstanding any other provision in this Agreement, the Sellers shall be responsible for paying any and all PRC Tax (including without limitation, any withholding, value-added or capital gains Tax) in respect of the sale and purchase of the Sale Shares pursuant to this Agreement, and shall promptly perform necessary compliance procedures accordingly, including but not limited to making all filings and registration with relevant Government Authorities as required by applicable Law. The Purchaser shall be entitled to withhold, and not pay to the Sellers at Closing and on the Adjustment Confirmation Date, a portion of the Closing Price or the Final Price (as the case may be) which is equal to the amount that the Purchaser is required to withhold pursuant to PRC Laws.

12.4 Each Seller undertakes that it shall pay in cash to the Purchaser (for itself and on trust for the Target Group Companies and the Target Group Operating Companies) by way of indemnity on demand in the case of a breach of Clause 12.3, a sum equal to the aggregate of (i) the amount which, if received by the Purchaser, the Target Group Company and/or the Target Group Operating Company, would be necessary to put the Purchaser into the financial position which would have existed had there been no breach of Clause 12.3; and (ii) all Costs suffered or incurred by the Purchaser, the Target Group Company and/or the Target Group Operating Company, directly or indirectly, as a result of or in connection with such breach of Clause 12.3. Clause 8 shall not apply to clauses 12.3 and 12.4.

13. ASSIGNMENT

Unless the Sellers and the Purchaser specifically agree in writing, no person shall assign,
transfer, hold on trust or encumber all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it. Any purported assignment in contravention of this Clause 13 shall be void.

14.  FURTHER ASSURANCE

14.1 Each Seller agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the Purchaser may reasonably require, whether on or after Closing, to implement and/or give effect to this Agreement and the Proposed Transaction and for the purpose of vesting in the Purchaser the full benefit of the assets, rights and benefits to be transferred to the Purchaser under this Agreement.

15.  NOTICES

15.1 Any notice in connection with this Agreement shall be in writing in English or Chinese and delivered by hand, fax, email, registered post or courier using an internationally recognised courier company. A notice shall be effective upon receipt and shall be deemed to have been received: (i) at the time of delivery, if delivered by hand, registered post or courier; or (ii) at the time of transmission if delivered by fax or email provided that in either case, where delivery occurs outside Working Hours, notice shall be deemed to have been received at the start of Working Hours on the next following Business Day.

15.2 The addresses, emails and fax numbers of the Parties for the purpose of Clause 15.1 are:

**CSHK**

Address: 33/F., Tower 2, Kowloon Commerce Centre, 51 Kowloon Road, Kowloon, Hong Kong

For the attention of: Mr. Yin Zhongyuan

Email: csyzy@cnshipping.com.hk

Fax: +852 2858 1266

**CSCL**

Address: Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, the PRC

For the attention of: Mr. Yu Zhen

Email: yz@cnsshipping.com

Fax: +86-21-65967306
16. CONFLICT WITH OTHER AGREEMENTS
If there is any conflict between the terms of this Agreement and any other agreement, this Agreement shall prevail unless: (i) such other agreement expressly states that it overrides this Agreement in the relevant respect; and (ii) the Sellers and the Purchaser are either also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override this Agreement in that respect.

17. WHOLE AGREEMENT
This Agreement sets out the whole agreement between the Parties in respect of the Proposed Transaction and supersedes any prior agreement (whether oral or written) relating to the Proposed Transaction. It is agreed that:

(a) no Party shall have any claim or remedy in respect of any statement, representation, warranty or undertaking made by or on behalf of the other Party (or any of its Connected Persons) in relation to the Proposed Transaction which is not expressly set out in this Agreement;

(b) any terms or conditions implied by law in any jurisdiction in relation to the Proposed Transaction are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right, or remedies in relation to them are irrevocably waived;

(c) the only right or remedy of a Party in relation to any provision of this Agreement shall be for breach of this Agreement; and

(d) except for any liability in respect of a breach of this Agreement, no Party (or any of its Connected Persons) shall owe any duty of care or have any liability in tort or otherwise to the other Party (or its respective Connected Persons) in relation to the Proposed Transaction,

provided that this clause shall not exclude any liability for (or remedy in respect of) fraud or fraudulent misrepresentation. Each Party agrees to the terms of this Clause 17 on its own behalf and as agent for each of its Connected Persons. For the purpose of this clause, Connected Persons means (in relation to a Party) the officers, employees, agents and advisers of that party or any of its Affiliates.

18. WAIVERS, RIGHTS AND REMEDIES
Except as expressly provided in this Agreement, no failure or delay by any party in exercising any right or remedy relating to this Agreement shall affect or operate as a waiver or variation of that right or remedy or preclude its exercise at any subsequent time. No single or partial
exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

19. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by email attachment or telecopy shall be an effective mode of delivery.

20. **VARIATIONS**

No amendment of this Agreement shall be valid unless it is in writing and duly executed by or on behalf of all of the Parties to it.

21. **INVALIDITY**

Each of the provisions of this Agreement is severable. If any such provision is held to be or becomes invalid or unenforceable under the law of any jurisdiction, the Parties shall use all reasonable efforts to replace it with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

22. **THIRD PARTY ENFORCEMENT RIGHTS**

Except as expressly stipulated in this Agreement, this Agreement shall not grant any right to persons who are not a party to this Agreement. To the extent this Agreement expressly grants rights to third parties, the Parties to this Agreement shall be permitted to change or exclude such rights at any time without the consent of the respective third party.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This Agreement shall be governed by, and interpreted in accordance with, Hong Kong laws.

23.2 Any dispute, controversy or claim arising out of or relating to this Agreement, including the validity, invalidity, breach or termination thereof and any dispute, controversy or claim in connection with the Proposed Transaction, shall be referred to and finally resolved by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with these Rules.

23.3 The number of arbitrators shall be three. The arbitration proceedings shall be conducted in the English language.

23.4 The arbitral award shall be final and binding on the parties to the arbitration. The parties to the arbitration agree to be bound by and to act in accordance with the arbitral award. Unless otherwise specified in the arbitral award, the expenses of the arbitration (including
witness fees and reasonable legal expenses) shall be borne by the losing party.
IN WITNESS WHEREOF this Agreement has been signed by the duly authorised representatives of the Parties on the date set forth first above.

SIGNED
for and on behalf of
CHINA SHIPPING (HONG KONG) HOLDINGS CO., LIMITED
中國海運（香港）控股有限公司

) SIGNATURE: ________________________________

) )

) )

) )

) )

) )

) NAME: WU CHANG ZHENG ________________________________

In the presence of:

Signature: ________________________________

Name: YIN ZHONG YUAN
Title: Company Secretary
SIGNED
for and on behalf of
CHINA SHIPPING CONTAINER LINES
COMPANY LIMITED

In the presence of:
Signature:

Name:
Title:

SIGNATURE:

NAME: [Signature]

[Stamp]
SIGNED
for and on behalf of
COSCO PACIFIC LIMITED
中遠太平洋有限公司

) SIGNATURE:

) NAME: QIU Jinguang

In the presence of:

Signature: __________________________

Name: KWAN Lai King Cathy
Title: Deputy General Manager – Legal Department
SCHEDULE 1
DETAILS OF THE TARGET GROUP COMPANIES AND TARGET GROUP OPERATING COMPANIES

Part A

The Target

1. Name: China Shipping Ports Development Co., Limited (previously known as China Shipping Terminal Development (Hong Kong) Company Limited)

2. Date of Incorporation: 30 July 2001

3. Place of Incorporation: Hong Kong

4. Type of Company: Private company limited by shares

5. Registered Number: 764908

6. Registered Office: 33/F., Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

7. Directors:
   • Fang Meng
   • Wu Changzheng
   • Huang Xiao Wen
   • Yang Ji Gui
   • Chen Zhe Yu
   • Zhao Hong Zhou
   • Wong Kun Wah
   • Han Jing

8. Shareholders: CSHK: 2,896,566,789 Shares, representing 51% of the share capital of the Target

   CSCL: 2,782,975,935 Shares, representing 49% of the share capital of the Target


10. Mortgages and Charges on Sale Shares: None

11. Secretary (where applicable): Yin Zhong Yuan
## Part B
### The Target Group Subsidiaries

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Place of Incorporation</th>
<th>Target's Equity Interest</th>
<th>Other shareholders and percentage interest in the Target Group Subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>中海码头发展有限公司</td>
<td>PRC</td>
<td>100%</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Hong Kong Haima Development Co., Limited</td>
<td>Hong Kong</td>
<td>100%</td>
<td>N/A</td>
</tr>
<tr>
<td>3</td>
<td>上海中海码头发展有限公司</td>
<td>PRC</td>
<td>100%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| 4   | 锦州新时代集装箱码头有限公司                  | PRC                    | 51%                      | 锦州港股份有限公司 (34%)  
大连港集装箱发展有限公司 (15%) |
| 5   | 连云港新东方国际货柜码头有限公司             | PRC                    | 55%                      | 江苏连云港港口股份有限公司 (45%) |
## Part C

### The Target Group Operating Companies

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Place of Incorporation</th>
<th>Target's equity interest</th>
<th>Other shareholders and percentage interest in the Target Group Operating Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Damietta International Ports, S.A.E.</td>
<td>Egypt</td>
<td>20%</td>
<td>Damietta Port Authority (5%)&lt;br&gt;KGL International for Ports Warehousing and Transport K.C.S.C. (25%)&lt;br&gt;Terminal Link (20%)&lt;br&gt;United Arab Shipping Company, S.A.G. (10%)&lt;br&gt;GE Capital Equity Investments, Inc. (10%)&lt;br&gt;AREF Investment Group (10%)</td>
</tr>
<tr>
<td>2.</td>
<td>APM Terminals Zeebrugge NV</td>
<td>Belgium</td>
<td>23.9999%</td>
<td>APM Terminals B.V. (51.0001%)&lt;br&gt;Shanghai International Port (Group) Company Limited (24.9999%)</td>
</tr>
<tr>
<td>3.</td>
<td>Asia Container Terminals Holdings Limited</td>
<td>Cayman Islands</td>
<td>20%</td>
<td>COSCO-HPHT ACT Limited (80%)</td>
</tr>
<tr>
<td>4.</td>
<td>Asia Container Terminals Limited</td>
<td>Hong Kong</td>
<td>100% owned by Asia Container Terminals Holdings Limited</td>
<td>N/A</td>
</tr>
<tr>
<td>5.</td>
<td>Asia Container Terminals French Leasing Limited</td>
<td>Hong Kong</td>
<td>100% owned by Asia Container Terminals</td>
<td>N/A</td>
</tr>
<tr>
<td>#</td>
<td>Company Name</td>
<td>Country</td>
<td>Ownership</td>
<td>Shareholding</td>
</tr>
<tr>
<td>----</td>
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</tr>
<tr>
<td>6.</td>
<td>China Shipping Terminals (USA) LLC</td>
<td>United States</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>SSA Terminals (Seattle), LLC</td>
<td>United States</td>
<td>33.33% owned by China Shipping Terminals (USA) LLC</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Cheer Dragon Investment Limited</td>
<td>Hong Kong</td>
<td>33.33%</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Kao Ming Container Terminal Corporation</td>
<td>Taiwan</td>
<td>30% owned by Cheer Dragon Investment Limited</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>江苏长江石油化工有限公司</td>
<td>PRC</td>
<td>30.4%</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>秦皇岛港股份有限公司</td>
<td>PRC</td>
<td>0.88%</td>
<td></td>
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<tr>
<td>12.</td>
<td>大连国际集装箱码头有限公司</td>
<td>PRC</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>秦皇岛港新港湾集装箱码头</td>
<td>PRC</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>#</td>
<td>Company Name</td>
<td>Country</td>
<td>Ownership</td>
<td>Noted Ownership</td>
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<td>----</td>
<td>-------------------------------------------------------------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>14</td>
<td>广州港南沙港务有限公司</td>
<td>PRC</td>
<td>40%</td>
<td>广州南沙基础设施投资有限公司 (9%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>广州港股份有限公司 (51%)</td>
</tr>
<tr>
<td>15</td>
<td>上海明东集装箱码头有限公司</td>
<td>PRC</td>
<td>20%</td>
<td>上海国际港务（集团）股份有限公司 (30%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HUTCHISON PORTS WAIGAOQIAO (HK) LIMITED (50%)</td>
</tr>
<tr>
<td>16</td>
<td>青岛前湾智能集装箱码头有限公司</td>
<td>PRC</td>
<td>20%</td>
<td>青岛前湾集装箱码头有限责任公司 (60%)</td>
</tr>
<tr>
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<td></td>
<td></td>
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<td>青岛前湾联合集装箱码头有限责任公司 (20%)</td>
</tr>
<tr>
<td>17</td>
<td>广州港股份有限公司</td>
<td>PRC</td>
<td>4.5%</td>
<td>N/A</td>
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<tr>
<td>18</td>
<td>宁波梅山保税港区新海湾码头经营有限公司</td>
<td>PRC</td>
<td>20%</td>
<td>宁波港股份有限公司 (70%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PSA CHINA PTE LTD (10%)</td>
</tr>
<tr>
<td>19</td>
<td>连云港港铁国际集装箱多式联运有限公司</td>
<td>PRC</td>
<td>30%</td>
<td>连云港新丝路国际集装箱发展有限公司 (30%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>中铁国际多式联运有限公司 (40%)</td>
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<tr>
<td>20</td>
<td>连云港鑫三利集装箱服务有限公司</td>
<td>PRC</td>
<td>40% owned by</td>
<td>青岛鑫三利冷藏技术有限公司 (30%)</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>连云港鹏达国际货运代理有限公司 (30%)</td>
</tr>
<tr>
<td>21</td>
<td>连云港电子口岸信息发展有限公司</td>
<td>PRC</td>
<td>15% owned by</td>
<td>连云港港口集团有限公司 (45%)</td>
</tr>
<tr>
<td></td>
<td>Company Name</td>
<td>Region</td>
<td>Percentage</td>
<td>Notes</td>
</tr>
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</tr>
<tr>
<td>22.</td>
<td>青岛港国际股份有限公司</td>
<td>PRC</td>
<td>2.01%</td>
<td>N/A</td>
</tr>
<tr>
<td>23.</td>
<td>烟台港股份有限公司</td>
<td>PRC</td>
<td>3.9%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| 24.| 天津五洲国际集装箱码头有限公司     | PRC    | 14%        | 招商局国际港口（天津）有限公司 (14%)  
新创建港口管理（天津）有限公司 (18%)  
天津港股份有限公司 (40%)  
中远码头（天津）有限公司 (14%) |
| 25.| 营口新世纪集装箱码头有限公司       | PRC    | 40%        | 营口港务股份有限公司 (60%) |
| 26.| 大连大港中海集装箱码头有限公司    | PRC    | 35%        | 大连港集装箱发展有限公司 (22%)  
新加坡港务集团中国私人有限公司 (8%)  
大连集装箱码头有限公司 (35%) |
| 27.| 广西钦州国际集装箱码头有限公司    | PRC    | 40%        | 钦州市港口（集团）有限责任公司 (60%) |
Part D
Target Group Structure Chart
CLOSING ARRANGEMENTS

Part A : Seller Obligations

1. At Closing, the Sellers shall deliver or ensure that there is delivered to the Purchaser (or made available to the Purchaser’s reasonable satisfaction):

(a) sold notes and pre-stamped instruments of transfer each duly executed by CSCL and CSHK in favour of the Purchaser (or as it may direct) in respect of the Sale Shares, together with a banker’s draft issued by a licensed bank in Hong Kong in favour of “The Government of Hong Kong SAR” for an amount equal to the stamp duty payable by the Sellers under the Stamp Duty Ordinance in respect of all such sold notes, calculated by reference to the Closing Price. For the avoidance of doubt, the delivery of such banker’s draft shall not affect the Sellers’ obligation under Clause 12.2;

(b) the share certificates or equivalent documents in any applicable jurisdiction relating to all the Sale Shares in respect of which certificates were issued or are required to be issued, in the case of share certificates in respect of the Sale Shares where endorsement of share certificates is required to validly transfer the Sale Shares concerned, such certificates being properly endorsed so as to transfer the Sale Shares to the Purchaser;

(c) a power of attorney granted by each of CSCL and CSHK in favour of the Purchaser (or its nominee) in relation to the Sale Shares prior to the registration of the Purchaser as the legal holder of the Sale Shares, in a form reasonably satisfactory to the Purchaser;

(d) in respect of the Target Group Companies, the certificate of incorporation, common seal (if it exists), share register or ledger and share certificate book (with any unissued share certificates, company chops, business registration certificate) and all minute books and other statutory books (which shall be written up to but not including Closing) or such equivalent items in the relevant jurisdiction as are kept by the Target Group Companies or which the law of the jurisdiction of incorporation of the Target Group Companies requires it to keep. The above items shall be deemed delivered to the Purchaser at Closing for the purpose of this paragraph 1(d) if they are made available to the Purchaser at the respective registered office of the Target Group Companies at Closing;

(e) a copy (certified by a duly appointed officer as true and correct) of a resolution of the board and/or supervisory board (as necessary to provide valid authorisation) of directors of each of the Sellers (or, if required by the law of its jurisdiction or its Constitutional Documents, of its shareholders) authorising the execution of and the performance by the relevant company of its obligations under this Agreement;

(f) a copy (certified by a duly appointed officer as true and correct) of a resolution of the board and/or supervisory board (as necessary to provide valid authorisation) of directors of the Target:

(i) approving the transfer of Sale Shares under this Agreement (subject to payment of all applicable stamp duty under the Stamp Duty Ordinance);
(ii) the issue of a share certificate in respect of the Sale Shares in favour of the Purchaser; and

(iii) if requested by the Purchaser, revoking the mandates given by the Target to its bankers or changing such mandates.

(g) a copy (certified by a duly appointed officer as true and correct) of a resolution of the board and/or supervisory board (as necessary to provide valid authorisation) of directors of each of the Target Group Subsidiaries, if requested by the Purchaser, revoking the mandates given by the Target to its bankers or changing such mandates; and

(h) a certificate in a form reasonably satisfactory to the Purchaser executed by an officer of each of the Sellers that all Inter-Company Debts have been settled in accordance with Clause 6.8.

Part B: Purchaser Obligations

2. At Closing, the Purchaser shall:

(a) execute the bought notes and the instruments of transfer in respect of the Sale Shares;

(b) deliver (or ensure that there is delivered to the Seller) a copy of a resolution (certified by a duly appointed officer as true and correct) of the board and/or supervisory board (as necessary to provide valid authorisation) of directors of the Purchaser (or, if required by the law of its jurisdiction or Constitutional Documents, of its shareholders) authorising the execution of and the performance by the relevant company of its obligations under this Agreement;

(c) pay to CSHK an amount equal to the Hong Kong dollar equivalent of 51% of the Closing Price in accordance with Clause 2, Clause 9.1 and Clause 9.2. For the purposes of this paragraph 2(c), the Hong Kong dollar equivalent of an amount in Renminbi shall be calculated by reference to the exchange rate set by The People’s Bank of China on 30 September 2015; and

(d) pay to CSCL, in either Renminbi or the Hong Kong dollar equivalent of, an amount equal to 49% of the Closing Price in accordance with Clause 2, Clause 9.1 and Clause 9.2, provided that CSCL shall notify the Purchaser in writing on the Closing Date confirming CSCL’s election of the currency of the payment under this Paragraph 2(d). If CSCL elects Renminbi as the currency of the payment under this Paragraph 2(d), the Closing Price shall be calculated at an exchange rate to be confirmed between CSCL and the Purchaser on the Closing Date. If CSCL elects Hong Kong dollar as the currency of the payment under this Paragraph 2(d), the Closing Price shall be translated into its Hong Kong dollar equivalent by reference to the exchange rate set by The People’s Bank of China on 30 September 2015.

All documents and items delivered at Closing pursuant to this Schedule 2 shall be held by the recipient to the order of the person delivering the same until such time as Closing shall be deemed to have taken place. Upon delivery of all documents and items required to be
delivered at Closing in accordance with this Schedule 2 (or waiver of the delivery of it by the person entitled to receive the relevant document or item), the documents and items delivered in accordance with this Schedule 2 shall cease to be held to the order of the person delivering them and Closing shall be deemed to have taken place.
SCHEDULE 3

WARRANTIES

Part A Seller Warranties

1. INFORMATION

1.1 The Sellers have delivered to the Purchaser adequate records of matters that are required to be recorded in accordance with all applicable Laws and prudent business practices as well as the relevant information that gives a true and fair view of the daily transactions, assets, liabilities and business of the Target Group Companies and the Target Group Operating Companies. All information relating to the Target Group Companies and the Target Group Operating Companies provided by the Sellers to the Purchaser or its representatives and advisers (including all the information relating to the Target Group Companies and the Target Group Operating Companies that are incorporated in the PRC that are available to the public on the Credit Information Disclosure System for Enterprises Nationwide (全国企业信用信息公示系统 in Chinese) in the PRC) is true, accurate and not misleading and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

1.2 Save as Disclosed to the Purchaser, there are no other facts or matters which might reasonably be expected to have a Material Adverse Effect.

2. INCORPORATION AND GOOD STANDING

2.1 Each of the Target Group Companies and the Target Group Operating Companies: (a) is a legal entity duly incorporated, validly in existence and duly registered and (where applicable) is in good standing under the laws of its jurisdiction of incorporation; and (b) has all requisite corporate or similar power and authority to own, operate and lease its assets and to carry on its principal business as currently conducted.

3. TARGET AND SALE SHARES

3.1 The information in respect of the Target as set out in Part A of Schedule 1 is true, accurate and not misleading in all respects.

3.2 The information in respect of the Target Group Subsidiaries as set out in Part B of Schedule 1 is true, accurate and not misleading in all respects.

3.3 The information in respect of the Target Group Operating Companies as set out in Part C of Schedule 1 is true, accurate and not misleading in all respects.

3.4 The Target Group Structure Chart is true, accurate and not misleading in all respects.

3.5 All of the Sale Shares have been duly authorised, validly issued and are fully paid up. CSCL beneficially and legally owns 2,782,975,935 Sale Shares and such Sale Shares are free from any Third Party Rights. CSHK beneficially and legally owns 2,896,566,789 Sale Shares and such Sale Shares are free from any Third Party Rights. The Sellers are entitled to transfer, or procure the transfer of, the full ownership of the Sale Shares to the Purchaser on the terms set out in this Agreement.
3.6 The Sale Shares comprise all of the issued share capital of the Target.

3.7 Save as Disclosed to the Purchaser, there are no outstanding options, warrants, convertible securities or other rights (including preemptive rights) or agreements relating to the Sale Shares or any share capital of any other Target Group Company or Relevant Target Group Operating Company.

3.8 The Sale Shares are not subject to any Third Party Rights.

3.9 The Target has no direct or indirect interest in the equity or share capital of any other company, corporation or entity other than the Target Group Subsidiaries and the Target Group Operating Companies.

3.10 Hong Kong Haima Development Co., Limited does not conduct any business or operation in any respect.

3.11 Save as Disclosed to the Purchaser, none of China Shipping, CSHK, CSCL and their respective subsidiaries have any direct or indirect interest in any person that carries on the business of management and operation of terminals.

3.12 Saved as Disclosed to the Purchaser, the equity capital and shares issued by each of the Target Group Companies and the Relevant Target Group Operating Companies have been duly authorised, validly issued and has been fully and timely paid up.

3.13 Save as Disclosed to the Purchaser, no dividend or any other form of distribution has been made by any Target Group Company since 30 September 2015 other than the Pre-Closing Dividend.

3.14 Save as Disclosed to the Purchaser, none of the Target Group Companies are in discussions with any other person in relation to any disposal of any interest in any of the Target Group Companies or Target Group Operating Companies and there are no plans or proposals contemplated by any of the Target Group Companies in relation to any such disposal.

3.15 Save as Disclosed to the Purchaser, none of the Target Group Companies are in discussions with any other person which are likely to result in any definitive agreement, or have submitted any bids (whether legally binding or not) in relation to any acquisition or disposal of, or joint venture relating to, any interest in any port company.

4. **AUTHORISATION AND BINDING OBLIGATIONS**

4.1 Each Seller is a legal entity duly incorporated, validly in existence and duly registered and is in good standing under the laws of its jurisdiction of incorporation;

4.2 Each Seller has all necessary corporate or similar power and authority to make, execute and deliver this Agreement and to perform all of the obligations to be performed by each of them hereunder and to consummate the Proposed Transaction. The execution, delivery and performance by each Seller of this Agreement and the consummation by it of the Proposed Transaction has been duly and validly authorised by all necessary corporate action on the part of that Seller. This Agreement will constitute the legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms.
4.3 Save as Disclosed to the Purchaser, the execution and delivery by each Seller of this Agreement, and the performance and completion of the Proposed Transaction: (a) will not infringe any applicable Laws; (b) will not result in any breach of the terms of, or constitute a default under, its Constitutional Documents and business license (as applicable) or any instrument, agreement or governmental, regulatory or other judgment, decree or order to which the Seller is a party or by which it or its property is bound; and (c) will not conflict with any of the certificates, licenses or permits of that Seller that enable it to carry on the business or operations now operated by it.

5. **LITIGATION**

5.1 Save as Disclosed to the Purchaser, there is no material litigation pending against any Target Group Company or, to the best knowledge of the Sellers, any Relevant Target Group Operating Company, or any assets of the Target Group Companies or, to the best knowledge of the Sellers, the Relevant Target Group Operating Companies, in each case that individually or in the aggregate would reasonably be expected to have a material adverse effect on the operations of that Target Group Company or that Relevant Target Group Operating Company (as the case may be). There are no judgments, injunctions, writs, orders or decrees binding upon any Target Group Company or, to the best knowledge of the Sellers, any Relevant Target Group Operating Company, that individually or in the aggregate would reasonably be expected to have a material adverse effect on the relevant Target Group Company or Relevant Target Group Operating Company (as the case may be).

5.2 Save as Disclosed to the Purchaser and, in respect of the Relevant Target Group Operating Companies only, to the best knowledge of the Sellers, none of the Sellers is aware of any circumstances which are likely to give rise to any such proceeding, investigation or inquiry as is referred to in paragraph 5.1 above.

6. **FINANCIAL STATEMENTS**

6.1 The Accounts have been derived from the accounting books and records of the Target and have been prepared in accordance with HKFRS. The Accounts give a true and fair view of the state of affairs and of the profit and cash flows of the Target as at, and for the period ended on the Accounts Date, in each case in accordance with HKFRS.

6.2 The books of account and other financial records (including the statutory accounts) of each of the Target Group Companies and, to the best knowledge of the Sellers, each of the Relevant Target Group Operating Companies has been maintained in all material respects in accordance with good business and accounting practices and the applicable laws and regulations of the relevant jurisdiction applicable to that Target Group Company or Relevant Target Group Operating Company.

6.3 Without limiting the generality of paragraph 6.1:

(a) the Accounts of the Target either make full provision for or disclose all liabilities (whether actual, contingent or disputed and including financial lease commitments and pension liabilities), all outstanding capital commitments and all bad or doubtful debts of the Target as at the Accounts Date, in each case in accordance with applicable accounting principles;

(b) the Accounts of the Target for each of the periods ended on the Accounts Date were prepared under the historical convention, complied with the requirements of all relevant laws and regulations then in force and with all statements of standard
accounting practice (or financial reporting standards) and applicable accounting principles then in force;

(c) the rate of depreciation adopted by the Target in its Accounts for the 12-month period ended on the Accounts Date was sufficient for each of the fixed assets of the Target to be written down in accordance with the Target’s accounting practices;

(d) except as stated in its Accounts, no changes in the accounting policies were made by the Target in the 12-month period ended on the Accounts Date;

(e) the results shown by the Accounts of the Target for the 12-month period ended on the Accounts Dates were not (except as therein disclosed) affected by any extraordinary or exceptional item or by any other factor rendering such results for all or any of such periods unusually high or low.

7. **POSITION SINCE THE ACCOUNTS DATE**

7.1 Save as Disclosed to the Purchaser, since the Accounts Date and compared to the Accounts, there has been no material adverse change to the financial condition, business operations, trading position, assets, liabilities (including contingent liabilities), real property interests of each of the Target Group Companies and, to the best knowledge of the Sellers, each of the Relevant Target Group Operating Companies.

8. **MATERIAL CONTRACTS, ASSETS AND POWERS OF ATTORNEY**

8.1 True and complete copies of each joint venture agreement or shareholders’ agreement applicable to any Target Group Company or Relevant Target Group Operating Company have been provided to the Purchaser, a list of which is set out in the Disclosure Letter.

8.2 Save as Disclosed to the Purchaser, the execution and delivery of, and the performance of the Sellers of its obligations under this Agreement will not, result in any other person having a right to terminate or amend any material agreement with or material rights of any Target Group Company or Relevant Target Group Operating Company, result in any obligation on any Target Group Company or Relevant Target Group Operating Company to sell any interest in any other Target Group Company or Relevant Target Group Operating Company to its other shareholders or trigger any other change of control right or pre-emption right exercisable by any other third party.

8.3 The Disclosure Letter sets out a true and complete summary of all powers of attorney given by any Target Group Company.

8.4 Save as Disclosed to the Purchaser, no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has given any guarantee or indemnity in respect of any obligation or liability of the Seller Group.

8.5 Save as Disclosed to the Purchaser, all assets used by each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company in the course of its business or which are necessary for the continuation of its business as it is now carried (other than assets disposed in the ordinary course of business or which are the subject matter of operating or finance or capital leases) is:
(a) legally and beneficially owned by the relevant Target Group Company or Relevant Target Group Operating Company (as the case may be), free from any Third Party Rights (other than retention of title claims or liens arising in the ordinary course of business); and

(b) where capable of possession, in the possession or under the control of the relevant Target Group Company or Relevant Target Group Operating Company (as the case may be).

8.6 Save as Disclosed to the Purchaser and to the best knowledge of the Sellers, each Target Group Company has good and marketable title to all real properties used or owned by it that is material to its business (including, in the case of any Target Group Company in the PRC, all land use right certificates, certificates of right to use sea area and building ownership certificates), in each case free and clear of any Third Party Rights. Each Target Group Company has all the requisite approvals, permits, certificates, licenses and consents and has completed all the necessary filings to develop, construct, own, manage and operate any port and/or terminal projects, both the completed ones and the ones in construction, and there are no circumstances which indicate that any such projects in the PRC will or is likely to fail to pass the completion acceptance in accordance with the relevant requisite port acceptance standard, in whole or in part.

8.7 Each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company has obtained insurance policies in respect of its assets, business, employees and operations that are in-line with the usual practice of the industry in which it operates in, in each case, in the jurisdiction applicable to the relevant Target Group Company or Relevant Target Group Operating Company.

8.8 Save as Disclosed to the Purchaser, there are no material claims or actions outstanding, pending or anticipated or threatened against any Target Group Company or, to the best knowledge of the Sellers, any Relevant Target Group Operating Company in respect of any of its insurance policies.

9. **Regulatory Matters**

9.1 Save as Disclosed to the Purchaser, each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company has obtained all licenses, approvals, permissions, authorisations and consents required for carrying on its business effectively in the places and in the manner in which such business is now carried on, except where it will not have any material adverse effect on the relevant Target Group Company or Relevant Target Group Operating Company.

9.2 Save as Disclosed to the Purchaser and, in respect of the Relevant Target Group Operating Companies only, to the best knowledge of the Sellers, the licenses, approvals, permissions, authorisations and consents referred to in paragraph 9.1 are in full force and effect, not expired or subject to any unusual or onerous conditions and have been complied with in all respects.

9.3 Save as Disclosed to the Purchaser and, in respect of the Relevant Target Group Operating Companies only, to the best knowledge of the Sellers, to the best knowledge of the Sellers, there are no circumstances which indicate that any of the licenses, permissions, authorisations or consents referred to in paragraph 9.1 will or
are likely to be revoked or not renewed, in whole or in part, whether as a result of the acquisition of the Sale Shares by the Purchaser or for any other reason.

9.4 Save as Disclosed to the Purchaser, each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company has conducted its business and corporate affairs in accordance with its business license and with all applicable laws and regulations (whether of the PRC, Hong Kong or any other jurisdiction), except where it will not have any material adverse effect on the relevant Target Group Company or Relevant Target Group Operating Company.

9.5 Save as Disclosed to the Purchaser, no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has received notification that any investigation or inquiry is being or has been conducted by any Governmental Authority in respect of the affairs of the relevant Target Group Company or Relevant Target Group Operating Company.

9.6 Save as Disclosed to the Purchaser, no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has committed or is liable for any criminal, illegal, unlawful or unauthorised act or breach of any obligation or duty whether imposed by or pursuant to statute or a Governmental Authority, except where it will not have any material adverse effect on the relevant Target Group Company or Relevant Target Group Operating Company.

10. TAXES

10.1 Save as Disclosed to the Purchaser, each of the Target Group Companies and, to the best knowledge of the Sellers, each of the Relevant Target Group Operating Companies has complied with all statutory provisions, rules, regulations, orders and directions concerning profits or corporate Tax, value-added Tax, land value-added Tax, business Tax, stamp duty, withholding Tax and all other Tax in their respective jurisdictions, except where it will not have any material adverse effect on the relevant Target Group Company or the Relevant Target Group Operating Company.

10.2 Save as Disclosed to the Purchaser, each of the Target Group Companies and, to the best knowledge of the Sellers, each of the Relevant Target Group Operating Companies has duly, within appropriate time limits, made all returns and supplied information required to be supplied to the relevant Tax authorities. Such information was when provided complete and accurate and was made on a proper basis, except where it will not have any material adverse effect on the relevant Target Group Company or, to the best knowledge of the Sellers, the Relevant Target Group Operating Company.

10.3 Save as Disclosed to the Purchaser, no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has been subject to any penalty by any Tax authority and no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has been or is involved in any dispute or investigation with any Tax authority.

10.4 The Target has at all times been resident only in Hong Kong for all Tax purposes.

10.5 Save as Disclosed to the Purchaser, no Target Group Company or, to the best knowledge of the Sellers, no Relevant Target Group Operating Company has been a party to or otherwise involved in any transaction, agreement or arrangement which is not or was not on an arms’ length basis.
10.6 Save as Disclosed to the Purchaser, all documents which are required to be stamped or are subject to a registration or transfer Tax and which are in the possession of a Target Group Company or, to the best knowledge of the Sellers, a Relevant Target Group Operating Company, or by virtue of which a Target Group Company or a Relevant Target Group Operating Company has any right, have been duly stamped or such registration or transfer Tax has been paid in respect of such documents.

11. **INSOLVENCY**

11.1 Save as Disclosed to the Purchaser, no order has been made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of any Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company or for the appointment of any provisional liquidator. No petition has been presented for an administration order to be made in relation to any Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company, and no receiver (including any administrative receiver) has been appointed in respect of the whole or any part of any of the property, assets and/or undertaking of any Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company.

11.2 Save as Disclosed to the Purchaser, no composition in satisfaction of the debts of any Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members, has been proposed, sanctioned or approved.

11.3 Save as Disclosed to the Purchaser, no distress, distraint, charging order, garnishee order, execution or other process has been levied or applied for in respect of the whole or any part of any of the property, assets and/or undertaking of any Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company, except where it will not have any material adverse effect on the relevant Target Group Company or, to the best knowledge of the Sellers, any Target Group Operating Company.

12. **EMPLOYEES**

12.1 The Disclosure Letter contains a full and complete summary of all employees of the Target Group Companies (other than the name of the relevant employees), including grade, period of continuous employment and general terms of employment.

12.2 Save as Disclosed to the Purchaser, there are no outstanding claims or liabilities or obligations owing to any current or former employees of the Target Group Companies and, to the best knowledge of the Sellers, no such claims liabilities or obligations have been threatened by any current or former employees of the Target Group Companies, except where it will not have any material adverse effect on the relevant Target Group Company.

12.3 Save as Disclosed to the Purchaser, each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company has complied with all applicable employment, pension (including, where relevant, mandatory provident fund) and social security Laws, except where it will not have
any material adverse effect on the relevant Target Group Company or, to the best knowledge of the Sellers, the Relevant Target Group Operating Company.

12.4 Save as Disclosed to the Purchaser, each Target Group Company and, to the best knowledge of the Sellers, each Relevant Target Group Operating Company has complied with the provisions of any agreement or arrangement with any trade union, works council, staff association or other body representing any of its employees and, no fact or circumstances exists which might give rise to a dispute with any trade union, works council, staff association or other body representing any of its employees.

12.5 Save as Disclosed to the Purchaser, no industrial action, official or unofficial, is now occurring or threatened against any Target Group Company or, to the best knowledge of the Sellers, any Relevant Target Group Operating Company.

12.6 Save as Disclosed to the Purchaser, there are no material outstanding liability owing by any Target Group Company or, to the best knowledge of the Sellers, any Relevant Target Group Operating Company in respect of any employee provident fund or employee pension fund.

13. **ANTI-BRIBERY AND ECONOMIC SANCTIONS**

13.1 None of the Target Group Companies or, to the best knowledge of the Sellers, the Relevant Target Group Operating Companies has breached or contravened any anti-bribery Law, any anti-money laundering Law or anti-corruption Law applicable to it.

13.2 None of the Sellers, the Target Group Companies or, to the best knowledge of the Sellers, the Relevant Target Group Operating Companies is:

(a) a Sanctioned Person or owned or controlled by a Sanctioned Person; or

(b) in breach of any applicable Economic Sanctions Law.

**Part B Purchaser Warranties**

1. The Purchaser is a legal entity duly incorporated, validly in existence and duly registered and is in good standing under the laws of its jurisdiction of incorporation;

2. The Purchaser has all necessary corporate or similar power and authority to make, execute and deliver this Agreement and to perform all of the obligations to be performed by it hereunder and to consummate the Proposed Transaction. This Agreement will constitute the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms;

3. The execution and delivery by the Purchaser of this Agreement, and the performance and completion of the Proposed Transaction: (a) will not infringe any applicable Laws; and (b) will not result in any breach of the terms of, or constitute a default under, its Constitutional Documents and business license (as applicable) or any instrument, agreement or governmental, regulatory or other judgment, decree or order to which the Purchaser is a party or by which it or its property is bound.
1. **Preparation of Completion Accounts**

The Purchaser shall procure that the Firm conduct and complete an audit of the accounts of the Target, prepared in accordance with the accounting standards and policies set out in Part C of this Schedule 4 as at the Completion Accounts Date, and prepare and issue the audited initial completion accounts (the *Initial Completion Accounts*), which shall:

(a) present the adjusted net asset value of the Target as at the Completion Accounts Date;

(b) be presented in Hong Kong dollars; and

(c) in the form set out in Part D of this Schedule 4.

The Initial Completion Accounts shall be provided by the Firm to the Parties within 60 Business Days (or such longer period of time as agreed by the Parties) after Closing. The Parties shall review the Initial Completion Accounts and notify the other Parties in writing of its agreement, or if the Sellers or the Purchaser (as the case may be) do not agree with the Initial Completion Accounts, notify the other Parties of the grounds of disagreement to the Initial Completion Accounts within 14 days of receipt of the Initial Completion Accounts. If the Sellers or the Purchaser do not agree with the Initial Completion Accounts and have served a notice in writing to the other Parties notifying the ground of disagreement (the *Notice*), the Parties shall negotiate in good faith to reach agreement on the matters set out in the Notice within 14 days (or such longer period of time as agreed by the Parties) of the receipt of that Notice, failing which, the procedures set out in paragraph 5 below shall apply. Only one Notice may be issued by the Purchaser and only one Notice may be issued jointly by the Sellers.

If the Parties reach agreement on the Initial Completion Accounts, the Initial Completion Accounts (as amended by agreement between the Parties (if any)) shall constitute the Completion Accounts for the purposes of this Agreement.
2. **Access to Books and Records**

Each Party shall co-operate with the Firm (and the Second Firm, if applicable) and comply with its reasonable requests made in connection with the carrying out of its duties under this Schedule 4, in particular, without limitation, the Parties shall make available to the Firm (and the Second Firm, if applicable) the books and records relating to the Target Group Companies as the Firm (and the Second Firm, if applicable) may require.

3. **Costs and Expenses**

The costs and expenses payable to the Firm (and the Second Firm if applicable) in relation to its work and duties under this Schedule 4 shall be borne by the Sellers and the Purchaser equally.

4. **Capacity of the Firm**

In preparing the Initial Completion Accounts and the Completion Accounts, the Firm (and the Second Firm, if applicable) shall act as an expert and not as an arbitrator.

5. **Determination by the Second Firm**

(a) If no agreement is reached between the Parties on the Initial Completion Accounts in accordance with paragraph 1 above, the Parties shall use all reasonable endeavours to reach agreement regarding the identity of the firm to be appointed as the Second Firm and to agree terms of appointment with the Second Firm within 21 days of the receipt of the last Notice (failing which either the Sellers or the Purchaser shall be entitled to request the President for the time being of the Hong Kong Institute of Certified Public Accountants to appoint the Second Firm and to agree its terms of appointment on behalf of the Parties.)

(b) Except for any procedural matters, or as otherwise expressly provided in this Schedule, the scope of the Second Firm’s determination shall be limited to:

   (A) the matters under the relevant Notices that are subject to disagreement between the Parties; and

   (B) any consequential adjustments, corrections or modifications to the Initial Completion Accounts as a result of the Second Firm’s determination under (A) above.
Unless otherwise agreed by the Parties, the Second Firm shall be required to make its determination in writing (including reasons for its determination) and to provide a copy to each Party as soon as reasonably practicable and in any event within 30 days of its appointment.

Save in the event of manifest error or fraud:

(A) the Second Firm's determination of any matters referred to it under this Schedule shall be final and binding on the Parties; and

(B) the Initial Completion Accounts, subject to any adjustments, corrections or modifications that are necessary to give effect to the Second Firm's determination, shall constitute the Completion Accounts for the purpose of this Agreement.

Part B: Adjustments to Closing Price

1. When the Completion Accounts are agreed between the Parties or otherwise determined or constituted in accordance with this Schedule 4:

(a) if the Final Net Asset Value exceeds the Initial Net Asset Value (the amount of such excess being the Excess), the Purchaser shall instruct its bank to wire:

(i) an amount equal to 51% of the Excess in Hong Kong dollars in immediately available funds within 15 Business Days after the Adjustment Confirmation Date to a bank account designated by CSHK and provide a copy of such payment instruction to CSHK. Upon receipt of the funds by CSHK, CSHK shall issue a receipt for the amount received to the Purchaser; and

(ii) an amount equal to 49% of the Excess within 15 Business Days after the Adjustment Confirmation Date to a bank account designated by CSCL and provide a copy of such payment instruction to CSCL. Upon receipt of the funds by CSCL, CSCL shall issue a receipt for the amount received to the Purchaser; or

(b) if the Final Net Asset Value falls short of the Initial Net Asset Value (the amount of such shortfall being the Shortfall):

(i) CSHK shall instruct its bank to wire an amount equal to 51% of the Shortfall in Hong Kong dollars in immediately available funds within 15 Business Days after the Adjustment Confirmation Date to a bank account designated by the Purchaser. Upon receipt of the funds by the Purchaser, the Purchaser shall issue a receipt for the amount received to CSHK; and

(ii) CSCL shall instruct its bank to wire an amount equal to 49% of the Shortfall within 15 Business Days after the Adjustment Confirmation Date to a bank account designated by the Purchaser. Upon receipt of the funds by the Purchaser, the Purchaser shall issue a receipt for the amount received to CSCL.
For the purposes of any payment under Paragraph 1(a)(ii) or 1(b)(ii) above, such payment shall be made in the currency of the payment made pursuant to Paragraph 2(d) of Part B of Schedule 2 and, if applicable, the exchange rate from Hong Kong dollars to Renminbi for the purposes of this Part B of Schedule 4 shall be the exchange rate that applied to the payment made pursuant to Paragraph 2(d) of Part B of Schedule 2.

2. The Final Price shall be an amount equal to the Closing Price plus the Renminbi equivalent of an amount equal to the Final Net Asset Value minus the Renminbi equivalent of an amount equal to the Initial Net Asset Value.
Part C: Accounting policies and standards for preparing the Completion Accounts

1. BASIS OF PREPARATION

The Completion Accounts shall be prepared in accordance with HKFRSs, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The financial information contained in the Completion Accounts shall be prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. The Completion Accounts shall be presented in Hong Kong dollars (“HK$”) and all values are to be rounded to the nearest thousands, except when otherwise indicated.

Basis of consolidation

The Completion Accounts shall include the financial statements of the Target for the relevant periods.

The financial statements of the subsidiaries are to be prepared for the same reporting period as the Target, using consistent accounting policies. The results of subsidiaries are to be consolidated from the date on which the Target obtained control, and shall continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are to be attributed to the owners of the parent of the Target and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are to be eliminated in full on consolidation.

The Target shall be reassessed as to whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, shall be accounted for as an equity transaction.

If the Target loses control over a subsidiary, it shall derecognise (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and shall recognise (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target’s share of components previously recognised in other comprehensive income shall be reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target had directly disposed of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target. Control is achieved when the Target is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target the current ability to direct the relevant activities of the investee).

When the Target has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target shall consider all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Target voting rights and potential voting rights.

The results of subsidiaries shall be included in the Target’s statement of profit or loss to the extent of dividends received and receivable. The Target’s investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 shall be stated at cost less any impairment losses.

**Investments in associates and joint ventures**

An associate is an entity in which the Target has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not the power to control or jointly control those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Target’s investments in associates and joint ventures shall be stated in the consolidated statement of financial position at the Target’s share of net assets under the equity method of accounting, less any impairment losses.

The Target’s share of the post-acquisition results and other comprehensive income of associates and joint ventures shall be included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Target shall recognise its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Target and its associates or joint ventures shall be eliminated to the extent of the Target’s investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures shall be included as part of the Target’s investments in associates or joint ventures.

**Business combinations and goodwill not under common control**

Business combinations not under common control shall be accounted for using the acquisition method. The consideration transferred shall be measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Target, liabilities assumed by the Target to the former owners of the acquiree and the equity interests issued by the Target in exchange for control of the acquiree. For each business combination, the Target shall elect whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests shall be measured at fair value. Acquisition-related costs shall be expensed as incurred.

When the Target acquires a business, it shall assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest shall be remeasured at its acquisition date fair value and any resulting gain or loss shall be recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer shall be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 shall be measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent
consideration is not within the scope of HKAS 39, it shall be measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity shall not be remeasured and subsequent settlement shall be accounted for within equity.

Goodwill shall be initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Target’s previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference shall be, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill shall be measured at cost less any accumulated impairment losses. Goodwill shall be tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Target shall perform its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination shall be, from the acquisition date, allocated to each of the Target’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Target are assigned to those units or groups of units.

Impairment shall be determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss shall be recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of shall be included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances shall be measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Target shall measure its equity investments at fair value at the end of each reporting period. Fair value shall be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement shall be based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target. The fair value of an asset or a liability shall be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset shall take into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements shall be categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 -- based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 -- based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 -- based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target shall determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount shall be estimated. An asset's recoverable amount shall be the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and shall be determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount shall be determined for the cash-generating unit to which the asset belongs.

An impairment loss shall be recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-Tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss shall be charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment shall be made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount shall be estimated. A previously recognised impairment loss of an asset other than goodwill shall be reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss shall be credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss shall be accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Target if:

(a) the party is a person or a close member of that person’s family and that person
   (i) has control or joint control over the Target;
   (ii) has significant influence over the Target; or
   (iii) is a member of the key management personnel of the Target or of a parent of the Target;
   or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Target are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Target are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target or an entity related to the Target;
(vi) the entity is controlled or jointly controlled by a person identified in (a); and
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key
management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, shall be stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, shall be normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection shall be capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target shall recognise such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation shall be calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment shall be as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>30-40 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5 years</td>
</tr>
<tr>
<td>Containers</td>
<td>8-10 years</td>
</tr>
<tr>
<td>Port and depot infrastructures</td>
<td>10-50 years</td>
</tr>
<tr>
<td>Machinery</td>
<td>8-30 years</td>
</tr>
<tr>
<td>Furniture, fixture and office equipment</td>
<td>2-10 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5-8 years</td>
</tr>
</tbody>
</table>

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item shall be allocated on a reasonable basis among the parts and each part shall be depreciated separately. Residual values, useful lives and the depreciation method shall be reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised shall be derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal or retirement recognised in the statement of profit or loss in the year the assets is derecognised shall be the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and shall not be depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress shall be reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately shall be measured on initial recognition at cost. The cost of intangible assets acquired in a business combination shall be the fair value at the date of acquisition. The useful lives of intangible assets shall be assessed to be finite. Intangible assets with finite lives shall be subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each financial year end.
Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor shall be accounted for as operating leases. Where the Target is the lessor, assets leased by the Target under operating leases shall be included in non-current assets, and rentals receivable under the operating leases shall be credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor shall be charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases shall be initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investment and other financial assets

Initial recognition and measurement

Financial assets shall be classified, at initial recognition, as loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they shall be measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets shall be recognised on the trade date, that is, the date that the Target commits to purchase or sell the asset. Regular way purchases or sales shall be purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets shall be subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation shall be included in other income and gains in the statement of profit or loss. The losses arising from impairment shall be recognised in the statement of profit or loss in other expenses for loans and receivables.

- Available-for-sale financial investments

  After initial recognition, available-for-sale financial investments shall be subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss shall be recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss shall be reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments shall be reported as interest income and dividend income, respectively and shall be recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.
When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments shall be stated at cost less any impairment losses.

The Target shall evaluate whether the ability and intention to sell its available-for-sale financial investments in the near term are still appropriate. When, in rare circumstances, the Target is unable to trade these financial assets due to inactive markets, the Target may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification shall become its new amortised cost and any previous gain or loss on that asset that has been recognised in equity shall be amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount shall also be amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity shall be reclassified to profit or loss.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) shall primarily be derecognised (i.e., removed from the Target’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Target has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Target has transferred substantially all the risks and rewards of the asset, or (b) the Target has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it shall evaluate if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Target shall continue to recognise the transferred asset to the extent of the Target’s continuing involvement. In that case, the Target shall also recognise an associated liability. The transferred asset and the associated liability shall be measured on a basis that reflects the rights and obligations that the Target has retained.

**Impairment of financial assets**

The Target shall assess, at the end of each reporting period, whether there is objective evidence that a financial asset or a group of financial assets has been impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the Target’s financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

- Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target shall first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets
that are not individually significant. If the Target determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it shall include the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised shall not be included in a collective assessment of impairment.

The amount of any impairment loss identified shall be measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows shall be discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset shall be reduced through the use of an allowance account and the loss shall be recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance shall be written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss shall be increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery shall be credited to other income and gains in the statement of profit or loss.

**Assets carried at cost**

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss shall be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets shall not be reversed.

**Available-for-sale financial investments**

For available-for-sale financial investments, the Target shall assess at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, shall be removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence should include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgment. “Significant” shall be evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss -- shall be removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale shall not be reversed through the statement of profit or loss. Increases in their fair value after impairment shall be recognised directly in other comprehensive income.
The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Target shall evaluate, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities shall be classified, at initial recognition, as loans and borrowings.

All financial liabilities shall be recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Target’s financial liabilities shall include trade payables, other payables and accruals, interest-bearing bank borrowings and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities will depend on their classification as below:

- Loans and borrowings

After initial recognition, loans and borrowings shall be subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they shall be stated at cost. Gains and losses shall be recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost shall be calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation shall be included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability shall be derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification shall be treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts shall be recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities shall be offset and the net amount shall be reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories shall be stated at the lower of cost and net realisable value. Cost shall be determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value shall be based on estimated selling prices, less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents shall comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible.
into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target’s cash management.

For the purpose of the statement of financial position, cash and cash equivalents shall comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision shall be the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time shall be included in finance costs in the statement of profit or loss.

Income Tax

Income Tax comprises current and deferred Tax. Income Tax relating to items recognised outside profit or loss shall be recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current Tax assets and liabilities shall be measured at the amount expected to be recovered from or paid to the taxation authorities, based on Tax rates (and Tax Laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing the countries in which the Target operates.

Deferred Tax shall be provided, using the liability method, on all temporary differences at the end of the reporting periods between the Tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities shall be recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and certain associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets shall be recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
The carrying amount of deferred tax assets shall be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets shall be reassessed at the end of each reporting period and shall be recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities shall be offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants shall be recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Grants related to income shall be deducted in reporting the related expense. If there was no specific expense to compensate, the grants shall be presented as part of profit or loss under other income.

Grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the related assets.

Revenue recognition

Revenue shall be recognised when it is probable that the economic benefits will flow to the Target and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Target maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the service has been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, shall be capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets shall be deducted from the borrowing costs capitalised. All other borrowing costs shall be expensed in the period.
in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Dividends**

Dividends are simultaneously proposed and declared, because the Target’s articles of association grant the directors the authority to declare dividends. Consequently, dividends are recognised immediately as a liability when they are proposed and declared.

Interim dividends shall be simultaneously proposed and declared.

**Foreign currencies**

The Completion Accounts shall be presented in Hong Kong dollars, which is the Target’s functional and presentation currency. Each entity in the Target determines its own functional currency and items included in the financial statements of each entity shall be measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group shall be initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies shall be translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items shall be recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value shall be treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities shall be translated into the presentation currency of the Target at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss shall be translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences shall be recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation shall be recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition shall be treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries shall be translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year shall be translated into Hong Kong dollars at the weighted average exchange rates for the year.

The preparation of the Completion Accounts requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.
## Part D: Form of Completion Accounts

<table>
<thead>
<tr>
<th>NON-CURRENT ASSETS</th>
<th>HK$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>[●]</td>
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<tr>
<td>Prepaid land lease payments</td>
<td>[●]</td>
</tr>
<tr>
<td>Intangible asset</td>
<td>[●]</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>[●]</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>[●]</td>
</tr>
<tr>
<td>Available-for-sale investments</td>
<td>[●]</td>
</tr>
<tr>
<td>Deposit for acquisition of a joint venture</td>
<td>[●]</td>
</tr>
<tr>
<td>Loan to an associate</td>
<td>[●]</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>[●]</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CURRENT ASSETS</th>
<th>HK$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>[●]</td>
</tr>
<tr>
<td>Trade and notes receivables</td>
<td>[●]</td>
</tr>
<tr>
<td>Prepayments, deposits and other receivables</td>
<td>[●]</td>
</tr>
<tr>
<td>Prepaid land lease payments</td>
<td>[●]</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>[●]</td>
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<tr>
<td>Pledged deposits</td>
<td>[●]</td>
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<tr>
<td>Cash and cash equivalents</td>
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<td><strong>Total current assets</strong></td>
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<table>
<thead>
<tr>
<th>CURRENT LIABILITIES</th>
<th>HK$’000</th>
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<td>Trade payables</td>
<td>[●]</td>
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<tr>
<td>Other payables and accruals</td>
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<tr>
<td>Interest-bearing bank Borrowings</td>
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<tr>
<td>Obligation under finance leases</td>
<td>[●]</td>
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<tr>
<td>Tax payable</td>
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<tr>
<td>Amounts due to related parties</td>
<td>[●]</td>
</tr>
<tr>
<td>Loan from a fellow subsidiary</td>
<td>[●]</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>[●]</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>NET CURRENT ASSETS/(LIABILITIES)</th>
<th>HK$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[●]</strong></td>
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<tr>
<td>Non-controlling interests</td>
<td>Total equity</td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
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<td></td>
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### SCHEDULE 5

#### CP AGREEMENTS

<table>
<thead>
<tr>
<th>Contract reference number</th>
<th>The seller / the lessor / the shareholders</th>
<th>The purchaser / the lessee / the contributing party</th>
<th>Subject</th>
<th>Date of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1-1-1</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>China COSCO Holdings Company Limited (中國遠洋控股股份有限公司)</td>
<td>The sale and purchase of equity interest in various agency companies between China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) as seller and China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A1-1-2</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>(i) COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司) (ii) Shanghai Pan Asia Shipping Company Limited (上海泛亞航運有限公司)</td>
<td>The sale and purchase of (i) 100% equity interest in 中海集裝箱運輸代理（深圳）有限公司 between China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as seller and COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司) as purchaser; and (ii) 100% equity interest in 深圳中海五洲物流有限公司 between China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as seller and Shanghai Pan Asia Shipping Company Limited (上海泛亞航運有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
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<tr>
<td>A1-2</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>COSCO Container Lines (Hong Kong) Co., Limited (中遠集裝箱運輸有限公司)</td>
<td>The sale and purchase of 100% equity interest in China Shipping Container Lines (Hongkong) Agency Co., Limited (中海集裝箱運輸(香港)代理有限公司)</td>
<td>On or about the date of this Agreement</td>
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<tr>
<td>A1-3</td>
<td>China Shipping Container</td>
<td>Shanghai Pan Asia Shipping</td>
<td>The sale and purchase of 100% equity interest in Universal</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>Contract reference number</td>
<td>The seller / the lessor / the shareholders</td>
<td>The purchaser / the lessee / the contributing party</td>
<td>Subject</td>
<td>Date of agreement</td>
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<td>A1-4</td>
<td>Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>Company Limited (上海泛亞航運有限公司)</td>
<td>The sale and purchase of 51% equity interest in Golden Sea Shipping Pte. Ltd. (鑫海航運有限公司)</td>
<td>Agreement</td>
</tr>
<tr>
<td>A1-5</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>China Shipping Regional Holdings Pte. Ltd. (中國海運(東南亞)控股有限公司)</td>
<td>The sale and purchase of 9% equity interest in Golden Sea Shipping Pte. Ltd. (鑫海航運有限公司) between China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) as seller and China Shipping Regional Holdings Pte. Ltd. (中國海運(東南亞)控股有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A1-6</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司)</td>
<td>The sale and purchase of 91% equity interest in China Shipping Regional Holdings Pte. Ltd (中國海運(新加坡)石油有限公司) between China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as seller and China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
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<td>A1-7</td>
<td>N/A</td>
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<td>N/A</td>
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<tr>
<td>A1-9</td>
<td>China COSCO Holdings Company Limited (中國遠洋控股股份有限公司)</td>
<td>China Ocean Shipping (Group) Company (中國遠洋運輸（集團）總公司)</td>
<td>The sale and purchase of 100% equity interest in China COSCO Bulk Shipping (Group) Co., Ltd. (中遠散貨運輸(集團)有限公司) between China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) as seller and China Ocean Shipping (Group) Company</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>Contract reference number</td>
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<td>The purchaser / the lessee / the contributing party</td>
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<tr>
<td>A1-10</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>China COSCO Holdings Company Limited (中國遠洋控股股份有限公司)</td>
<td>The lease of certain vessels from China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) as lessor to China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) as lessee</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-1</td>
<td>(i) China Shipping (Group) Company (中國海運（集團）總公司) (ii) Guangzhou Maritime Transport (Group) Co., Ltd (廣州海運（集團）有限公司) (iii) Shanghai Shipping Group Co., Ltd (上海海運（集團）有限公司)</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>The sale and purchase of 100% of the issued share capital of China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-2</td>
<td>China Shipping (Group) Company (中國海運（集團）總公司)</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>The sale and purchase of 100% of the issued share capital of China Shipping (Group) Leasing Co., Ltd (中海集裝箱運輸股份有限公司) between China Shipping (Group) Company (中國海運（集團）總公司) as seller and China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-3</td>
<td>(i) China Shipping (Group) Company (中國海運（集團）總公司) (ii) Guangzhou Maritime Transport (Group) Co., Ltd (廣州海運（集團）有限公司)</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>The sale and purchase of 40% of the issued share capital of China Shipping Finance Co., Ltd. (中海集裝箱運輸股份有限公司) between (i) China Shipping (Group) Company (中國海運（集團）總公司) and (ii) Guangzhou Maritime Transport (Group) Co., Ltd (廣州海運（集團）有限公司)</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>Contract reference number</td>
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<td>The purchaser / the lessee / the contributing party</td>
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<td>Date of agreement</td>
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<tr>
<td>A3-4-1</td>
<td>China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司)</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>The sale and purchase of 100% of the issued share capital of China Shipping Nautigreen Holdings Company Limited (中海綠舟控股有限公司) and Helen Insurance Brokers Limited (海寧保險經紀有限公司) between China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司) as seller and China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
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<tr>
<td>A3-4-2</td>
<td>China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司)</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>The sale and purchase of 100% of the issued share capital of Dong Fang International Investment Limited (東方國際投資有限公司) between China Shipping (Hong Kong) Holdings Co., Limited (中國海運(香港)控股有限公司) as seller and China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-5</td>
<td>China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司)</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>The sale and purchase of 13.67% of the issued share capital of China Bohai Bank Co., Ltd. (渤海銀行股份有限公司) between China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司) as seller and China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) as purchaser</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-6</td>
<td>COSCO (Hong Kong) Group Limited (中遠（香港）集團有限公司)</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>The sale and purchase of 100% of the issued share capital of Long Honour Investments Limited (長譽投資有限公司) between COSCO (Hong Kong) Group Limited (中遠（香港）集團有限公司) as seller and China Shipping</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>Contract reference number</td>
<td>The seller / the lessor / the shareholders</td>
<td>The purchaser / the lessee / the contributing party</td>
<td>Subject</td>
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<tr>
<td>A3-7</td>
<td>Purchaser</td>
<td>Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) as purchaser</td>
<td>China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司)</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>A3-8</td>
<td>(i) China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), (ii) COSCO Container Lines Co., Ltd (中遠集裝箱運輸有限公司), (iii) COSCO Bulk Carrier Co., Ltd (中遠散貨運輸有限公司), (iv) Qingdao Ocean Shipping Co., Ltd. (青島遠洋運輸有限公司), (v) COSCO Shipping Co., Ltd (中遠航運股份有限公司), (vi) Guangzhou Ocean Shipping Co., Ltd. (廣州遠洋運輸有限公司), (vii) Dalian Ocean Shipping Co., Ltd. (大連遠洋運輸公司), (viii) Xiamen Ocean Shipping Co., Ltd. (廈門遠洋運輸公司), (ix) COSCO International Freight Co., Ltd</td>
<td>China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)</td>
<td>Capital contribution by China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) to China Shipping Finance Co., Ltd. (中遠財務有限責任公司) resulting in China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) holding 17.53% equity interest in COSCO Finance Co., Ltd. (中遠財務有限責任公司) immediately after the capital increase</td>
<td>On or about the date of this Agreement</td>
</tr>
<tr>
<td>Contract reference number</td>
<td>The seller / the lessor / the shareholders</td>
<td>The purchaser / the lessee / the contributing party</td>
<td>Subject</td>
<td>Date of agreement</td>
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</tr>
<tr>
<td>(中遠國際貨運有限公司), (x) China Ocean Shipping Agency Co., Ltd. (PENAVICO) (中國外輪代理有限公司), (xi) China Ocean Shipping Tally Co., Ltd. (中國外輪理貨總公司), (xii) COSCO Shipbuilding Industry Co., Ltd. (中遠造船工業公司), (xiii) COSCO Shipyard Group Co., Ltd (中遠船務工程集團有限公司) and (xiv) China Marine Bunker (PetroChina) Co., Ltd (中國船舶燃料有限責任公司)</td>
<td></td>
<td>(中遠國際貨運有限公司), (x) China Ocean Shipping Agency Co., Ltd. (PENAVICO) (中國外輪代理有限公司), (xi) China Ocean Shipping Tally Co., Ltd. (中國外輪理貨總公司), (xii) COSCO Shipbuilding Industry Co., Ltd. (中遠造船工業公司), (xiii) COSCO Shipyard Group Co., Ltd (中遠船務工程集團有限公司) and (xiv) China Marine Bunker (PetroChina) Co., Ltd (中國船舶燃料有限責任公司)</td>
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SCHEDULE 6
DEFINITIONS AND INTERPRETATION

1. Definitions. In this Agreement, the following words and expressions shall have the following meanings:

**Accounts** means in relation to the Target, prepared in accordance with the HKFRS:

(a) the audited consolidated balance sheet of the Target as of the Accounts Date in respect of that financial period; and

(b) the audited consolidated statements of income, owner’s equity and cash flows of the Target for the 12 months ended on the Accounts Date,
together with any notes, reports or statements included in or annexed to them;

**Accounts Date** means 31 December 2014;

**Adjustment Confirmation Date** means the date on which the Completion Accounts are agreed between the Parties or otherwise determined or constituted in accordance with Schedule 4;

**Affiliate** means, in relation to a person (a relevant person):

(a) any person directly or indirectly controlled by the relevant person;

(b) any person directly or indirectly controlling the relevant person;

(c) any person directly or indirectly controlled by any person controlling the relevant person;

**Business Day** means a day (other than a Saturday or Sunday or public holiday in the PRC or Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9.00am and 5.00pm) on which banks are open in the PRC and Hong Kong for general commercial business;

**China COSCO** means China COSCO Holdings Company Limited (中国远洋控股股份有限公司);

**China Shipping** means China Shipping (Group) Company (中国海运（集团）总公司);

**Claim** has the meaning given to it in Clause 8.1;

**Closing** means completion of the sale and purchase of the Sale Shares in accordance with the provisions of this Agreement;

**Closing Date** means the date on which Closing occurs;

**Closing Price** has the meaning given to it in Clause 2.3;

**Common Conditions** has the meaning given to it in Clause 3.1(c);

**Completion Accounts** means the completion accounts determined or constituted in accordance with Schedule 4;
Completion Accounts Date means the last day of the previous month where the Closing Date falls on or before the 15th day of a month or, as the case may be, the last day of that month where the Closing Date falls after the 15th day of a month;

Conditions means the conditions to Closing set out in Clauses 3.1 to 3.4, and Condition means any of them;

Confidential Information means the non-public information disclosed by a Party, whether in writing, orally or otherwise, directly or indirectly, to the other Party, including any information on operations, assets, financial conditions, trade secrets, market opportunities as well as businesses of a Party, and information relating to the provisions of, and negotiations leading to, this Agreement;

Constitutional Documents means, with respect to an entity, its memorandum and articles of association, by-laws or equivalent constitutional documents;

Control means, with respect to any person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise, and the terms controlled by and controlling shall be construed accordingly;

COSCO means China Ocean Shipping (Group) Company (中国远洋运输(集团)总公司);

Costs means liabilities, losses, damages, actions, claims, costs (including legal costs) and expenses (including Taxation), in each case of any nature whatsoever;

CP Agreements means each of the agreements set out in Schedule 5;

CS Ports means 中海码头发展有限公司, a Target Group Subsidiary;

Damietta means Damietta International Ports, S.A.E., a Target Group Operating Company;

Damietta Claim means any claim made pursuant to Clause 6.7;

Damietta Sale has the meaning given to in Clause 6.7;

Default Interest means interest at LIBOR plus two per cent.;

Disclosed means fairly disclosed in or under the Disclosure Letter and the term Disclosure shall be construed accordingly;

Disclosure Letter means the letter dated the date of this Agreement from the Sellers to the Purchaser;

Economic Sanctions Law means any economic or financial sanctions administered by the Office of Foreign Asset Controls, the US State Department, the United Nations, the European Union or any member state thereof, or any other national economic sanctions authority;

Final Net Asset Value means an amount in Hong Kong dollars equal to the consolidated net assets of the Target as stated in the Completion Accounts under the line item “Net assets”;

Final Price has the meaning given to it in Clause 2.4;
**Firm** means such “Big-Four” accountancy firm to be selected by the Purchaser for the purpose of preparing the Initial Completion Accounts;

**Governmental Authority** means:

(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof, including any entity directly or indirectly owned (in whole or in part) or controlled thereby;

(b) any public international organisation or supranational body (including without limitation the European Union) and its institutions, departments, agencies and instrumentalities; and

(c) any quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing or other governmental or quasi-governmental authority;

**HK$** means Hong Kong dollars, the lawful currency of Hong Kong;

**HKFRS** means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

**Hong Kong** means the Hong Kong Special Administrative Region of the PRC;

**Income, Profits or Gains** shall mean revenue profits, chargeable gains and any similar measure by reference to which Tax is chargeable or assessed;

**Indemnified Person** has the meaning given to it in Clause 7.1;

**Indemnity** has the meaning given to it in Clause 7.1;

**Initial Completion Accounts** has the meaning given to it in Paragraph 1 of Part A of Schedule 4;

**Initial Net Asset Value** means HK$8,419,053,000;

**Initial Price** has the meaning given to it in Clause 2.1;

**Inter-Company Debts** means all loans and any other financial indebtedness owed by the Target or any other Target Group Company to any member of the Seller Group and all loans and any other financial indebtedness owed by any member of the Seller Group to the Target or any other Target Group Company. For the purposes of this definition of Inter-Company Debts, Seller Group shall not include China Shipping Finance Co., Ltd. (中海集团财务有限责任公司);

**KBCT Project** means the proposed acquisition by the Target of an interest in KBCT terminal, Busan Port, South Korea;

**Law** means any statute, law, rule, regulation, guideline, ordinance, code, policy or rule of common law issued, administered or enforced by any Governmental Authority, or any judicial or administrative interpretation thereof;
**LIBOR** means the applicable Screen Rate as of 11:00 a.m. on the due date of the relevant payment for United States dollars and for an interest period of 3 months and, if any such rate is below zero, LIBOR will be deemed to be zero;

**Longstop Date** has the meaning given to it in Clause 3.9;

**Material Adverse Effect** means a material adverse effect on the results of operations or financial condition of the Target Group Companies and the Target Group Operating Companies (taken as a whole), other than any effect arising out of or resulting from:

(a) changes in conditions in the global economy, capital, financial or credit markets;

(b) changes in the general political or business conditions that, in each case, generally affect the geographic regions or industry in which the Target Group Companies conduct their business;

(c) any changes or foreseen changes in applicable law after the date hereof;

(d) act of war, armed hostilities, sabotage or terrorism or any escalation or worsening of any such acts of war, armed hostilities, sabotage or terrorism; or

(e) earthquakes, hurricanes or other effects of weather or meteorological events,

except in the case of the foregoing paragraphs (a) to (e) if such effect has a disproportionate impact on the Target Group Companies and the Target Group Operating Companies, taken as a whole, relative to other similarly situated companies in the industry in which the Target Group Companies and the Target Group Operating Companies operate;

**Net Damietta Sale Proceeds** has the meaning given to it in Clause 6.7;

**PRC** means the People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region and Taiwan);

**Pre-Closing Dividend** has the meaning given to it in Clause 2.2;

**Proposed Transaction** means the transaction contemplated by this Agreement;

**Purchaser Condition**s has the meaning given to it in Clause 3.1(b);

**Purchaser Warranties** means the representations and warranties given by the Purchaser pursuant to Clause 6.2 and set out in Part B of Schedule 3;

**Relevant Target Group Operating Companies** means each of the companies set out in Part C of Schedule 1 other than the following companies:

7. SSA Terminals (Seattle), LLC;

11. 秦皇岛港股份有限公司;

17. 广州港股份有限公司;

21. 连云港电子口岸信息发展有限公司;
22. 青岛港国际股份有限公司; and

23. 烟台港股份有限公司;

Representatives means, in relation to a Party, its Affiliates and the directors, officers, employees, agents, advisers, accountants and consultants of that Party and/or of its Affiliates;

RMB or Renminbi means Renminbi, the lawful currency of the PRC;

Sale Shares has the meaning set out in Recital (E);

Sanctioned Person means any person, organisation or vessel:

(a) designated on the list of Specially Designated Nationals and Blocked Persons maintained by Office of Foreign Asset Controls, the Consolidated List of Financial Sanctions Targets or list of Investment Ban Targets, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions maintained by the European Commission, or any other list of targeted persons, entities, groups or bodies issued by the United Nations, United States, European Union, United Kingdom (or any other member state of the European Union);

(b) that is, or is part of, a government of a Sanctioned Territory;

(c) owned or controlled by, or acting on behalf of, any of the foregoing;

(d) incorporated or located within or operating from a Sanctioned Territory; or

(e) otherwise targeted under any Economic Sanctions Law;

Sanctioned Territory means any country or other territory subject to a general export, import, financial or investment embargo under any Economic Sanctions Law;

Screen Rate means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters;

Second Firm means such “Big-Four” accountancy firm to be engaged by the Parties in accordance with Paragraph 5 of Part A of Schedule 4;

Sellers’ Bank Account means the bank account of each of CSHK and CSCL as notified by the Sellers to the Purchaser at least 10 Business Days prior to Closing;

Seller Conditions has the meaning given to it in Clause 3.1(a);

Seller Group means each of the Sellers and their respective Affiliates (excluding the Target Group Companies and the Target Group Operating Companies);

Seller Warranties means the representations and warranties given by the Seller pursuant to Clause 6.1 and set out in Part A of Schedule 3;

Sellers means CSHK and CSCL;
Shares has the meaning set out in Recital (B).

Specific Indemnities means each of the indemnities set out in Clause 7.2 and Specific Indemnity means any one of them;

Surviving Provisions means Clause 7, Clause 8, Clauses 10 to 23 and the applicable definitions set out in Schedule 6;

Target has the meaning set out in Recital (A).

Target’s Equity Interest means:

(a) in respect of any Target Group Subsidiary, the effective percentage set out in the column headed “Target's Equity Interest” in respect of the relevant Target Group Subsidiary in Part B of Schedule 1; and

(b) in respect of any Target Group Operating Company, the effective percentage set out in the column headed “Target's Equity Interest” in respect of the relevant Target Group Operating Company Part C of Schedule 1;

Target Group Companies means the Target and the Target Group Subsidiaries;

Target Group Operating Companies means each of the companies set out in Part C of Schedule 1;

Target Group Structure Chart means the structure chart of the Target Group Companies and the Target Group Operating Companies set out in Part D of Schedule 1;

Target Group Subsidiaries means each of the subsidiaries of the Target, further details of which are set out in Part B of Schedule 1;

Tax or Taxation means all taxes, levies, duties, imposts and any charges, deductions or withholdings in the nature of tax including taxes on gross or net Income, Profits or Gains and taxes on receipts, sales, use, occupation, development, franchise, employment, value added and personal property, together with all penalties, charges and interest relating to any of them or to any failure to file any return required for the purposes of any of them, regardless of whether any such taxes, levies, duties, imposts, charges, deductions, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to a Target Group Company or a Target Group Operating Company or any other person and of whether any amount in respect of any of them is recoverable from any other person;

Tax Claim means any Claim under or in connection to Clause 7.3, Clause 12.3, Clause 12.4 or any Tax Warranty;

Tax Warranty means the Seller Warranties set out in paragraph 10 of Part A of Schedule 3;

Third Party Rights means any third party rights of any nature whatsoever including, without limitation, any mortgage, charge, pledge, lien, assignment by way of security or other encumbrance, options, equities, claims or rights of pre-emption, together with all rights attaching to them;

Unconditional Date has the meaning given in Clause 3.8;

Valuation has the meaning given to it in Clause 2.1;
Valuation Report has the meaning given to it in Clause 2.1;

Warranties means the Seller Warranties and Purchaser Warranties set out in Schedule 3;

Working Hours means 9.30 a.m. to 5.30 p.m. on a Business Day in the place of receipt of a notice.

2. Interpretation. In this Agreement, unless the context otherwise requires:

(a) references to a person include any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);

(b) references to a paragraph, clause or Schedule shall refer to those of this Agreement unless stated otherwise;

(c) headings do not affect the interpretation of this Agreement; the singular shall include the plural and vice versa; and references to one gender include all genders;

(d) any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

(e) references to the knowledge, information, belief or awareness of any Seller shall be treated as including any knowledge, information, belief or awareness of the Target’s management and officers, which such person would have if he or she has made all usual and reasonable enquiries of the officers of the Target Group Companies and/or the Target Group Operating Companies that were appointed or nominated by the Target; and

(f) references to times of day are to Hong Kong time (unless otherwise specified).

3. Schedules. The Schedules comprise schedules to this Agreement and form part of this Agreement.

4. Inconsistencies. Where there is any inconsistency between the definitions set out in this Schedule 6 and the definitions set out in any clause or any other Schedule, then, for the purposes of construing such clause or Schedule, the definitions set out in such clause or Schedule shall prevail.