

**CIRCULAR DATED 1 JUNE 2020**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your legal, financial, tax or other professional adviser immediately.

This Circular may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html>. A printed copy of this Circular will NOT be despatched to Shareholders.

If you have sold or transferred all your shares in COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**"), please immediately inform the purchaser or transferee, bank, stockbroker or agent through whom the sale or transfer was effected, that this Circular and the Proxy Form may be accessed at the Company's website set out above.

Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the EGM by (i) watching or listening to the EGM proceeding via a live webcast; (ii) submitting questions in advance of the EGM; and/or (iii) appointing the Chairman of the EGM as proxy to attend and vote on their behalf at the EGM, respectively.

Please refer to Section 10 of this Circular and the Company's announcement dated 1 June 2020 entitled "**LIVE WEBCAST OF THE COMPANY'S EXTRAORDINARY GENERAL MEETING TO BE HELD ON 25 JUNE 2020**" for further information, including the steps to be taken by Shareholders to participate at the EGM. The announcement may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html> and will also be made available on SGXNet.



**COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 196100159G)

## **CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO:**

- (1) THE PROPOSED ADOPTION OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020**
- (2) THE PROPOSED PARTICIPATION OF, AND GRANT OF OPTIONS TO, PARENT GROUP EXECUTIVES**

### **IMPORTANT DATES AND TIMES**

|                                                |   |                                                                                                                                                                                                                           |
|------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Last date and time for lodgement of Proxy Form | : | 22 June 2020 at 2.30 p.m.                                                                                                                                                                                                 |
| Date and time of Extraordinary General Meeting | : | 25 June 2020 at 2.30 p.m. by way of electronic means (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held by way of electronic means at 2.00 p.m. on the same day) |
| Place of Extraordinary General Meeting         | : | The EGM will be held by way of electronic means. Please refer to Section 10 of this Circular for further details                                                                                                          |

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## DEFINITIONS

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The following definitions shall apply throughout unless the context requires otherwise or unless otherwise stated in this Circular:

|                                  |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>“Act”</b>                     | : | The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Associate”</b>               | : | (a) In relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his Immediate Family;</li><li>(ii) the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and</li></ul> (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| <b>“Board”</b>                   | : | The board of Directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“CDP”</b>                     | : | The Central Depository (Pte) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Circular”</b>                | : | This circular to Shareholders dated 1 June 2020 in relation to the Option Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Committee”</b>               | : | A committee comprising Directors who are duly authorised and appointed by the Board pursuant to Rule 16 of the Option Scheme Rules to administer the Option Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Company”</b>                 | : | COSCO SHIPPING International (Singapore) Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Constitution”</b>            | : | The constitution of the Company, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Controlling Shareholder”</b> | : | A person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) in the Company (unless the SGX-ST determines otherwise); or (b) a person who in fact exercises control over the Company, as defined under the Listing Manual                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“CPF”</b>                     | : | Central Provident Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“CPF Approved Nominees”</b>   | : | Agent banks included under the CPFIS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“CPFIS”</b>                   | : | Central Provident Fund Investment Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Date of Grant”</b>           | : | The date on which an Option is granted to a Participant pursuant to Rule 7 of the Option Scheme Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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## DEFINITIONS

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| <b>“Directors”</b>               | : | The directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“EGM”</b>                     | : | The extraordinary general meeting of the Company, notice of which is set out on page 42 of this Circular                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“EPS”</b>                     | : | Earnings per Share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Executive Director”</b>      | : | A director of any member of the Group, who performs an executive function                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Executives”</b>              | : | Group Executives and Parent Group Executives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Exercise Period”</b>         | : | The period during which an Option is exercisable, being a period commencing after the second anniversary of the Date of Grant of the Option and expiring on the seventh anniversary of the Date of Grant of the said Option                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Exercise Price”</b>          | : | The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9 of the Option Scheme Rules, or such adjusted price as may be applicable pursuant to Rule 10 of the Option Scheme Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“FY”</b>                      | : | Financial year ended, or as the case may be, ending 31 December                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Grantee”</b>                 | : | A person to whom an offer of an Option is made                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Group”</b>                   | : | The Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Group Executives”</b>        | : | The employees (including Executive Directors) of the Group and the Seconded Executives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Immediate Family”</b>        | : | A person’s spouse, child, adopted child, step-child, sibling and parent, or such other definition as the SGX-ST may from time to time require                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Latest Practicable Date”</b> | : | 18 May 2020, being the latest practicable date prior to the printing of this Circular                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Listing Manual”</b>          | : | The listing manual of the SGX-ST, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Market Day”</b>              | : | A day on which SGX-ST is open for securities trading                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Market Price”</b>            | : | The higher of (i) the last dealt price for a Share determined by reference to the daily Official List published by the SGX-ST on the Date of Grant; or (ii) the average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of 5 consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices |

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## DEFINITIONS

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|----------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“New Shares”</b>              | : | The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options under the Option Scheme                                                                                                                                                                                           |
| <b>“Non-Executive Director”</b>  | : | A director of any member of the Group who is not an Executive Director but including the independent directors                                                                                                                                                                                                              |
| <b>“Notice of EGM”</b>           | : | The notice of EGM as set out on page 42 of this Circular                                                                                                                                                                                                                                                                    |
| <b>“NTA”</b>                     | : | Net tangible assets                                                                                                                                                                                                                                                                                                         |
| <b>“Option”</b>                  | : | The right to subscribe for Shares granted or to be granted to a Participant pursuant to the Option Scheme                                                                                                                                                                                                                   |
| <b>“Option Holder”</b>           | : | The holder of an Option                                                                                                                                                                                                                                                                                                     |
| <b>“Option Scheme”</b>           | : | The proposed COSCO SHIPPING Group Executives Share Option Scheme 2020, as may be amended or modified from time to time                                                                                                                                                                                                      |
| <b>“Option Scheme Rules”</b>     | : | The rules of the Option Scheme, which are set out in Appendix A to this Circular                                                                                                                                                                                                                                            |
| <b>“Option Shares”</b>           | : | Shares obtained pursuant to an exercise of the Options                                                                                                                                                                                                                                                                      |
| <b>“Ordinary Resolutions”</b>    | : | The ordinary resolutions set out in the Notice of EGM                                                                                                                                                                                                                                                                       |
| <b>“Parent Company”</b>          | : | A company being the holding company of the Company designated by the Committee for the purpose of the Option Scheme                                                                                                                                                                                                         |
| <b>“Parent Group Companies”</b>  | : | The Parent Company and such of the Parent Company’s subsidiaries as are designated by the Committee for the purposes of the Option Scheme (but, where applicable, excluding the Group)                                                                                                                                      |
| <b>“Parent Group Executives”</b> | : | The employees (but excluding directors) of the Parent Group Companies other than the Seconded Executives                                                                                                                                                                                                                    |
| <b>“Participant”</b>             | : | An eligible person selected by the Committee to participate in the Option Scheme in accordance with the Option Scheme Rules                                                                                                                                                                                                 |
| <b>“Seconded Executives”</b>     | : | Employees (but excluding directors) of the Parent Group Companies whose services have been seconded to the Company or any of its subsidiaries and who shall be regarded as a Group Executive for the purposes of the Option Scheme                                                                                          |
| <b>“Securities Account”</b>      | : | The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent                                                                                                                                                                                  |
| <b>“SFRS(I) 2”</b>               | : | Singapore Financial Reporting Standards (International) 2: Share-based Payment                                                                                                                                                                                                                                              |
| <b>“SGX-ST”</b>                  | : | Singapore Exchange Securities Trading Limited                                                                                                                                                                                                                                                                               |
| <b>“Shareholders”</b>            | : | Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, means the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares |

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## DEFINITIONS

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|---------------------------|---|----------------------------------------------------------------------------------------------|
| “Shares”                  | : | Ordinary shares in the capital of the Company                                                |
| “Subsidiary Holdings”     | : | Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act                   |
| “Substantial Shareholder” | : | A person who has an interest in not less than five per cent (5%) of the issued voting Shares |
| “S\$” and “cents”         | : | Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore   |
| “%” or “per cent.”        | : | Percentage or per centum                                                                     |

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of The Securities and Futures Act, Chapter 289 of Singapore.

The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act or the Listing Manual or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 196100159G)

**Directors:**

Zhu Jian Dong (Chairman, President and Non-Independent Executive Director)  
Li Xi Bei (Non-Independent Executive Director)  
Ang Swee Tian (Lead Independent Non-Executive Director)  
Wang Kai Yuen (Independent Non-Executive Director)  
Er Kwong Wah (Independent Non-Executive Director)

**Registered Office:**

30 Cecil Street #26-01  
Prudential Tower  
Singapore 049712

1 June 2020

To : The Shareholders of COSCO SHIPPING International (Singapore) Co., Ltd.

Dear Sir/Madam,

**(1) THE PROPOSED ADOPTION OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020 (THE “OPTION SCHEME”)**

**(2) THE PROPOSED PARTICIPATION OF, AND GRANT OF OPTIONS TO, PARENT GROUP EXECUTIVES**

**1. INTRODUCTION**

**1.1 EGM**

The Directors are convening the EGM to be held by way of electronic means on 25 June 2020 at 2.30 p.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held by electronic means at 2.00 p.m. on the same day) to seek the approval of Shareholders in relation to: (i) the proposed adoption of the Option Scheme, the rules of which are set out in Appendix A of this Circular; and (ii) the proposed participation of, and grant of Options to, Parent Group Executives.

**1.2 Circular**

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the proposals set out in Section 1.1 of this Circular and to seek Shareholders' approval at the EGM, notice of which is set out on page 42 of this Circular.

**1.3 Listing of New Shares**

SGX-ST had on 19 March 2020 granted in-principle approval for the listing and quotation of the New Shares on the Official List of the SGX-ST, subject to Shareholders' approval for the Option Scheme, and the Company's compliance with SGX-ST's listing requirements and guidelines. Such in-principle approval and the admission to, and quotation of the New Shares on the Official List of SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the New Shares and the Option Scheme.

**2. THE OPTION SCHEME**

**2.1 Rationale for the Option Scheme**

The Company recognises the importance of acknowledging contributions made by Executives to the success and development of the Group.

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## LETTER TO SHAREHOLDERS

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The purpose of the Option Scheme is to provide an opportunity for Executives who contribute to the growth and performance of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to their contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced Executives who would be able to contribute to the Group's business and operations.

The Option Scheme is primarily a share incentive scheme. It recognises the fact that the services of Executives are important to the success and continued well-being of the Group. At the same time, it will give such Executives an opportunity to obtain a direct interest in the Company and will help to achieve the following positive objectives:

- (i) to motivate Participants to optimise their performance standards and efficiency, and to maintain a high level of contribution to the Group;
- (ii) to retain Participants whose contributions are essential to the long-term growth and profitability of the Group;
- (iii) to instill loyalty to, and reinforce a stronger identification by Participants with, the long-term prosperity of the Group;
- (iv) to attract potential Executives with relevant skills to contribute to the Group and to create value for Shareholders;
- (v) to better align the interests of Participants with the interests of Shareholders; and
- (vi) to give recognition to the contributions to be made by Participants to the success of the Group.

### **2.2 Summary of the Option Scheme Rules**

The Option Scheme Rules are set out in Appendix A to this Circular, a summary of which are as follows:

#### **2.2.1 Eligibility**

Subject to the absolute discretion of the Committee, Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and who have, as of the Date of Grant, been in the employment of the Company, its subsidiaries or Parent Group Companies (as the case may be) for a period of at least 12 months, or such shorter period as the Committee may determine, shall be eligible to participate in the Option Scheme.

Non-Executive Directors (including independent directors), Controlling Shareholders and Associates of Controlling Shareholders will not be eligible to participate in the Option Scheme. Directors and employees of associated companies are also not eligible to participate in the Option Scheme.

#### **2.2.2 Entitlements**

The number of Shares comprised in Options offered to a Participant shall be determined at the absolute discretion of the Committee who shall take into consideration, where applicable, criteria such as rank, past performance, years of service, contribution of the Participant, achievement of performance target, prevailing market and economic conditions.



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## LETTER TO SHAREHOLDERS

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### 2.2.3 Size of the Option Scheme

The aggregate number of Shares (comprising New Shares issued and issuable in respect of the Options granted under the Option Scheme and/or Treasury Shares and/or Subsidiary Holdings delivered in respect of the Options) over which the Committee may offer to grant Options on any date, when added to:

- (i) the aggregate number of new Shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and
- (ii) the number of Treasury Shares and Subsidiary Holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 10% of the total issued Shares (excluding Treasury Shares and Subsidiary Holdings) of the Company on the date immediately preceding the Date of Grant.

The aggregate number of Shares to be issued to Parent Group Executives and the Seconded Executives shall not exceed 20% of the Shares available under the Option Scheme.

Any grant of Options to a Parent Group Executive or a Seconded Executive that, together with Options already granted to such person under the Option Scheme, represents 5% or more of the total number of Options available to such Parent Group Executives, must be approved by independent Shareholders. A separate resolution shall be passed for each such person and to approve the aggregate number of Options to be made available for grant to all Parent Group Executives.

### 2.2.4 Date of Grant

The Committee may offer to grant Options in its absolute discretion at any time during the period when the Option Scheme is in force, except that no offer to grant Options shall be made during the period of 1 month immediately preceding the date of announcement of the Company's half-year and full-year results respectively.

In addition, in the event that an announcement of any matter of an exceptional nature involving unpublished price sensitive information is made, the Committee may offer to grant Options on or after the second Market Day after such announcement has been released.

### 2.2.5 Acceptance of Offer

The grant of an Option must be accepted not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant. The Grantee must complete, sign and return to the Company the acceptance form accompanied by payment of S\$1 as consideration or such other amount and such other documentation as the Committee may require.

### 2.2.6 Exercise Price

Subject to any adjustment pursuant to Rule 10 of the Option Scheme Rules, the Exercise Price for each Share in respect of which an Option is exercisable shall be at the Market Price.

A discount to the Exercise Price would not be offered under the Option Scheme.

Upon the exercise of an Option, the Company may either allot and issue New Shares or transfer Treasury Shares or Subsidiary Holdings to the Option Holder in accordance with Rule 12 of the Option Scheme Rules. In determining whether to issue or transfer Shares or a combination of both for delivery to the Option Holder, the Company will take into account factors including, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the financial effects the issue or transfer of Shares may have on the Company.

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## LETTER TO SHAREHOLDERS

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### 2.2.7 Alteration of Capital

If a variation in the issued share capital of the Company (whether by way of a bonus issue and other circumstances such as rights issue, capital reduction, subdivision or consolidation of shares or distribution) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the number of Shares in respect of which additional Options may be granted to Option Holders,

may, at the discretion of the Committee, be adjusted in such manner as the Committee may determine to be appropriate and except in relation to a bonus issue, upon the written confirmation of the auditors of the Company (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

No such adjustment shall be made if as a result, the Option Holder receives a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of Rule 10 of the Option Scheme Rules.

Upon any adjustment required to be made, the Company shall notify each Option Holder (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option so far as unexercised.

Any modification or alteration which would be to the advantage of Option Holders under the Option Scheme shall be subject to the prior approval of Shareholders at a general meeting.

### 2.2.8 Exercise Period

Options granted shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by an Option Holder during the Exercise Period which shall commence after the second anniversary of the Date of Grant of the Options, subject to the following vesting periods (the “**Vesting Periods**” and each, a “**Vesting Period**”):

- (a) up to one-third only of the Shares in respect of which that Option is granted (rounded down to the nearest multiple of 100 where applicable) may be exercised during the period commencing from the date falling immediately after the second anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;
- (b) up to another one-third only of the Shares in respect of which that Option is granted (rounded down to the nearest multiple of 100 where applicable) may be exercised during the period commencing from the date falling immediately after the third anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;

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## LETTER TO SHAREHOLDERS

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- (c) the remaining one-third only of the Shares in respect of which that Option is granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;

provided always that all Options shall be exercised by the seventh anniversary of the relevant Date of Grant, failing which all unexercised Options shall immediately lapse and become null and void and a Grantee shall have no claim against the Company.

The Committee shall be entitled to impose such conditions and criteria (for example key performance indicators) to be achieved relating to the exercise of the Options and the number of Options that may eventually vest as it shall deem necessary from time to time. Such conditions may include sub-limits on the Options that may be vested, for example, a fewer number of Options may be vested if the vesting criteria (which will be set out in the letter of offer) are only partially satisfied.

An Option shall, to the extent unexercised, immediately lapse and become null and void and the Option Holder shall have no claim against the Company:

- (a) subject to Rule 11 of the Option Scheme Rules, upon the Option Holder ceasing to be in the employment of the Company, its subsidiary or a Parent Group Company (as the case may be) or upon the Option Holder, being a Seconded Executive, ceasing to be so seconded for any reason whatsoever;
- (b) upon the bankruptcy of the Option Holder or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion.

If an Option Holder ceases to be employed by the Company, its subsidiary or the Parent Group Company (as the case may be) or if an Option Holder, being a Seconded Executive, ceasing to be so seconded by reason of his ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee, redundancy, retirement at or after a normal retirement age or retirement before that age with the consent of the Committee, or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

If an Option Holder ceases to be employed by a subsidiary or a Parent Group Company by reason of the subsidiary or the Parent Group Company, by which he is principally employed, ceasing to be a company within the Group or ceasing to be a Parent Group Company (as the case may be), the undertaking or part of the undertaking of such subsidiary, being transferred otherwise than to another company within the Group, or for any other reason, provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

If an Option Holder dies and at the date of his death holds any unexercised Options, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representative(s) of the Option Holder within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

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## LETTER TO SHAREHOLDERS

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### 2.2.9 Duration of the Option Scheme

The Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the Option Scheme is approved by Shareholders at a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Option Scheme may be continued beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

### 2.2.10 Administration of the Option Scheme

The Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

A Director who is a member of the Committee shall not be involved in the deliberation in respect of Options to be granted to him.

### 2.2.11 Voting, dividend and other rights

Shares allotted and issued or Treasury Shares or Subsidiary Holdings which are transferred, upon the exercise of an Option shall be subject to all provisions of the Act, the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company) and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions, the record date for which falls prior to the date of issue or transfer (as the case may be) of the said Shares.

### 2.2.12 Alterations and Amendments to the Option Scheme

Any or all of the provisions of the Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Option Holders who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Option Holders under the Option Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of the foregoing, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

### 2.2.13 Take-over and Winding Up of the Company

Subject to the Option Scheme Rules, in the event of a take-over offer being made for the Shares, an Option Holder shall be entitled to exercise any Options held by him and as yet unexercised in respect of such number of Shares comprised in that Options (but excludes any Options which are then not yet exercisable pursuant to Rule 11.1 of the Option Scheme), in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the date of expiry of the Exercise Period relating thereto, whereupon the Options then remaining unexercised shall lapse and become null and void.

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## LETTER TO SHAREHOLDERS

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If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall automatically lapse and become null and void.

### 3. PARTICIPATION BY PARENT GROUP EXECUTIVES IN THE OPTION SCHEME

It is proposed that in addition to the Seconded Executives who are Group Executives, the Option Scheme be extended to Parent Group Executives.

The Company recognises that Parent Group Executives contribute to the growth, development and success of the Group and acknowledges that there should be other means of rewarding such persons apart from the usual cash remuneration. Parent Group Executives, although not involved in the day-to-day operations of the Group's business, work closely with the Group, and are in a position to provide valuable input and contribute their experience, knowledge and expertise to the success of the Group. As such, the Company believes that it is desirable to extend the participation of the Option Scheme to Parent Group Executives in order to acknowledge and give recognition to the experience, knowledge and expertise contributed by Parent Group Executives to the development and success of the Group.

The Company therefore proposes that Parent Group Executives be eligible to participate in the Option Scheme to provide the Parent Group Companies with the flexibility of combining Options with the usual cash remuneration for a more attractive remuneration package to such Parent Group Executives. In addition, this will motivate Parent Group Executives to improve their level of performance and also to aid their retention and continued contribution to Parent Group Companies which would in turn result in benefits to the Company and the Group.

In deciding whether to grant Options to Parent Group Executives, the Company will consider, *inter alia*, the contributions of such individuals to the success and development of the Company and/or the Group before selecting them for participation in the Option Scheme. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial performance criteria.

### 4. FINANCIAL EFFECTS OF THE OPTION SCHEME

#### 4.1 Share Capital

The Option Scheme will result in an increase in the issued share capital of the Company to the extent of the New Shares that will be allotted and issued pursuant to the exercise of the Options granted under the Option Scheme. This will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the number of Options that are accepted and exercised and the Exercise Price of the Shares comprised in the Options.

#### 4.2 NTA

The issue of New Shares upon the exercise of the Options granted under the Option Scheme will increase the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company will be accretive if the Exercise Price is above the Company's consolidated NTA per Share, but dilutive otherwise.

#### 4.3 EPS

The Option Scheme will have a dilutive impact on the Company's consolidated EPS following the increase in the Company's number of issued Shares to the extent that New Shares are allotted and issued upon the exercise of the Options.

#### 4.4 Potential cost of issuing the Options

SFRS(1) 2 relating to share-based payments takes effect for all listed companies beginning 1 January 2018. Under SFRS(1) 2, the recognition of an expense in respect of Options granted under the Option Scheme is required. The expense will be based on the fair value of the Options at each Date of Grant of the Options and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the Date of Grant of the

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## LETTER TO SHAREHOLDERS

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Options, taking into account the terms and conditions of the grant of the Options and recognised as a charge to the Company's consolidated profit and loss statement ("P&L") over the period from the date of grant of the Options to the vesting date (the "**Vesting Period**"), with a corresponding credit to the Company's reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Options that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated P&L with a corresponding adjustment to the Company's reserve account. After the vesting date, no adjustment of the charge to the consolidated P&L is made.

### 5. PREVIOUS SCHEME

5.1 The Company had a previous option scheme known as the "COSCO Group Employees' Share Option Scheme 2002" (the "**2002 Scheme**"). The 2002 Scheme was approved by Shareholders at the Company's extraordinary general meeting held on 8 May 2002 and was amended at the Company's extraordinary general meeting held on 20 April 2004. With a 10-year duration, the 2002 Scheme expired in May 2012. All options granted under the 2002 Scheme that were not exercised had lapsed since 23 March 2018. Accordingly, as at the Latest Practicable Date, there are no outstanding options under the 2002 Scheme.

5.2 Particulars of the options granted under the 2002 Scheme since its adoption up to the Latest Practicable Date were as follows:

|                                                                                                   |                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total number of options granted                                                                   | : 130,890,000 options, of which 45,490,000 of the options had lapsed since 23 March 2018                                                                                              |
| Total number of Shares reserved (pursuant to the outstanding options which are not yet exercised) | : None, as the 2002 Scheme had expired and all outstanding options that were not exercised had lapsed since 23 March 2018                                                             |
| Total number of Shares allotted (pursuant to options which have been exercised)                   | : 85,400,000 Shares (representing approximately 3.81% of the issued share capital excluding Treasury Shares and Subsidiary Holdings of the Company as at the Latest Practicable Date) |
| Number of Participants                                                                            | : 198                                                                                                                                                                                 |
| Any material conditions to which the options are subject                                          | : Please refer to the relevant extracts set out in Appendix B of this Circular                                                                                                        |

5.3 The details of options granted to Directors under the 2002 Scheme are as follows. Controlling Shareholders and their associates were not eligible to participate in the 2002 Scheme:

|                                                          |                                                                                                                                                                                       |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dates on which options were granted                      | : 12 August 2002, 1 April 2003, 24 May 2004, 6 April 2005, 21 February 2006, 5 February 2007 and 24 March 2008                                                                        |
| Total number of Shares offered under the options         | : 57,130,000 Shares (representing approximately 2.55% of the issued share capital excluding Treasury Shares and Subsidiary Holdings of the Company as at the Latest Practicable Date) |
| Total number of options granted                          | : 53,700,000 options, of which 17,400,000 of the options had lapsed since 23 March 2018                                                                                               |
| Total number of Shares allotted upon exercise of options | : 36,300,000 Shares (representing approximately 1.62% of the issued share capital excluding Treasury Shares and Subsidiary Holdings of the Company as at the Latest Practicable Date) |



## LETTER TO SHAREHOLDERS

### 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 6.1 Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are set out below:

| Directors:    | Direct Interest |      | Deemed Interest |      |
|---------------|-----------------|------|-----------------|------|
|               | No. of Shares   | %    | No. of Shares   | %    |
| Zhu Jian Dong | –               | –    | –               | –    |
| Li Xi Bei     | –               | –    | –               | –    |
| Ang Swee Tian | 130,000         | n.m. | 5,000           | n.m. |
| Wang Kai Yuen | 900,000         | 0.04 | 100,000         | n.m. |
| Er Kwong Wah  | 650,000         | 0.03 | –               | –    |

**Note:**

"n.m." means "not meaningful".

None of the Directors are trustees of the Option Scheme or have an interest direct or indirect in the Option Scheme.

#### 6.2 Interests of Substantial Shareholders

The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

| Substantial Shareholders:                | Direct Interest |       | Deemed Interest |       |
|------------------------------------------|-----------------|-------|-----------------|-------|
|                                          | No. of Shares   | %     | No. of Shares   | %     |
| China Ocean Shipping Company Limited     | 1,194,565,488   | 53.35 | –               | –     |
| China COSCO Shipping Corporation Limited | –               | –     | 1,194,565,488   | 53.35 |

### 7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 42 of this Circular, will be held by way of electronic means on 25 June 2020 at 2.30 p.m. (Singapore time) (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held by way of electronic means at 2.00 p.m. on the same day) for the purpose of considering and, if thought fit, passing (with or without modifications) the Ordinary Resolutions set out in the Notice of EGM.

### 8. DIRECTORS' RECOMMENDATION

All the Directors (other than Non-Executive Directors (including independent directors)) will be eligible to participate in the Option Scheme and have therefore refrained from making any recommendation to the Shareholders on the Ordinary Resolutions as set out in the Notice of EGM due to their interest in the Option Scheme.

The Non-Executive Directors (including independent directors) are of the opinion that the Option Scheme is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolutions set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 9. NO DESPATCH OF PRINTED COPIES OF CIRCULAR, NOTICE OF EGM AND PROXY FORM

- 9.1 No printed copies of this Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders. Copies of this Circular, the Notice of EGM and the Proxy Form have been uploaded on the Company's website at <http://cosco.listedcompany.com/home.html> and will also be made available on the SGX-ST website at <https://www.sgx.com/securities/company-announcements>. A Shareholder will need an Internet browser and PDF reader to view these documents on the Company's website and on SGX-ST's website.
- 9.2 Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against the Ordinary Resolutions.

### 10. ACTION TO BE TAKEN BY SHAREHOLDERS

- 10.1 **No Attendance at EGM.** Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person.

- 10.2 **Alternative Arrangements.** Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the EGM by (i) watching or listening to the EGM proceeding via a live webcast; (ii) submitting questions in advance of the EGM; and/or (iii) appointing the Chairman of the EGM as proxy to attend and vote on their behalf at the EGM, respectively. Please refer to the Company's announcement dated 1 June 2020 entitled **"LIVE WEBCAST OF THE COMPANY'S EXTRAORDINARY GENERAL MEETING"** for further information, including the steps to be taken by Shareholders to participate at the EGM. This announcement may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html> and will also be made available on SGXNet.

#### 10.3 Abstention from Voting

Shareholders who are entitled to participate in the proposed Option Scheme shall abstain from voting in respect of the Ordinary Resolutions set out in the Notice of EGM.

Group Executives (including the Seconded Executives) who are eligible to participate in the Option Scheme and are also Shareholders, shall abstain from voting in respect of Ordinary Resolution 1 to be proposed at the EGM. Therefore, the Directors who are eligible to participate in the Option Scheme and who are also Shareholders shall also abstain from voting in respect of Ordinary Resolution 1 to be proposed at the EGM.

Parent Group Executives who are eligible to participate in the Option Scheme and are also Shareholders, shall abstain from voting in respect of Ordinary Resolution 2 to be proposed at the EGM. The Parent Company (and its associates) shall also abstain from voting in respect of Ordinary Resolution 2 to be proposed at the EGM.

The Chairman of the EGM will not accept appointment as proxy for voting at the EGM in respect of the Ordinary Resolutions unless specific instructions have been given in a validly completed and submitted Proxy Form as to voting, or abstention from voting, in respect of each of the Ordinary Resolutions.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Option Scheme, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.



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## LETTER TO SHAREHOLDERS

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### 12. DOCUMENTS FOR INSPECTION

The following documents are available for inspection on the Company's website at <http://cosco-listedcompany.com/home.html> up to the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for FY2019;
- (c) the Option Scheme Rules; and
- (d) the rules of the 2002 Scheme.

Yours faithfully,  
For and on behalf of the Board

Zhu Jian Dong  
Chairman and President  
COSCO SHIPPING International (Singapore) Co., Ltd.

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## APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020

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### 1. DEFINITIONS

In this Option Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

|                                  |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Act”</b>                     | : | The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Associate”</b>               | : | (a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his Immediate Family;</li><li>(ii) the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and</li></ul> (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| <b>“Auditors”</b>                | : | The auditors of the Company from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Board”</b>                   | : | The board of Directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“CDP”</b>                     | : | The Central Depository (Pte) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Committee”</b>               | : | A committee comprising Directors who are duly authorised and appointed by the Board pursuant to Rule 16 to administer the Option Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Company”</b>                 | : | COSCO SHIPPING International (Singapore) Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Controlling Shareholder”</b> | : | A person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) in the Company (unless the SGX-ST determines otherwise); or (b) a person who in fact exercises control over the Company, as defined under the Listing Manual                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Date of Grant”</b>           | : | The date on which an Option is granted to a Participant pursuant to Rule 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Directors”</b>               | : | The directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Executive Director”</b>      | : | A director of any member of the Group, who performs an executive function                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Executives”</b>              | : | Group Executives and Parent Group Executives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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## APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020

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|                                 |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Exercise Period”</b>        | : | The period during which an Option is exercisable, being a period commencing after the second anniversary of the Date of Grant of the Option and expiring on the seventh anniversary of the Date of Grant of the said Option                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Exercise Price”</b>         | : | The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“FY”</b>                     | : | Financial year ended, or as the case may be, ending 31 December                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Grantee”</b>                | : | A person to whom an offer of an Option is made                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Group”</b>                  | : | The Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Group Executives”</b>       | : | The employees (including Executive Directors) of the Group and the Seconded Executives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Immediate Family”</b>       | : | A person’s spouse, child, adopted child, step-child, sibling and parent, or such other definition as the SGX-ST may from time to time require                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Listing Manual”</b>         | : | The listing manual of the SGX-ST, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Market Day”</b>             | : | A day on which the SGX-ST is open for securities trading                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Market Price”</b>           | : | The higher of (i) the last dealt price for a Share determined by reference to the daily Official List published by the SGX-ST on the Date of Grant; or (ii) the average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of 5 consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices |
| <b>“New Shares”</b>             | : | The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Non-Executive Director”</b> | : | A director of any member of the Group who is not an Executive Director but including the independent directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Option”</b>                 | : | The right to subscribe for Shares granted or to be granted to a Participant pursuant to the Option Scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Option Holder”</b>          | : | The holder of an Option                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Option Scheme”</b>          | : | COSCO SHIPPING Group Executives Share Option Scheme 2020, as may be amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Option Shares”</b>          | : | Shares obtained pursuant to an exercise of the Options                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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## APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020

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|                                  |   |                                                                                                                                                                                                                                                                                                                             |
|----------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Parent Company”</b>          | : | A company being the holding company of the Company designated by the Committee for the purpose of the Option Scheme                                                                                                                                                                                                         |
| <b>“Parent Group Companies”</b>  | : | The Parent Company and such of the Parent Company’s subsidiaries as are designated by the Committee for the purposes of the Option Scheme (but, where applicable, excluding the Group)                                                                                                                                      |
| <b>“Parent Group Executives”</b> | : | The employees (but excluding directors) of the Parent Group Companies other than the Seconded Executives                                                                                                                                                                                                                    |
| <b>“Participant”</b>             | : | An eligible person selected by the Committee to participate in the Option Scheme in accordance with the Rules                                                                                                                                                                                                               |
| <b>“Record Date”</b>             | : | The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions                                                                                                                                                       |
| <b>“Seconded Executives”</b>     | : | Employees (but excluding directors) of the Parent Group Companies whose services have been seconded to the Company or any of its subsidiaries and who shall be regarded as a Group Executive for the purposes of the Option Scheme                                                                                          |
| <b>“Securities Account”</b>      | : | The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent                                                                                                                                                                                  |
| <b>“SGX-ST”</b>                  | : | Singapore Exchange Securities Trading Limited                                                                                                                                                                                                                                                                               |
| <b>“Shareholders”</b>            | : | Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, means the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares |
| <b>“Shares”</b>                  | : | Ordinary shares in the capital of the Company                                                                                                                                                                                                                                                                               |
| <b>“Subsidiary Holdings”</b>     | : | Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act                                                                                                                                                                                                                                                  |
| <b>“S\$” and “cents”</b>         | : | Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore                                                                                                                                                                                                                                  |
| <b>“%” or “per cent.”</b>        | : | Percentage or per centum                                                                                                                                                                                                                                                                                                    |

The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of The Securities and Futures Act, Chapter 289 of Singapore.

The term **“Treasury Shares”** shall have the meaning ascribed to it in Section 4 of the Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

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## **APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020**

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A reference to a “**Rule**” is a reference to a rule of the Option Scheme.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in the Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act or the Listing Manual or any statutory modification thereof, and used in the Option Scheme shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in the Option Scheme shall be a reference to Singapore time and dates, unless otherwise stated.

### **2. NAME OF OPTION SCHEME**

The Option Scheme shall be called “COSCO SHIPPING Group Executives Share Option Scheme 2020” or such other name as the Committee may from time to time determine.

### **3. OBJECTIVES OF THE SCHEME**

The Option Scheme will provide an opportunity for Executives who contribute to the growth and performance of the Group and who satisfy the eligibility criteria as set out in Rule 4, to participate in the equity of the Company.

The Option Scheme is primarily a share incentive scheme, which recognises the importance of Executives to the success and continued well-being of the Group. Implementation of the Option Scheme will enable the Company to recognise the contributions made by such Executives. At the same time, such a scheme will give Executives an opportunity to have a direct interest in the Company and will also achieve the following positive objectives:

- (a) to motivate Participants to optimise their performance standards and efficiency, and to maintain a high level of contribution to the Group;
- (b) to retain Participants whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instill loyalty to, and reinforce a stronger identification by Participants with, the long-term prosperity of the Group;
- (d) to attract potential Executives with relevant skills to contribute to the Group and to create value for Shareholders;
- (e) to better align the interests of Participants with the interests of Shareholders; and
- (f) to give recognition to the contributions to be made by Participants to the success of the Group.

### **4. ELIGIBILITY**

- 4.1 Subject to the absolute discretion of the Committee, Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and who have, as of the Date of Grant, been in the employment of the Company, its subsidiaries or Parent Group Companies (as the case may be) for a period of at least 12 months, or such shorter period as the Committee may determine, shall be eligible to participate in the Option Scheme Provided that Parent Group Executives shall

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## **APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020**

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not, as a class of persons, be eligible to participate in, and be granted Options under, the Option Scheme unless the approval of independent shareholders of the Company for their participation, and the grant of Options to them, as a class of persons being eligible to participate and be granted Options under the Option Scheme, has been obtained.

- 4.2 Non-Executive Directors (including independent directors), Controlling Shareholders and Associates of Controlling Shareholders will not be eligible to participate in the Option Scheme. Directors and employees of associated companies are also not eligible to participate in the Option Scheme.
- 4.3 A Participant shall, at any time, only be entitled to participate in any one share option or share incentive scheme implemented by the Company or any of its subsidiaries or by any Parent Group Company or otherwise.
- 4.4 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Option Scheme may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

### **5. MAXIMUM ENTITLEMENT**

- 5.1 Subject to Rule 4, Rule 6 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Option Scheme shall be determined at the absolute discretion of the Committee.
- 5.2 In reaching its decisions of the Options to be offered, and the Shares comprised in such Options to be delivered, the Committee shall take into account, where applicable, criteria such as rank, past performance, years of service, contribution of the Grantee, achievement of performance target, prevailing market and economic conditions.

### **6. LIMITATION ON SIZE OF THE OPTION SCHEME**

- 6.1 The aggregate number of Shares (comprising New Shares issued and issuable in respect of the Options granted under the Option Scheme and/or Treasury Shares and/or Subsidiary Holdings delivered in respect of the Options) over which the Committee may offer to grant Options on any date, when added to:
  - (i) the aggregate number of new Shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and
  - (ii) the number of Treasury Shares and Subsidiary Holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 10% of the total issued Shares (excluding Treasury Shares and Subsidiary Holdings) of the Company on the date immediately preceding the Date of Grant.

- 6.2 The aggregate number of Shares to be issued to Parent Group Executives and the Seconded Executives shall not exceed 20% of the Shares available under the Option Scheme.

Any grant of Options to a Parent Group Executive or a Seconded Executive that, together with Options already granted to such person under the Option Scheme, represents 5% or more of the total number of Options available to such Parent Group Executives, must be approved by independent Shareholders. A separate resolution shall be passed for each such person and to approve the aggregate number of Options to be made available for grant to all Parent Group Executives.

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### 7. DATE OF GRANT

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Option Scheme is in force, except that no offer to grant Options shall be made during the period of 1 month immediately preceding the date of announcement of the Company's half-year and full-year results respectively. In addition, in the event that an announcement of any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day after such announcement has been released.
- 7.2 An offer to grant an Option shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Appendix A1, subject to such amendments as the Committee may determine from time to time.

### 8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within 30 days after the relevant Date of Grant and not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant (a) by completing, signing and returning to the Company the form (the "**Acceptance Form**") in or substantially in the form set out in Appendix A2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1 as consideration or such other amount and such other documentation as the Committee may require; and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Option Scheme in accordance with these Rules.
- 8.2 If an offer of grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30-day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of an offer of grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the Option Scheme.
- 8.4 Options are personal to the Grantees and Option Holders to whom they are offered or granted as the case may be, and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Option Holder's duly appointed personal representative(s) as provided in Rule 11.6 in the event of the death of such Option Holder.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within 15 Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Option Holder shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, a grant of an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the 30-day period; or
  - (b) the Grantee dies prior to his acceptance of the Option; or



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- (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
- (d) the Grantee (being an Executive) ceases to be in the employment of the Company, its subsidiary or a Parent Group Company (as the case may be) for any reason whatsoever prior to his acceptance of the Option; or
- (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

### **9. EXERCISE PRICE**

Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be at the Market Price.

A discount to the Exercise Price would not be offered under the Option Scheme.

Upon the exercise of an Option, the Company may either allot and issue New Shares or transfer Treasury Shares or Subsidiary Holdings to the Option Holder in accordance with Rule 12. In determining whether to issue or transfer Shares or a combination of both for delivery to the Option Holder, the Company will take into account factors including, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the financial effects the issue or transfer of Shares may have on the Company.

### **10. ALTERATION OF CAPITAL**

- 10.1 If a variation in the issued share capital of the Company (whether by way of a bonus issue and other circumstances such as rights issue, capital reduction, subdivision or consolidation of shares or distribution) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the number of Shares in respect of which additional Options may be granted to Option Holders,

may, at the discretion of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.
- 10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

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- 10.4 Upon any adjustment required to be made, the Company shall notify each Option Holder (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option so far as unexercised.

### 11. EXERCISE PERIOD

- 11.1 Options granted shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by an Option Holder during the Exercise Period which shall commence after the second anniversary of the Date of Grant, subject to the following vesting periods (the “**Vesting Periods**” and each, a “**Vesting Period**”):

- (a) up to one-third only of the Shares in respect of which that Option is granted (rounded down to the nearest multiple of 100 where applicable) may be exercised during the period commencing from the date falling immediately after the second anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;
- (b) up to another one-third only of the Shares in respect of which that Option is granted (rounded down to the nearest multiple of 100 where applicable) may be exercised during the period commencing from the date falling immediately after the third anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;
- (c) the remaining one-third only of the Shares in respect of which that Option is granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the Date of Grant of that Option and ending on the seventh anniversary of the Date of Grant of that Option;

provided always that all Options shall be exercised by the seventh anniversary of the relevant Date of Grant, failing which all unexercised Options shall immediately lapse and become null and void and a Grantee shall have no claim against the Company.

The Committee shall be entitled to impose such conditions and criteria (for example key performance indicators) to be achieved relating to the exercise of the Options and the number of Options that may eventually vest as it shall deem necessary from time to time. Such conditions may include sub-limits on the Options that may be vested, for example, a fewer number of Options may be vested if the vesting criteria (which will be set out in the letter of offer) are only partially satisfied.

- 11.2 An Option shall, to the extent unexercised, immediately lapse and become null and void and the Option Holder shall have no claim against the Company:
- (a) subject to this Rule 11, upon the Option Holder ceasing to be in the employment of the Company, its subsidiary or a Parent Group Company (as the case may be) or upon the Option Holder, being a Seconded Executive, ceasing to be so seconded for any reason whatsoever;
  - (b) upon the bankruptcy of the Option Holder or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
  - (c) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion.

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11.3 If an Option Holder ceases to be employed by the Company, its subsidiary or the Parent Group Company (as the case may be) or if an Option Holder, being a Seconded Executive, ceasing to be so seconded by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after the normal retirement age; or
- (d) retirement before the normal retirement age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

11.4 If an Option Holder ceases to be employed by a subsidiary or a Parent Group Company:

- (a) by reason of the subsidiary or the Parent Group Company, by which he is principally employed, ceasing to be a company within the Group or ceasing to be a Parent Group Company (as the case may be) or the undertaking or part of the undertaking of such subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

11.5 For the purposes of Rule 11.3 and Rule 11.4, an Option Holder shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

11.6 If an Option Holder dies and at the date of his death holds any unexercised Options, such Options may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representative(s) of the Option Holder within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

## 12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by an Option Holder giving notice in writing to the Company in or substantially in the form set out in Appendix A3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said Exercise Notice duly completed and signed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option. The Option Holder shall fully exercise his or her Options within 7 years from the Date of Grant of the Options. All unexercised Options after 7 years from the Date of Grant shall be null and void.

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12.2 Subject to:

- (a) such consent or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules and the Constitution of the Company,

the Company shall, as soon as practicable after the exercise of an Option by an Option Holder but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Option Holder and within 5 Market Days from the date of such allotment, despatch the relevant share certificate(s) to CDP for the credit of the Securities Account of that Option Holder by ordinary post or such other mode of delivery as the Committee may deem fit or in the case of a transfer of Treasury Shares or Subsidiary Holdings, do such acts or things which are necessary for the transfer to be effective.

12.3 The Company shall as soon as practicable after the exercise of an Option and where necessary, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Option Holder pursuant to any adjustment made in accordance with Rule 10.

12.4 Shares allotted and issued or Treasury Shares or Subsidiary Holdings which are transferred, upon the exercise of an Option shall be subject to all provisions of the Act, the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company) and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions, the Record Date for which falls prior to the date of issue or transfer (as the case may be) of the said Shares.

12.5 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on an Option Holder any right to participate in any new issue of Shares.

12.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

### 13. ALTERATIONS AND AMENDMENTS TO THE OPTION SCHEME

13.1 Any or all of the provisions of the Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Option Holders who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Option Holders under the Option Scheme shall be subject to the prior approval of Shareholders at a general meeting; and

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- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the Option Scheme in any way to the extent necessary to cause the Option Scheme to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made to the Option Scheme in accordance with this Rule shall be given to all Option Holders.

### **14. DURATION OF THE OPTION SCHEME**

- 14.1 The Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the Option Scheme is adopted by Shareholders at a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Option Scheme may be continued beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Option Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Option Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Option Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

### **15. TAKE-OVER AND WINDING UP OF THE COMPANY**

- 15.1 Notwithstanding Rule 11 but subject to Rule 15.5, in the event of a take-over offer being made for the Shares, an Option Holder shall be entitled to exercise any Options held by him and as yet unexercised in respect of such number of Shares comprised in that Options (but excludes any Options which are then not yet exercisable pursuant to Rule 11.1), in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the date of expiry of the Exercise Period relating thereto, whereupon the Options then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Option Holder that it intends to exercise such rights on a specified date, the Options shall remain exercisable by the Option Holder until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Options not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Options shall, notwithstanding Rule 11, remain exercisable until the expiry of the Exercise Period relating thereto. For the avoidance of doubt, the provisions of this Rule 15.1 shall not come into operation in the event that a take-over offer which is conditional does not become or is not declared unconditional.

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- 15.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or if under the Act, the Registrar of Companies issues a notice of amalgamation for the purposes of, or in connection with the amalgamation of the Company with another company or companies, each Option Holder shall be entitled, notwithstanding Rule 11 but subject to Rule 15.5, to exercise any Options then held by him and as yet unexercised in respect of such number of Shares comprised in that Options (but excludes any Options which are then not yet exercisable pursuant to Rule 11.1 of the Option Scheme), during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court or the date on which the notice of amalgamation is issued by the Registrar of Companies, as the case may be, and ending either on the expiry of 60 days thereafter or the date upon which the compromise, arrangement or amalgamation, as the case may be, becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Options then remaining unexercised shall lapse and become null and void.
- 15.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall automatically lapse and become null and void.
- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or as soon as practicable after it despatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provision of this Rule 15.4) and thereupon, each Option Holder (or his personal representatives) shall be entitled to exercise all or any of his Options held by him and as yet unexercised (but excludes any Options which are then not yet exercisable pursuant to Rule 11.1 of the Option Scheme) at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the aggregate Exercise Price whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue or transfer the relevant Shares to the Option Holder credited as fully paid.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 or the scheme referred to in Rule 15.2 or the winding-up referred to in Rule 15.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Option Holders, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, notwithstanding the provisions of this Rule 15, an Option Holder holding an Option, as yet unexercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall automatically lapse and become null and void.

### **16. ADMINISTRATION OF THE OPTION SCHEME**

- 16.1 The Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Option Scheme) for the implementation and administration of the Option Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Option Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Option Scheme).



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- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

### **17. NOTICES**

- 17.1 Any notice given by an Option Holder to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Option Holder in writing.
- 17.2 Any notice or documents given by the Company to an Option Holder shall be sent to the Option Holder by hand or sent by post or delivered to him at his home address stated in the records of the Company or the last known address of the Option Holder, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

### **18. TERMS OF EMPLOYMENT UNAFFECTED**

- 18.1 The Option Scheme or any Option shall not form part of any contract of employment between the Company, any subsidiary or Parent Group Company (as the case may be) and any Option Holder and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Option Scheme or any right which he may have to participate in it or any Option which he may hold and the Option Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any subsidiary and/or Parent Group Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any subsidiary or Parent Group Company.

### **19. TAXES**

All taxes (including income tax) arising from the exercise of any Options granted to any Option Holder under the Option Scheme and/or the sale of any Option Shares shall be borne by the Option Holder.

### **20. COSTS AND EXPENSES OF THE OPTION SCHEME**

- 20.1 Each Option Holder shall be responsible for all fees of CDP relating to or in connection with the allotment and issue and/or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Option Holder's Securities Account or the Option Holder's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Option Holder.
- 20.2 Save for such costs and expenses expressly provided in the Option Scheme to be payable by the Option Holders, all fees, costs, and expenses incurred by the Company in relation to the Option Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the Shares pursuant to the exercise of any Option shall be borne by the Company.

### **21. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Option Scheme including but not limited to the Company's delay or failure in allotting and issuing and/or transferring the Option Shares or in applying for or procuring the listing of and quotation for the Option Shares on the SGX-ST or any other stock exchange on which the Shares are listed or quoted.



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### 22. DISPUTES

Any disputes or differences of any nature in connection with the Option Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

### 23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued and/or transferred pursuant to the exercise of an Option if such issue and/or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in the Republic of Singapore or any other relevant country having jurisdiction in relation to the issue and/or transfer of Shares hereto.

### 24. GOVERNING LAW

The Option Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting the offer of the grant of Options in accordance with the Option Scheme, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

### 25. DISCLOSURES

25.1 In accordance with the Listing Manual, the Company shall, on any grant of Options make an announcement providing details of the grant, including the date of grant, exercise price of Options granted, number of Options granted, market price of its securities on the date of grant, number of Options granted to directors and controlling shareholders (and their associates), if any, and validity period of the Options.

25.2 The Company shall make the following disclosures in its annual report:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular FY):
  - (1) Participants who are Directors of the Company; and
  - (2) Participants, other than those in (1) above, who receive 5% or more of the total number of Options available under the Option Scheme.

| Name of Participant | Options granted during the FY under review (including terms) | Aggregate Options granted since commencement of the Option Scheme to end of the FY under review | Aggregate Options exercised since commencement of the Option Scheme to end of the FY under review | Aggregate Options outstanding as at end of the FY under review |
|---------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
|---------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------|

- (c) (i) the names of and number and terms of Options granted to each director or employee of the Parent Company and its subsidiaries who receives 5% or more of the total number of Options available to all directors and employees of the Parent Company and its subsidiaries under the Option Scheme, during the financial year under review; and

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## **APPENDIX A – RULES OF THE COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020**

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- (ii) the aggregate number of Options granted to the directors and employees of the Parent Company and its subsidiaries for the financial year under review and since the commencement of the Option Scheme to the end of the financial year under review.

A discount to the Exercise Price would not be offered under the Option Scheme. Non-Executive Directors (including independent directors), Controlling Shareholders and Associates of Controlling Shareholders will not be eligible to participate in the Option Scheme.

### **26. ABSTENTION FROM VOTING**

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Option Scheme.

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## APPENDIX A1 – LETTER OF OFFER

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Serial No.: \_\_\_\_\_

### PRIVATE AND CONFIDENTIAL

Date:

To: Name  
Designation  
Address

Dear Sir/Madam

### COSCO SHIPPING GROUP EXECUTIVES SHARE OPTION SCHEME 2020

We are pleased to inform you that you have been nominated by the Committee of the Board of Directors of COSCO SHIPPING International (Singapore) Co., Ltd. (the “**Company**”) to participate in the COSCO SHIPPING Group Executives Share Option Scheme 2020 (the “**Option Scheme**”). Terms as defined in the Option Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$ \_\_\_\_\_, to subscribe for and be allotted up to \_\_\_\_\_ Shares at the price of S\$ \_\_\_\_\_ for each Share. The Option shall be subject to the terms of this Letter of Offer and the Option Scheme (as the same may be amended or modified from time to time pursuant to the terms and conditions of the Option Scheme), a copy of which is enclosed herewith.

[The Option shall vest in accordance with the vesting conditions and to the extent set out in the schedule attached.]\*

We will inform you of the number of Options that you are entitled to exercise in respect of each Vesting Period [14] days before the commencement of each Vesting Period.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$ \_\_\_\_\_ not later than \_\_\_\_\_ a.m. / p.m. on \_\_\_\_\_ failing which this offer will forthwith lapse.

Yours faithfully  
For and on behalf of  
COSCO SHIPPING International (Singapore) Co., Ltd.

Name:  
Designation:

enc. Schedule\*

*\* to be deleted where inapplicable*

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## APPENDIX A2 – ACCEPTANCE FORM

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Serial No.: \_\_\_\_\_

### PRIVATE AND CONFIDENTIAL

To: The Committee  
COSCO SHIPPING Group Executives Share Option Scheme 2020  
COSCO SHIPPING International (Singapore) Co., Ltd.  
30 Cecil Street #26-01  
Prudential Tower  
Singapore 049712

Closing Time and Date for Acceptance of Option : \_\_\_\_\_

No. of Shares in respect of which Option is offered : \_\_\_\_\_

Exercise Price per Share : S\$ \_\_\_\_\_

Total Amount Payable on Acceptance of Option : S\$ \_\_\_\_\_

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms thereof and of the COSCO SHIPPING Group Executives Share Option Scheme 2020 stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares in the Company or Option to subscribe for such Shares.

Subject to the terms and conditions of the Letter of Offer, I hereby accept the Option to subscribe for up to \_\_\_\_\_ Shares at S\$ \_\_\_\_\_ for each Share and enclose \*cash/bank draft/cashier's order/postal order no. \_\_\_\_\_ for S\$ \_\_\_\_\_ being payment for the acceptance of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment and/or transfer of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "**CDP charges**").

I confirm that as at the date hereof:

- (a) I am not less than 21 years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Option Scheme as defined in Rule 4 of the Rules of the Option Scheme; and
- (c) I satisfy the other requirements to participate in the Option Scheme as set out in the Rules of the Option Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

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## APPENDIX A2 – ACCEPTANCE FORM

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC / Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

1. Option must be accepted in full or in multiples of 100 Shares.
2. This Acceptance Form must be addressed to The Committee, COSCO SHIPPING Group Executives Share Option Scheme 2020 in a sealed envelope marked "Private and Confidential".
3. The Option Holder shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

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## APPENDIX A3 – EXERCISE NOTICE

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### PRIVATE AND CONFIDENTIAL

To: The Committee  
COSCO SHIPPING Group Executives Share Option Scheme 2020  
COSCO SHIPPING International (Singapore) Co., Ltd.  
30 Cecil Street #26-01  
Prudential Tower  
Singapore 049712

Total number of ordinary shares (the “**Shares**”) at  
S\$\_\_\_\_\_ per Share under an Option  
granted on \_\_\_\_\_ (the “**Offer Date**”) : \_\_\_\_\_

Number of Shares previously allotted and issued  
thereunder : \_\_\_\_\_

Outstanding balance of Shares which may be  
allotted and issued thereunder : \_\_\_\_\_

Number of Shares now to be subscribed (in  
multiples of 100) : \_\_\_\_\_

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ (the “**Date of Grant**”) and my acceptance thereof, and your letter dated \_\_\_\_\_ informing me of the number of Options that I am entitled to exercise in respect of each Vesting Period, I hereby exercise the Option to subscribe for the abovementioned Shares in COSCO SHIPPING International (Singapore) Co., Ltd. (the “**Company**”) at S\$ \_\_\_\_\_ per Share.

2. I hereby request the Company to allot and issue and/or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my \*Securities Account with CDP/\*Securities Sub-Account with a CDP Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the “**CDP charges**”) and any stamp duties in respect thereof:

\*(a) Direct Securities Account Number : \_\_\_\_\_

\*(b) Securities Sub-Account Number : \_\_\_\_\_

Name of CDP Depository Agent : \_\_\_\_\_

3. I enclose a \*cheque/cashier’s order/bank draft/postal order no. \_\_\_\_\_ for S\$ \_\_\_\_\_ in payment for the subscription of the total number of the said Shares and the CDP charges of S\$ \_\_\_\_\_

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the COSCO SHIPPING Group Executives Share Option Scheme 2020 (as the same may be amended or modified pursuant to the terms thereof from time to time) and the Constitution of the Company.

5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

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## APPENDIX A3 – EXERCISE NOTICE

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC / Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. This Exercise Notice must be addressed to The Committee, COSCO SHIPPING Group Executives Share Option Scheme 2020 in a sealed envelope marked "Private and Confidential".



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## **APPENDIX B – EXTRACTS FROM THE RULES OF THE 2002 SCHEME**

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The following are extracts from the rules of the 2002 Scheme pertaining to certain salient terms applicable to options granted under the 2002 Scheme. All capitalised terms used in this Appendix B shall have the same meanings as set out in the rules of the 2002 Scheme. Please refer to the rules in their entirety for the other terms and conditions governing the 2002 Scheme.

### **4. TOTAL NUMBER OF SHARES**

- 4.1 The total number of Shares to be offered under the Scheme shall not exceed fifteen (15) per cent of the issued share capital of the Company on the day preceding any Offer Date at any time and from time to time during the existence of the Scheme. If due to a reduction of the Company's share capital or a buy back of its Shares, the Shares which are issued under the Options exceed fifteen (15) per cent of the Company's total issued share capital, such event will not invalidate any Options which have already been granted.
- 4.2 The aggregate number of Shares which may be offered by way of grant of Options to the employees and directors of the Holding Company shall not exceed twenty (20) per cent of the total number of Shares available under the Scheme.
- 4.3 In any one Financial Year, the Committee may offer Options in respect of up to twenty (20) per cent of the maximum number of Shares to be issued under the Scheme as at the day preceding the Offer Date, provided that if the Committee offers Options in respect of less than twenty (20) per cent of the maximum number of Shares to be issued under the Scheme, the balance of the Options which could have been offered in that Financial Year shall be carried forward and added to the number of Options which may be offered in the following Financial Year(s). Any Shares under an Offer in any Financial Year which are not accepted by the Selected Employee shall be carried forward and added to the number of Options which may be offered in the following Financial Year(s).

### **5. ELIGIBILITY**

- 5.1 To be eligible to participate in the Scheme, an Employee must:
  - (a) be confirmed in his employment with the Company, any Subsidiary or Controlled Associated Company, or the Holding Company, and not on probation;
  - (b) have been in the full time service of the Company, any Subsidiary or Controlled Associated Company, or the Holding Company for at least six (6) months on or prior to the relevant Offer Date;
  - (c) have attained the age of twenty-one (21) years on or before the relevant Offer Date; and
  - (d) where persons are employees or directors of the Holding Company, they must also satisfy the criteria set out in Clause 5.3.
- 5.2 Controlling Shareholders and their associates are not eligible to participate in the Scheme.
- 5.3 Persons who are the employees and directors of the Holding Company shall (notwithstanding that they may meet the eligibility criteria in Clause 5.1) not participate in the Scheme unless they have contributed to the success and development of the Company. Where any grant of Options to a Holding Company employee or director, together with the Options previously granted to that person under the Scheme, represents five (5) per cent or more of the total number of Shares available to the employees and directors of the Holding Company, the grant of Options to such person shall be approved by the independent shareholders of the Company in general meeting in separate resolutions for each such

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## **APPENDIX B – EXTRACTS FROM THE RULES OF THE 2002 SCHEME**

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person. In connection with this participation by employees and directors of the Holding Company, the rationale for allowing such participation and for the specific grants to be made to them, and the rationale for any discount to the subscription price of the Shares under the grants made to each such person, shall be provided in the circular which shall be sent to shareholders for the purposes of seeking approval for the same.

- 5.4 A non-executive Director of the Company (including an Independent Director) is eligible to participate in the Scheme provided that he has served on the Board for at least one (1) year preceding the relevant Offer Date and who, at the absolute discretion of the Committee, has been selected to participate in the Scheme in recognition of his services to the Company, having taken into account his performance, efficiency and contribution towards the success and growth of the Group.
- 5.5 Subject to any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Scheme may be amended from time to time in compliance with the requirements of the Listing Manual (as may be amended from time to time by the SGX-ST) with the approval of the shareholders of the Company.

### **6. OFFER OF OPTIONS**

- 6.1 Offers may be made only to Selected Employees. The selection of Employees and the number of Shares in respect of which Options are to be offered to a Selected Employee shall be determined by the Committee at its absolute discretion taking into account criteria such as the rank, seniority, performance, past and future contributions to the Group and length of service of the Employee.

### **7. OFFER PRICE**

- 7.1 Subject to the provisions of Clause 12 below, the Offer Price per Share to be paid by way of subscription upon the exercise of an Option shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:-

7.1.1 a price ("Market Price") which is equal to the average of the last done closing prices of the Shares as indicated in the daily official list published by the SGX-ST for a period of five (5) consecutive market days immediately prior to the relevant Offer Date (rounded down to the nearest half cent in the event of fractional prices), provided always that in the case of a market day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such market day shall be deemed to be the last dealt price of the Shares on the immediately preceding market day on which the Shares were traded; or

7.1.2 a price which is set at a discount to the Market Price, provided that:

- (a) the maximum discount shall not exceed twenty (20) per cent of the Market Price;
- (b) the shareholders of the Company in a general meeting shall have authorised the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid; and
- (c) the Grantee may exercise the Option only after the expiry of two (2) years (for Option Period A) or three (3) years (for Option Period B), as the case may be, from the date of his acceptance of the Offer.

7.1.3 If the Offer Price determined pursuant to Clauses 7.1.1 and 7.1.2 is less than the par value per Share then the Offer Price shall instead be equal to the par value per Share.

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## APPENDIX B – EXTRACTS FROM THE RULES OF THE 2002 SCHEME

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- 7.2 The Offer Price per Share determined pursuant to Clause 7.1 shall be confirmed by the Auditors (acting as experts and not as arbitrators) before an Offer is made to any Selected Employee.

### 14. TERMINATION OF OPTIONS

- 14.1 In the event of the death of a Grantee or the earlier of notice of resignation of employment by the Grantee or his cessation of employment or appointment with the Group, Controlled Associated Company or the Holding Company as the case may be, prior to the exercise of the Option, such Option shall lapse forthwith and become null and void automatically without any claim whatsoever against the Company provided always that the Committee may in its absolute discretion allow such Option to continue for a specified period in the following situations:

- (a) where the Grantee dies before the expiry of an Option Period, any Option or Options to the extent remaining unexercised by him as at the date of his death may be exercised by the personal representatives of the Grantee within the period commencing twelve (12) months after the Offer Date and expiring at the end of sixty (60) months after the Offer Date if the Grantee had been in the service of the Company or any Subsidiary or Controlled Associated Company or Holding Company (as the case may be) for at least one (1) year on or prior to the relevant Offer Date, or within the period commencing twenty four (24) months after the Offer Date and expiring at the end of sixty (60) months after the Offer Date if the Grantee had been in the service of the Company or any Subsidiary or Controlled Associated Company or Parent Company (as the case may be) for at least six (6) months but less than one (1) year on or prior to the relevant Offer Date; or
- (b) where the Grantee ceases to be employed by the Company or any Subsidiary or Controlled Associated Company or Holding Company as the case may be, by reason of:
  - (i) his retirement;
  - (ii) incapacity arising from ill-health or accident certified by a medical practitioner approved by the Committee;
  - (iii) redundancy;
  - (iv) the company by which he is employed ceasing to be a company within the Group, a Controlled Associated Company or the Holding Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, Controlled Associated Company or the Holding Company;
  - (v) his transfer to the Holding Company or to a subsidiary of such Holding Company (other than a Subsidiary); or
  - (vi) any other reason acceptable to the Committee provided the Committee gives its consent in writing.

- 14.2 In the event of liquidation of the Company, subject to Clause 10.12, Options to the extent that they are then unexercised shall cease and lapse forthwith and the Grantee shall have no claim whatsoever against the Company.

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## **APPENDIX B – EXTRACTS FROM THE RULES OF THE 2002 SCHEME**

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### **17. DURATION OF SCHEME**

- 17.1 The Scheme will be in force at the discretion of the Board subject to a maximum period of ten (10) years, commencing on the date on which the Scheme is adopted by resolution of the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 17.2 The Company may terminate the Scheme at any time by an ordinary resolution in general meeting and in such an event no further Offers shall be made by the Board or Committee as from the date of such resolution.
- 17.3 Notwithstanding anything in Clauses 17.1 or 17.2 above, if for any reason whatsoever, the Scheme shall be terminated or discontinued, the same shall be without prejudice to the rights accrued to any Grantee who has accepted an Option in accordance with the Scheme.

### **18. ADMINISTRATION OF THE SCHEME**

- 18.1 The Scheme shall be administered by the Committee appointed by the Board (and shall comprise two (2) Independent Directors of the Company) in accordance with the Articles of Association of the Company, with such powers and discretions as are conferred upon it by the Board from time to time including but not limited to the following powers:
- (a) to determine the number of Shares to be offered by way of Options to Selected Employees within the maximum limits set out in the Scheme;
  - (b) to determine the Offer Price and any adjustments thereto in accordance with the terms of the Scheme;
  - (c) to decide whether Offers made or Options granted shall be terminated or allowed to continue in the event of death or cessation of employment of a Selected Employee or Grantee, as the case may be; and
  - (d) to recommend modifications to the Scheme where necessary.
- 18.2 The Committee may consist of Directors who are participants in the Scheme, provided that the member of the Committee (being an eligible Grantee or participant) shall not be involved in any deliberation or decision-making in respect of any Options to be offered or granted to him.
- 18.3 The Committee so appointed may make rules and regulations or impose terms and conditions necessary, desirable or expedient for it to administer and give full effect to the Scheme.
- 18.4 Any decision of the Committee, made pursuant to any provision of this Scheme (other than a matter to be certified by the Auditors), shall be final and binding.
- 18.5 The Committee will establish and maintain a register to be kept at the Company's registered office showing the details of the holders of Option certificates under the Scheme and the number of Shares which may be issued under the Options. Such register shall be open for inspection by any shareholder of the Company.
- 18.6 The Holding Company may not nominate more than one person to the Committee. The nominee shall not be involved in the deliberations of the Committee in respect of the individual options to be granted to him.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 196100159G)

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of the Company will be held by way of electronic means on Thursday, 25 June 2020 at 2.30 p.m. (Singapore time) (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. on the same day) for the purpose of considering and, if thought fit, passing (with or without modification) the following Ordinary Resolutions:

#### **ORDINARY RESOLUTION 1:**

##### **Proposed Adoption of the COSCO SHIPPING Group Executives Share Option Scheme 2020**

That the share option scheme to be known as the COSCO SHIPPING Group Executives Share Option Scheme 2020 (the “**Option Scheme**”), the rules of which have been set out in the circular to Shareholders dated 1 June 2020 (the “**Circular**”), be and is hereby approved and adopted substantially in the form set out in the rules of the Option Scheme, and the Directors of the Company be and are hereby authorised:

- (a) to establish and administer the Option Scheme;
- (b) to modify and/or amend the Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Option Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Option Scheme; and
- (c) to offer and grant Options in accordance with the rules of the Option Scheme and to allot and issue and/or transfer from time to time such number of shares in the capital of the Company as may be required to be issued and/or transferred pursuant to the exercise of the Options under the Option Scheme provided that the aggregate number of Shares issued and issuable pursuant to the COSCO SHIPPING Group Executives Share Option Scheme 2020 and any other share-based incentive schemes of the Company shall not exceed 10% of the issued shares of the Company from time to time (excluding Treasury Shares and Subsidiary Holdings).

#### **ORDINARY RESOLUTION 2:**

##### **Proposed participation of, and grant of Options to, Parent Group Executives**

That subject to and contingent upon the passing of Ordinary Resolution 1 above, approval be and is hereby given for the participation of, and grant of Options to, Parent Group Executives provided that any such employee whose services have been seconded to the Company or any of its subsidiaries (being a Seconded Executive) shall not be treated as a Parent Group Executive for the purposes of this Resolution.

All capitalised terms used in this Notice of Extraordinary General Meeting which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 1 June 2020.

#### **BY ORDER OF THE BOARD**

Lee Wei Hsiung  
Company Secretary  
Singapore, 1 June 2020

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### NOTES:

1. The Extraordinary General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice will not be sent to members.** Instead, this Notice will be sent to members by electronic means via publication on the Company's website at <http://cosco.listedcompany.com/home.html>. This Notice will also be made available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 1 June 2020. This announcement may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html>, and will also be made available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.** The accompanying proxy form for the Extraordinary General Meeting may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html>, and will also be made available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.
4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 June 2020.
6. The Chairman of the Meeting, as proxy, need not be a member of the Company.
7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.COSCOproxy@sg.tricorglobal.com](mailto:sg.is.COSCOproxy@sg.tricorglobal.com)

in either case not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

### IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Extraordinary General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Extraordinary General Meeting.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.



# COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 196100159G)

## EXTRAORDINARY GENERAL MEETING PROXY FORM

This proxy form has been made available on SGXNet and the Company's website at <http://cosco.listedcompany.com/home.html>. A printed copy of this proxy form will NOT be despatched to members.

### IMPORTANT:

1. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 15 June 2020 to submit their votes.
3. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 1 June 2020.

I/We \_\_\_\_\_ (NRIC/Passport/Co. Reg. No.) \_\_\_\_\_

of (Address) \_\_\_\_\_

being a shareholder/shareholders of COSCO SHIPPING International (Singapore) Co., Ltd. (the "Company"), hereby appoint the **Chairman of the Meeting** as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be convened and held by way of electronic means on Thursday, 25 June 2020 at 2.30 p.m. (Singapore time) (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. on the same day) and at any adjournment thereof in the following manner:

| No. | Ordinary Resolution                                                                              | For | Against | Abstain |
|-----|--------------------------------------------------------------------------------------------------|-----|---------|---------|
| 1   | To approve the proposed adoption of the COSCO SHIPPING Group Executives Share Option Scheme 2020 |     |         |         |
| 2   | To approve the participation of, and grant of Options to, Parent Group Executives                |     |         |         |

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

| Total No. of Shares in | No. of Shares |
|------------------------|---------------|
| CDP Register           |               |
| Register of Members    |               |

\_\_\_\_\_  
Signature of member(s) or Common Seal

**IMPORTANT: Please Read Notes Overleaf.**





#### NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.** This proxy form may be accessed at the Company's website at <http://cosco.listedcompany.com/home.html>, and will also be made available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.
3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 June 2020.
5. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.COSCOproxy@sg.tricorglobal.com](mailto:sg.is.COSCOproxy@sg.tricorglobal.com),

in either case not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.