



NEPTUNE ORIENT LINES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number : 196800632D

LETTER TO SHAREHOLDERS

Board of Directors

Kwa Chong Seng (*Chairman*)
Ng Yat Chung (*Group President & Chief Executive Officer*)
Robert John Herbold (*Independent Director*)
Tan Puay Chiang (*Independent Director*)
Jeanette Wong Kai Yuan (*Independent Director*)
Low Check Kian (*Independent Director*)
Quek See Tiat (*Independent Director*)
Alvin Yeo Khirn Hai (*Independent Director*)
Tom Behrens-Sørensen (*Independent Director*)
Bruno Sidler (*Independent Director*)

Registered Office

9 North Buona Vista Drive
#14-01 The Metropolis
Singapore 138588

To: The Shareholders of
Neptune Orient Lines Limited

31 March 2016

Dear Sir/Madam

1. INTRODUCTION

1.1 Notice of AGM. We refer to:

- (a) the Notice of Annual General Meeting of Neptune Orient Lines Limited (the "**Company**") dated 31 March 2016 (the "**Notice**"), accompanying the Company's Annual Report 2015, convening the 47th Annual General Meeting of the Company to be held on 20 April 2016 (the "**2016 AGM**");
- (b) Ordinary Resolution No. 7 relating to the proposed change of Auditor (as proposed in the Notice);
- (c) Ordinary Resolution No. 10 relating to the proposed renewal of the IPT Mandate (Temasek Group) (as defined in paragraph 3.1 below, as proposed in the Notice); and
- (d) Ordinary Resolution No. 11 relating to the proposed adoption of the IPT Mandate (CMA CGM Group) (as defined in paragraph 4.2 below, as proposed in the Notice).

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 7, 10 and 11 proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If a Shareholder has sold all his ordinary shares in the Company, he should immediately forward this Letter (together with the Annual Report 2015, the Notice

and Proxy Form) to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

2. THE PROPOSED CHANGE OF AUDITOR

- 2.1 **Background.** Ordinary Resolution No. 7 proposed in the Notice is to appoint PricewaterhouseCoopers LLP, Singapore (“**PwC Singapore**”) as the Auditor of the Company in place of the retiring Auditor, Ernst & Young LLP (“**EY**”), and to authorise the Directors of the Company (the “**Directors**”) to fix their remuneration. EY has served as external Auditor of the Company for 10 years, since 2006.
- 2.2 **Rationale.** As part of ongoing good corporate governance initiatives, the Directors are of the view that it would be timely to effect a change of external Auditor with effect from the financial year ending 30 December 2016. EY, the retiring Auditor, will accordingly not be seeking re-appointment at the forthcoming 2016 AGM. PwC Singapore was selected for the proposed appointment after the Audit Committee of the Company (the “**Audit Committee**”) (currently comprising Quek See Tiat, Tan Puay Chiang, Jeanette Wong Kai Yuan and Alvin Yeo Khirn Hai) invited and evaluated competitive proposals from various audit firms. The Audit Committee reviewed and deliberated on the proposals received from each of the audit firms, taking into consideration factors such as the adequacy of the resources and experience of the audit firm to be selected, and the audit engagement partner to be assigned to the audit, as well as the size and complexity of the Company and its subsidiaries (the “**Group**”). After evaluation, the Audit Committee recommended that PwC Singapore be selected for the proposed appointment. The Directors have taken into account the Audit Committee’s recommendation, including the factors considered in their evaluation, and are satisfied that PwC Singapore will be able to meet the audit requirements of the Company.
- 2.3 **Information on PwC Singapore.** PwC Singapore is a member firm of PricewaterhouseCoopers International Limited, a global network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. PwC Singapore is registered with the Accounting and Corporate Regulatory Authority (“**ACRA**”) and is one of the largest professional services firms in Singapore today, with a wide-ranging clientele base consisting of multinational companies, listed companies, private companies and public sector organisations.

PwC Singapore was the Company’s Auditor from the Company’s incorporation (on 30 December 1968) up to the financial year ended 30 December 2005. PwC Singapore has the relevant experience to perform the audit for the Company as its portfolio of audit clients in the transportation and logistics industry is wide ranging and includes major players in the businesses of ocean shipping and liner operations.

The audit partner who will be in charge of the audit is Yeoh Oon Jin, who is a council member of the Institute of Singapore Chartered Accountants (“**ISCA**”) and the Singapore Institute of Directors, Chairman of the Auditing & Assurance Standards Committee of ISCA, a member of the Institute of Chartered Accountants in England and Wales and a public accountant registered with ACRA. Mr Yeoh has had more than 25 years of experience in providing audit and advisory services to a variety of clients, including companies listed on the SGX-ST. He has been the Executive Chairman of PwC Singapore since 2013.

For more information about PwC Singapore, please visit www.pwc.com/sg/en/.

- 2.4 **Confirmations.** In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST (the “**Listing Manual**”):
- the outgoing Auditor, EY, has confirmed that they are not aware of any professional reasons why the new Auditor, PwC Singapore, should not accept appointment as Auditor of the Company;
 - the Company confirms that there were no disagreements with the outgoing Auditor, EY, on accounting treatments within the last 12 months;
 - the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditor that should be brought to the attention of Shareholders; and
 - the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of PwC Singapore as the Auditor of the Company.
- 2.5 **Appendix 1.** Pursuant to Section 205 of the Companies Act, Chapter 50, a copy of the notice of nomination of the proposed new Auditor dated 11 February 2016 from a Shareholder as attached as Appendix 1 to this Letter.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE (TEMASEK GROUP)

3.1 **Background.** At the Annual General Meeting of the Company held on 15 April 2015 (the “**2015 AGM**”), Shareholders approved, *inter alia*, the renewal of a mandate (the “**IPT Mandate (Temasek Group)**”) to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as that term is defined in Chapter 9 of the Listing Manual) (the “**EAR Group**”) to enter into certain interested person transactions with Temasek Holdings (Private) Limited (“**Temasek**”) and its associates.

Particulars of the IPT Mandate (Temasek Group) were set out in Appendix 1 to the Company’s Annual Report 2014. The IPT Mandate (Temasek Group) was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2016 AGM which is scheduled to be held on 20 April 2016.

3.2 **Renewal of the IPT Mandate (Temasek Group).** The Directors propose that the IPT Mandate (Temasek Group) be renewed at the 2016 AGM, to take effect (unless earlier revoked or varied; see further paragraph 4 below) until the next Annual General Meeting of the Company.

3.3 **Appendix 2.** The IPT Mandate (Temasek Group), including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 2 to this Letter. The transactions under the IPT Mandate (Temasek Group) which is sought to be renewed remain unchanged, save that the references to logistics-related activities have been removed from the IPT Mandate (Temasek Group) following the divestment of the Group’s logistics business in 2015. These deletions are highlighted in Appendix 2.

3.4 **Audit Committee Statement.** The Audit Committee confirms that:

- (a) the methods and procedures for determining the transaction prices under the IPT Mandate (Temasek Group) have not changed since the 2015 AGM; and
- (b) the methods and procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. THE PROPOSED ADOPTION OF THE IPT MANDATE (CMA CGM GROUP)

4.1 **Background.** On 7 December 2015, CMA CGM S.A. (“**CMA CGM**”) announced a pre-conditional voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company (excluding issued and paid-up ordinary shares held by the Company as treasury shares), other than those already owned, controlled or agreed to be acquired by CMA CGM in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Offer**”). The Offer will not be made unless and until certain pre-conditions are fulfilled or waived by 7 December 2016 (or such other date as CMA CGM and the Company may agree in writing).

4.2 **Adoption of the IPT Mandate (CMA CGM Group).** The Company proposes that, subject to and contingent upon CMA CGM becoming a controlling shareholder (as defined in the Listing Manual) of the Company, a new mandate (the “**IPT Mandate (CMA CGM Group)**”) be adopted to enable the EAR Group to enter into certain interested person transactions with CMA CGM and its associates (the “**Mandated IPTs**”). If passed, the resolution to adopt the IPT Mandate (CMA CGM Group) will take effect from the date the Offer becomes or is declared unconditional as to acceptances. The IPT Mandate (Temasek Group) will be revoked upon the adoption of the IPT Mandate (CMA CGM Group).

4.3 **Independent Financial Adviser.** Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed the independent financial adviser to the Independent Directors in relation to the proposed adoption of the IPT Mandate (CMA CGM Group). Based on the analysis undertaken and subject to the qualifications and assumptions made in their letter dated 31 March 2016 to the Independent Directors (as defined in paragraph 6.2 below), EYCF is of the opinion that the current guidelines and review procedures for determining the transaction prices of the Mandated IPTs, if adhered to, are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4.4 **Appendices 3 and 4.** The IPT Mandate (CMA CGM Group), including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 3 to this Letter. EYCF’s letter dated 31 March 2016 to the Independent Directors is reproduced in Appendix 4 to this Letter.

4.5 **Consent from EYCF.** EYCF has given and has not withdrawn its written consent to the issue of this Letter with the inclusion of its name and its letter to the Independent Directors dated 31 March 2016 and all references thereto, in the form and context in which they appear in this Letter.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

5.1 **Interests of Directors.** As at 3 March 2016, the latest practicable date prior to the printing of this Letter (the "Latest Practicable Date"), the Directors' interests in ordinary shares of the Company as recorded in the Register of Directors' Shareholdings are as follows:

| Director | Number of Shares | | | | Number of Shares comprised in outstanding Awards |
|------------------------|------------------|------------------|-----------------|------------------|--|
| | Direct Interest | % ⁽¹⁾ | Deemed Interest | % ⁽¹⁾ | |
| Kwa Chong Seng | 2,000,000 | 0.077 | – | – | – |
| Ng Yat Chung | 1,797,750 | 0.069 | – | – | 2,404,668 |
| Robert John Herbold | – | – | – | – | – |
| Tan Puay Chiang | 100,000 | 0.004 | – | – | – |
| Jeanette Wong Kai Yuan | – | – | – | – | – |
| Low Check Kian | – | – | – | – | – |
| Quek See Tiat | – | – | – | – | – |
| Alvin Yeo Khirn Hai | – | – | – | – | – |
| Tom Behrens-Sørensen | – | – | – | – | – |
| Bruno Sidler | – | – | – | – | – |

Note:

(1) Based on 2,601,633,885 issued ordinary shares as at the Latest Practicable Date (this is based on 2,603,360,602 issued ordinary shares as at the Latest Practicable Date and disregarding 1,726,717 ordinary shares held in treasury as at the Latest Practicable Date).

5.2 **Interests of Substantial Shareholder.** As at the Latest Practicable Date, the interests of the substantial Shareholder in ordinary shares of the Company as recorded in the Register of Substantial Shareholders are as follows:

| Substantial Shareholder | Number of Shares | | | | Total Interest | % ⁽¹⁾ |
|------------------------------------|------------------|------------------|------------------------------|------------------|----------------|------------------|
| | Direct Interest | % ⁽¹⁾ | Deemed Interest | % ⁽¹⁾ | | |
| Temasek Holdings (Private) Limited | 671,064,383 | 25.79 | 1,067,750,771 ⁽²⁾ | 41.04 | 1,738,815,154 | 66.83 |

Notes:

(1) Based on 2,601,633,885 issued ordinary shares as at the Latest Practicable Date (this is based on 2,603,360,602 issued ordinary shares as at the Latest Practicable Date and disregarding 1,726,717 ordinary shares held in treasury as at the Latest Practicable Date).

(2) Temasek is deemed interested in 1,067,750,771 ordinary shares in which its subsidiaries and associated company have direct or deemed interests.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 **Proposed Change of Auditor.** The Directors are of the opinion that the proposed appointment of PwC Singapore as Auditor of the Company in place of the retiring Auditor, EY, is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 7, being the Ordinary Resolution relating to the appointment of PwC Singapore as Auditor of the Company in place of the retiring Auditor, EY, to be proposed at the 2016 AGM.
- 6.2 **Proposed Renewal of IPT Mandate (Temasek Group).** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate (Temasek Group) and the proposed adoption of the IPT Mandate (CMA CGM Group) are Kwa Chong Seng, Robert John Herbold, Tan Puay Chiang, Jeanette Wong Kai Yuan, Low Check Kian, Quek See Tiat, Alvin Yeo Khirn Hai, Tom Behrens-Sørensen and Bruno Sidler (the "**Independent Directors**").

The Independent Directors are of the view that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix 2) between the EAR Group and the Interested Persons (as described in paragraph 4 of Appendix 2) in the ordinary course of its business will enhance the efficiency of the EAR Group and is in the best interests of the Company. For the reasons set out in paragraphs 2 and 3 of Appendix 2, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 10, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate (Temasek Group) to be proposed at the 2016 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the IPT Mandate (Temasek Group) should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

- 6.3 **Proposed Adoption of IPT Mandate (CMA CGM Group).** Having considered the opinion of EYCF, the Independent Directors are of the view that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix 3) between the EAR Group and the Interested Persons (as described in paragraph 4 of Appendix 3) in the ordinary course of its business will enhance the efficiency of the EAR Group and is in the best interests of the Company. For the reasons set out in paragraphs 2 and 3 of Appendix 3, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 11, being the Ordinary Resolution relating to the proposed adoption of the IPT Mandate (CMA CGM Group) to be proposed at the 2016 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the IPT Mandate (CMA CGM Group) should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

- 7.1 **Appointment of Proxies.** Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the Proxy Form accompanying the Notice of the 2016 AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 9 North Buona Vista Drive, #14-01 The Metropolis, Singapore 138588, not later than 48 hours before the time fixed for the 2016 AGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the 2016 AGM in place of his proxy if he wishes to do so.
- 7.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the 2016 AGM.

8. ABSTENTION FROM VOTING

- 8.1 **IPT Mandate (Temasek Group).** Temasek and its associates will abstain from voting their respective ordinary shares (if any) in respect of Ordinary Resolution No. 10, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate (Temasek Group) to be proposed at the 2016 AGM. As at the Latest Practicable Date, none of the Directors is also a director of Temasek.

8.2 **IPT Mandate (CMA CGM Group).** CMA CGM and its associates will abstain from voting their respective ordinary shares (if any) in respect of Ordinary Resolution No. 11, being the Ordinary Resolution relating to the proposed adoption of the IPT Mandate (CMA CGM Group) to be proposed at the 2016 AGM. As at the Latest Practicable Date, none of the Directors is also a director of CMA CGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter 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 Letter in its proper form and context.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 9 North Buona Vista Drive, #14-01 The Metropolis, Singapore 138588 during normal business hours from the date of this Letter up to the date of the 2016 AGM:

- (a) the Company's Annual Report 2015;
- (b) EYCF's letter to the Independent Directors referred to in paragraph 4.3 above;
- (c) EYCF's letter of consent referred to in paragraph 4.5 above;
- (d) Appendix 1 to the Company's Annual Report 2014; and
- (e) the Constitution of the Company.

Yours faithfully

for and on behalf of the
Board of Directors of
Neptune Orient Lines Limited

Kwa Chong Seng
Chairman

APPENDIX 1

NOTICE OF NOMINATION

LENTOR INVESTMENTS PTE. LTD.

60B Orchard Road #06-18 The Atrium@Orchard Tower 2 Singapore 238891

(Regn No. 200406607N)

11 February 2016

The Board of Directors

Neptune Orient Lines Limited
9 North Buona Vista Drive #14-01
The Metropolis
Singapore 138588

Dear Sirs,

NOTICE OF NOMINATION

Pursuant to the provisions of Section 205 of the Companies Act, Chapter 50, We, Lentor Investments Pte. Ltd., being a shareholder of Neptune Orient Lines Limited ("NOL"), hereby nominate PricewaterhouseCoopers LLP, Singapore of 8 Cross Street, #17-00 PWC Building, Singapore 048424 for appointment as auditors of NOL in place of the retiring auditors Ernst & Young LLP, at the forthcoming Annual General Meeting of NOL.

Yours faithfully,



Ms Grace Goh
Corporate Representative of
Lentor Investments Pte. Ltd.

APPENDIX 2

IPT MANDATE (TEMASEK GROUP)

1. The Shareholders' Mandate

- 1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") governs transactions entered into by a listed company, as well as transactions entered into by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.
- 1.2 In accordance with Chapter 9 of the Listing Manual, the listed company is required to make an immediate announcement of, or to make an immediate announcement and seek its shareholders' approval for, an interested person transaction if the value of that transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds.
- 1.3 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeds:
- (a) 5% of the group's latest audited consolidated NTA; or
 - (b) 5% of the group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as defined under Chapter 9 of the Listing Manual) during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

However, the above does not apply to any transaction below S\$100,000.

- 1.4 In relation to Neptune Orient Lines Limited ("**NOL**" or the "**Company**"), for the purposes of Chapter 9 of the Listing Manual, 5% of the latest audited consolidated NTA of the Company and its subsidiaries (the "**NOL Group**" or the "**Group**") would be approximately US\$115 million. This is computed based on the latest audited consolidated NTA of the NOL Group for the financial year ended 25 December 2015 of approximately US\$2,299 million.
- 1.5 Chapter 9 of the Listing Manual permits a listed company, however, to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, such as the purchase and sale of supplies and materials or services (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.
- 1.6 Under the Listing Manual:
- (a) an "**entity at risk**" means:
 - (1) the listed company;
 - (2) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (3) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;
 - (b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

APPENDIX 2

- (c) an **"associate"** in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (e) an **"interested person transaction"** means a transaction between an entity at risk and an interested person; and
- (f) a **"transaction"** includes:
 - (1) the provision or receipt of financial assistance;
 - (2) the acquisition, disposal or leasing of assets;
 - (3) the provision or receipt of services;
 - (4) the issuance or subscription of securities;
 - (5) the granting of or being granted options; and
 - (6) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2. Rationale for the Renewal of the Mandate

2.1 The principal activities of the NOL Group are:

- (a) investment holding and the ownership and charter of vessels and other related assets;
- (b) the provision of transportation services for containerised cargo in global markets, including but not limited to port to port, intermodal and origin/destination services; and
- ~~(c) the provision of supply chain management, warehousing, distribution and customer logistics solutions (by way of a global network of services spanning ocean, air and overland operations) to customers; and~~
- (c)~~(d)~~ the provision of other related and complementary services including ship management.

The NOL Group also engages in other incidental activities such as the disposals of vessels, containers and related assets as well as non-core properties and assets from time to time.

2.2 It is envisaged that in the ordinary course of business, transactions between NOL, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (the **"EAR Group"**) and NOL's Interested Persons (as defined below) are likely to occur from time to time. Such transactions are as described in paragraph 5 below.

2.3 The IPT Mandate (Temasek Group) (as defined below) is intended to facilitate transactions contemplated therein which are entered into in the ordinary course of business and which are transacted from time to time with NOL's Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of NOL and its minority shareholders.

APPENDIX 2

3. Benefits to Shareholders

- 3.1 Due to the time-sensitive nature of commercial transactions, the obtaining of a general mandate (the “**IPT Mandate (Temasek Group)**”) pursuant to Chapter 9 of the Listing Manual will enable the EAR Group, in the ordinary course of its businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of NOL’s interested persons (the “**Interested Persons**”) set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms.
- 3.2 The IPT Mandate (Temasek Group) and the renewal thereafter on an annual basis eliminates the need to convene separate general meetings from time to time to seek approval from shareholders of the Company (“**Shareholders**”) as and when the need to enter or renew the transactions with Interested Persons arises, thereby reducing substantially the administrative time and expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.
- 3.3 The EAR Group will benefit from having access to competitive quotes from different companies in the different industries within the Temasek Group (as defined below), in addition to obtaining quotes from, or transacting with, non-Interested Persons.

4. Classes of Interested Persons

- 4.1 The renewed IPT Mandate (Temasek Group) will apply to the Interested Person Transactions (as described in paragraph 5 below) which are carried out with Temasek Holdings (Private) Limited and its associates (the “**Temasek Group**”).
- 4.2 Transactions with Interested Persons that do not fall within the ambit of the renewed IPT Mandate (Temasek Group) shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

5. Scope of the Mandate and Interested Person Transactions

- 5.1 The types of Interested Person Transactions which are to be covered by the renewed IPT Mandate (Temasek Group) relate to transactions for the provision or obtaining of products and services in the normal course of the EAR Group’s business with the Temasek Group as set out below:

(a) **Port-related Activities**

The products and services under this sub-category are:

- (1) the obtaining of cargo and container handling services;
- (2) the obtaining of docking, stevedoring, barge, tug boats and pilotage services;
- (3) the obtaining of container maintenance and repair services;
- (4) the obtaining of general depot, pre-trip inspections, storage services, and diesel;
- (5) the obtaining of warehouse leasing services;
- (6) the provision of global cargo transportation services;
- (7) the provision of inter-gateway and inter-terminal haulage services;
- (8) the provision of container depot management services including container repair and storage; and
- (9) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (8) above.

The transactions set out in sub-paragraphs (1) to (8) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (9) will be those which are necessary for the day-to-day operations of the EAR Group.

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(b) ***Ship-related Activities***

The products and services under this sub-category are:

- (1) the obtaining of ship repair and maintenance services;
- (2) the obtaining of ship-building services;
- (3) the obtaining of marine-engineering-related services such as dry-docking and ship conversion services;
- (4) the obtaining of ship leasing services;
- (5) the provision of global cargo transportation services;
- (6) the provision of vessel chartering services;
- (7) the provision of other ship-related services such as ship management repairs; and
- (8) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (7) above.

The transactions set out in sub-paragraphs (1) to (7) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (8) will be those which are necessary for the day-to-day operations of the EAR Group.

(c) ***Fuel-related Activities***

The products and services under this sub-category are:

- (1) the obtaining or the purchase of bunker fuel;
- (2) the obtaining or the purchase of oil and other fuel (excluding bunker fuel); and
- (3) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) and (2) above.

The transactions set out in sub-paragraphs (1) and (2) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (3) will be those which are necessary for the day-to-day operations of the EAR Group.

(d) ***Container Shipping-related Activities***

The products and services under this sub-category are:

- (1) the provision of global container transportation services; and
- (2) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraph (1) above.

The transactions set out in sub-paragraph (1) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (2) will be those which are necessary for the day-to-day operations of the EAR Group.

(e) ~~***Logistics-related Activities***~~

~~The products and services under this sub-category are:~~

- ~~(1) the obtaining of transportation and logistics services;~~

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(2) ~~the provision of supply chain management, consolidation/deconsolidation, warehousing, distribution, and customer logistics solutions; and~~

(3) ~~the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) and (2) above.~~

The transactions set out in sub-paragraphs (1) and (2) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (3) will be those which are necessary for the day-to-day operations of the EAR Group.

(e)(f) **Other Activities**

The products and services under this sub-category are:

- (1) the obtaining or the purchase of electronic and engineering equipment, security systems, material handling systems, computer systems, components and equipment, software licences and information technology services;
- (2) the leasing and/or the purchase of telecommunication equipment and/or system;
- (3) the leasing of premises and the obtaining of property maintenance services;
- (4) the obtaining of management service;
- (5) the obtaining of printing and publication products and services;
- (6) the obtaining of travel-related services, including travel agency services; and
- (7) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (6) above.

The transactions set out in sub-paragraphs (1) to (6) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (7) will be those which are necessary for the day-to-day operations of the EAR Group.

5.2 Transactions with Interested Persons that do not fall within the ambit of the renewed IPT Mandate (Temasek Group) will be subject to the provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

6. Review Procedures for Interested Person Transactions

6.1 The Company has in place an internal control system to ensure that transactions with Interested Persons are made on commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

6.2 The internal control systems include the following guidelines:

(a) **Obtaining of Services or Purchases of Products**

- (1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining at least two quotations (wherever possible or available) prior to the entry into such transactions, in order to determine whether the price and the terms offered by the Interested Person are comparable to those offered by unrelated third parties for the same or substantially similar specifications and services;
- (2) where there are publicly available rates for the services or goods provided by the Interested Person, the EAR Group will seek to negotiate better rates to ensure that the terms and rates provided by Interested Persons are no less favourable than the usual commercial terms provided by unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;

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- (3) in the event that such competitive quotations or publicly available rates cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable; and
- (4) in evaluating the terms offered by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) **Provision of Services or Sales of Products**

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;
- (2) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties; and
- (3) in evaluating the terms to be offered to Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

6.3 In addition, the following review and approval procedures have been implemented:

(a) **Approval Limits for Obtaining of Services or Purchases of Products**

- (1) Transactions up to the equivalent of US\$15 million require the approval of the respective line managers and finance managers with the appropriate limits of approval. Transactions above the equivalent of US\$15 million and up to US\$25 million require the approval of both the Group President & Chief Executive Officer and the Group Chief Financial Officer.
- (2) Transactions above the equivalent of US\$25 million and up to US\$100 million require the approval of the Executive Committee of the Company (the "NOL Exco") (currently comprising Kwa Chong Seng, Ng Yat Chung, Tan Puay Chiang and Bruno Sidler) or, in its absence, the Board of Directors of the Company (the "NOL Board").
- (3) Transactions above the equivalent of US\$100 million require the approval of the NOL Board.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers if necessary.

(b) **Guidelines for Provision of Products and Services**

Interested Person Transactions with a value in excess of 5% of the latest audited consolidated NTA of the NOL Group must be approved by the NOL Board prior to entry.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers.

(c) **Abstention from Voting at NOL Board and/or NOL Exco Meeting**

Any member of the NOL Board and/or the NOL Exco, including any Executive Director who has an interest in a transaction, is required to abstain from participating in the review and approval process in relation to that transaction.

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(d) **Register**

The Company maintains a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (Temasek Group) (recording the basis, including the quotations obtained to support such basis, on which they are entered into).

All Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate (Temasek Group) are reviewed by the Group's internal auditors pursuant to their annual audit plan.

(e) **Periodic Reviews**

- (1) The internal auditors shall, on a quarterly basis, carry out audit reviews on the adequacy and compliance of the internal control system and reporting procedures for Interested Person Transactions and will report to the Audit Committee of the Company (the "**Audit Committee**") on their findings;
- (2) The internal auditors shall, on a quarterly basis, carry out audit reviews to ascertain that the established guidelines and procedures for Interested Person Transactions are appropriate and have been adequately complied with; and
- (3) The Audit Committee shall, on a quarterly basis, review these internal audit reports on Interested Person Transactions.

6.4 If, on its review of the internal audit reports, the Audit Committee is of the view that the guidelines and review procedures as stated have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, NOL will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions will be at arm's length and on normal commercial basis.

7. **Validity Period of the Mandate**

The renewed IPT Mandate (Temasek Group) will take effect from the passing of the Ordinary Resolution relating thereto, and will (unless revoked or varied by NOL in general meeting) continue in force until the next Annual General Meeting of NOL. Approval from Shareholders will be sought for the renewal of the IPT Mandate (Temasek Group) at the next Annual General Meeting and at each subsequent Annual General Meeting of NOL, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

8. **Disclosures**

- 8.1 Under Chapter 9 of the Listing Manual, the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate (Temasek Group) in force during the financial year must be disclosed in the Company's Annual Report for that financial year.
- 8.2 NOL will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate (Temasek Group) for the quarterly financial periods which NOL is required to report on pursuant to the Listing Manual and within the time frame required for the announcement of such report.

9. **Audit Committee's Statements**

- 9.1 The Audit Committee (currently comprising Quek See Tiat, Tan Puay Chiang, Jeanette Wong Kai Yuan and Alvin Yeo Khirn Hai) has reviewed the terms of the IPT Mandate (Temasek Group), and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons in accordance with the EAR Group's normal commercial terms, and are hence not prejudicial to NOL and its minority Shareholders.
- 9.2 If, on its review of the internal audit reports, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on the EAR Group's normal commercial terms and will be prejudicial to the interests of NOL and its minority Shareholders, NOL will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

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IPT MANDATE (CMA CGM GROUP)

1. The Shareholders' Mandate

- 1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") governs transactions entered into by a listed company, as well as transactions entered into by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.
- 1.2 In accordance with Chapter 9 of the Listing Manual, the listed company is required to make an immediate announcement of, or to make an immediate announcement and seek its shareholders' approval for, an interested person transaction if the value of that transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds.
- 1.3 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeds:
- (a) 5% of the group's latest audited consolidated NTA; or
 - (b) 5% of the group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as defined under Chapter 9 of the Listing Manual) during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

However, the above does not apply to any transaction below S\$100,000.

- 1.4 In relation to Neptune Orient Lines Limited ("**NOL**" or the "**Company**"), for the purposes of Chapter 9 of the Listing Manual, 5% of the latest audited consolidated NTA of the Company and its subsidiaries (the "**NOL Group**" or the "**Group**") would be approximately US\$115 million. This is computed based on the latest audited consolidated NTA of the NOL Group for the financial year ended 25 December 2015 of approximately US\$2,299 million.
- 1.5 Chapter 9 of the Listing Manual permits a listed company, however, to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, such as the purchase and sale of supplies and materials or services (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.
- 1.6 Under the Listing Manual:
- (a) an "**entity at risk**" means:
 - (1) the listed company;
 - (2) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (3) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;
 - (b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

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- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes:
 - (1) the provision or receipt of financial assistance;
 - (2) the acquisition, disposal or leasing of assets;
 - (3) the provision or receipt of services;
 - (4) the issuance or subscription of securities;
 - (5) the granting of or being granted options; and
 - (6) the establishment of joint ventures or joint investments,whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2. Rationale for the Adoption of the Mandate

2.1 The principal activities of the NOL Group are:

- (a) investment holding and the ownership and charter of vessels and other related assets;
- (b) the provision of transportation services for containerised cargo in global markets, including but not limited to port to port, intermodal and origin/destination services; and
- (c) the provision of other related and complementary services including ship management.

The NOL Group also engages in other incidental activities such as the disposals of vessels, containers and related assets as well as non-core properties and assets from time to time.

2.2 It is envisaged that in the ordinary course of business, transactions between NOL, its subsidiaries and associated companies which are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual (the “**EAR Group**”) and NOL’s Interested Persons (as defined below) are likely to occur from time to time. Such transactions are as described in paragraph 5 below.

2.3 The IPT Mandate (CMA CGM Group) (as defined below) is intended to facilitate transactions contemplated therein which are entered into in the ordinary course of business and which are transacted from time to time with NOL’s Interested Persons, provided that they are carried out at arm’s length and on normal commercial terms and are not prejudicial to the interests of NOL and its minority shareholders.

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3. Benefits to Shareholders

- 3.1 Due to the time-sensitive nature of commercial transactions, the obtaining of a general mandate (the “**IPT Mandate (CMA CGM Group)**”) pursuant to Chapter 9 of the Listing Manual will enable the EAR Group, in the ordinary course of its businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of NOL’s interested persons (the “**Interested Persons**”) set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms.
- 3.2 The IPT Mandate (CMA CGM Group) and the renewal thereafter on an annual basis eliminates the need to convene separate general meetings from time to time to seek approval from shareholders of the Company (“**Shareholders**”) as and when the need to enter or renew the transactions with Interested Persons arises, thereby reducing substantially the administrative time and expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.
- 3.3 The EAR Group will benefit from having access to competitive quotes from different companies in the different industries within the CMA CGM Group (as defined below), in addition to obtaining quotes from, or transacting with, non-Interested Persons.

4. Classes of Interested Persons

- 4.1 The IPT Mandate (CMA CGM Group) will apply to the Interested Person Transactions (as described in paragraph 5 below) which are carried out with CMA CGM S.A. (“**CMA CGM**”) and its associates (the “**CMA CGM Group**”).
- 4.2 Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate (CMA CGM Group) shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

5. Scope of the Mandate and Interested Person Transactions

- 5.1 The types of Interested Person Transactions which are to be covered by the IPT Mandate (CMA CGM Group) relate to transactions for the provision or obtaining of products and services in the normal course of the EAR Group’s business with the CMA CGM Group as set out below:

(a) **Port-related Activities**

The products and services under this sub-category are:

- (1) the obtaining of cargo and container handling services;
- (2) the obtaining of docking, stevedoring, barge, tug boats and pilotage services;
- (3) the obtaining of container maintenance and repair services;
- (4) the obtaining of general depot, pre-trip inspections, storage services, and diesel;
- (5) the obtaining of warehouse leasing services;
- (6) the provision of global cargo transportation services;
- (7) the provision of inter-gateway and inter-terminal haulage services;
- (8) the provision of container depot management services including container repair and storage; and
- (9) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (8) above.

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The transactions set out in sub-paragraphs (1) to (8) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (9) will be those which are necessary for the day-to-day operations of the EAR Group.

(b) ***Ship-related Activities***

The products and services under this sub-category are:

- (1) the obtaining of ship repair and maintenance services;
- (2) the obtaining of ship-building services;
- (3) the obtaining of marine-engineering-related services such as dry-docking and ship conversion services;
- (4) the obtaining of ship leasing services;
- (5) the provision of global cargo transportation services;
- (6) the provision of vessel chartering services;
- (7) the provision of other ship-related services such as ship management repairs; and
- (8) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (7) above.

The transactions set out in sub-paragraphs (1) to (7) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (8) will be those which are necessary for the day-to-day operations of the EAR Group.

(c) ***Fuel-related Activities***

The products and services under this sub-category are:

- (1) the obtaining or the purchase of bunker fuel;
- (2) the obtaining or the purchase of oil and other fuel (excluding bunker fuel); and
- (3) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) and (2) above.

The transactions set out in sub-paragraphs (1) and (2) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (3) will be those which are necessary for the day-to-day operations of the EAR Group.

(d) ***Container Shipping-related Activities***

The products and services under this sub-category are:

- (1) the provision of global container transportation services; and
- (2) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraph (1) above.

The transactions set out in sub-paragraph (1) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (2) will be those which are necessary for the day-to-day operations of the EAR Group.

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(e) **Other Activities**

The products and services under this sub-category are:

- (1) the obtaining or the purchase of electronic and engineering equipment, security systems, material handling systems, computer systems, components and equipment, software licences and information technology services;
- (2) the leasing and/or the purchase of telecommunication equipment and/or system;
- (3) the leasing of premises and the obtaining of property maintenance services;
- (4) the obtaining of management service;
- (5) the obtaining of printing and publication products and services;
- (6) the obtaining of travel-related services, including travel agency services; and
- (7) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (6) above.

The transactions set out in sub-paragraphs (1) to (6) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (7) will be those which are necessary for the day-to-day operations of the EAR Group.

- 5.2 Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate (CMA CGM Group) will be subject to the provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

6. Review Procedures for Interested Person Transactions

- 6.1 The Company has in place an internal control system to ensure that transactions with Interested Persons are made on commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

- 6.2 The internal control systems include the following guidelines:

(a) **Obtaining of Services or Purchases of Products**

- (1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining at least two quotations (wherever possible or available) prior to the entry into such transactions, in order to determine whether the price and the terms offered by the Interested Person are comparable to those offered by unrelated third parties for the same or substantially similar specifications and services;
- (2) where there are publicly available rates for the services or goods provided by the Interested Person, the EAR Group will seek to negotiate better rates to ensure that the terms and rates provided by Interested Persons are no less favourable than the usual commercial terms provided by unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;
- (3) in the event that such competitive quotations or publicly available rates cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable; and
- (4) in evaluating the terms offered by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

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(b) **Provision of Services or Sales of Products**

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;
- (2) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties; and
- (3) in evaluating the terms to be offered to Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

6.3 In addition, the following review and approval procedures have been implemented:

(a) **Approval Limits for Obtaining of Services or Purchases of Products**

- (1) Transactions up to the equivalent of US\$15 million require the approval of the respective line managers and finance managers with the appropriate limits of approval and who have no interest, directly or indirectly, in the transactions. Transactions above the equivalent of US\$15 million and up to US\$25 million require the approval of both the Group President & Chief Executive Officer and the Group Chief Financial Officer who have no interest, directly or indirectly, in the transactions.
- (2) Transactions above the equivalent of US\$25 million and up to US\$100 million require the approval of the Executive Committee of the Company (the "**NOL Exco**") (currently comprising Kwa Chong Seng, Ng Yat Chung, Tan Puay Chiang and Bruno Sidler) or, in its absence, the Board of Directors of the Company (the "**NOL Board**").
- (3) Transactions above the equivalent of US\$100 million require the approval of the NOL Board.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers if necessary.

(b) **Guidelines for Provision of Products and Services**

Interested Person Transactions with a value in excess of 5% of the latest audited consolidated NTA of the NOL Group must be approved by the NOL Board prior to entry.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers.

(c) **Abstention from Voting at NOL Board and/or NOL Exco Meeting**

Any member of the NOL Board and/or the NOL Exco, including any Executive Director who has an interest in a transaction, is required to abstain from participating in the review and approval process in relation to that transaction.

(d) **Register**

The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (CMA CGM Group) (recording the basis, including the quotations obtained to support such basis, on which they are entered into).

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All Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate (CMA CGM Group) will be reviewed by the Group's internal auditors pursuant to their annual audit plan.

(e) **Periodic Reviews**

- (1) The internal auditors shall, on a quarterly basis, carry out audit reviews on the adequacy and compliance of the internal control system and reporting procedures for Interested Person Transactions and will report to the Audit Committee of the Company (the "**Audit Committee**") on their findings;
- (2) The internal auditors shall, on a quarterly basis, carry out audit reviews to ascertain that the established guidelines and procedures for Interested Person Transactions are appropriate and have been adequately complied with; and
- (3) The Audit Committee shall, on a quarterly basis, review these internal audit reports on Interested Person Transactions.

6.4 If, on its review of the internal audit reports, the Audit Committee is of the view that the guidelines and review procedures as stated have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, NOL will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions will be at arm's length and on normal commercial basis.

7. **Validity Period of the Mandate**

Subject to and contingent upon CMA CGM becoming a controlling shareholder of NOL, the IPT Mandate (CMA CGM Group) will take effect from the date the Offer becomes or is declared unconditional as to acceptances, and will (unless revoked or varied by NOL in general meeting) continue in force until the next Annual General Meeting of NOL. Approval from Shareholders will be sought for the renewal of the IPT Mandate (CMA CGM Group) at the next Annual General Meeting and at each subsequent Annual General Meeting of NOL, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons. In this paragraph 7, "**Offer**" means the pre-conditional voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company (excluding issued and paid-up ordinary shares held by the Company as treasury shares), other than those already owned, controlled or agreed to be acquired by CMA CGM in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers, announced by CMA CGM on 7 December 2015.

8. **Disclosures**

8.1 Under Chapter 9 of the Listing Manual, the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate (CMA CGM Group) in force during the financial year must be disclosed in the Company's Annual Report for that financial year.

8.2 NOL will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate (CMA CGM Group) for the quarterly financial periods which NOL is required to report on pursuant to the Listing Manual and within the time frame required for the announcement of such report.

9. **Audit Committee's Statements**

9.1 The Audit Committee (currently comprising Quek See Tiat, Tan Puay Chiang, Jeanette Wong Kai Yuan and Alvin Yeo Khirn Hai) has reviewed the terms of the IPT Mandate (CMA CGM Group), and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons in accordance with the EAR Group's normal commercial terms, and are hence not prejudicial to NOL and its minority Shareholders.

9.2 If, on its review of the internal audit reports, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on the EAR Group's normal commercial terms and will be prejudicial to the interests of NOL and its minority Shareholders, NOL will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

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LETTER FROM ERNST & YOUNG CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS

31 March 2016

The Independent Directors of
Neptune Orient Lines Limited
9 North Buona Vista Drive
#14-01 The Metropolis
Singapore 138588

Dear Sirs

THE PROPOSED ADOPTION OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE CMA CGM GROUP (THE "IPT MANDATE (CMA CGM GROUP)")

1 INTRODUCTION

Neptune Orient Lines Limited ("**NOL**" or the "**Company**") is seeking shareholders' approval for the adoption of a new shareholders' mandate for recurrent interested person transactions with CMA CGM S.A. ("**CMA CGM**") and its associates (the "**CMA CGM Group**") (the "**Mandated IPTs**") pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual (the "**Listing Manual**"). This letter has been prepared for the use of the directors of the Company who are considered independent for the purposes of the proposed adoption of the IPT Mandate (CMA CGM Group) (the "**Independent Directors**") and is to be incorporated into the Letter to Shareholders dated 31 March 2016 (the "**Letter**") which provides, *inter alia*, the details of the IPT Mandate (CMA CGM Group) and the recommendation of the Independent Directors thereon. Unless otherwise defined, all terms in the Letter have the same meaning in this letter.

To comply with the requirements of Chapter 9 of the Listing Manual, Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") has been appointed as the independent financial adviser to the Independent Directors to provide an opinion on whether the guidelines and review procedures for determining the transaction prices of the Mandated IPTs, as set out in the IPT Mandate (CMA CGM Group), are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders of the Company (the "**Minority Shareholders**").

2 TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the guidelines and review procedures set out in the IPT Mandate (CMA CGM Group) for determining the transaction prices of the Mandated IPTs are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders.

EYCF's views as set forth in this letter are based on the prevailing market and economic conditions, and our analysis of the information provided in the Letter as well as information provided to us by the Company and its subsidiaries (the "**Group**"), as of the latest practicable date, being 3 March 2016 (the "**Latest Practicable Date**"). Accordingly, this opinion shall not take into account any event or condition which occurs after the Latest Practicable Date.

EYCF is not and was not involved in any aspect of the discussions on the scope of the IPT Mandate (CMA CGM Group), nor were we involved in the deliberations leading up to the decision by the Directors to obtain the IPT Mandate (CMA CGM Group) or the guidelines and review procedures adopted by the Company for determining the transaction prices of the Mandated IPTs. In the course of our evaluation of the guidelines and review procedures proposed in connection with the IPT Mandate (CMA CGM Group), we were provided with information by the management of the Company. We have not independently verified information furnished by the Directors and management of the Company or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such

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information, representation or assurance. Nevertheless, the Directors have confirmed to us that to the best of their knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Letter constitutes a full and true disclosure, in all material respects, of all material facts relating to the IPT Mandate (CMA CGM Group) and there is no material information the omission of which would make any of the information contained herein or in the Letter inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Letter have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Company or the transactions described in the Letter.

Our opinion is addressed to the Independent Directors for their benefit and deliberation on the IPT Mandate (CMA CGM Group). The recommendations made to the Shareholders in relation to the IPT Mandate (CMA CGM Group) shall remain the responsibility of the Independent Directors. In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

3 EVALUATION OF THE PROPOSED GUIDELINES AND REVIEW PROCEDURES FOR MANDATED IPTs

3.1 Rationale for and benefits of the IPT Mandate (CMA CGM Group)

We reproduce below the rationale for, and the benefits of adopting, the IPT Mandate (CMA CGM Group), as set out in paragraphs 2 and 3 of Appendix 3 to the Letter:

Paragraph 2 of Appendix 3 to the Letter – Rationale for the Adoption of the Mandate

"2.1 The principal activities of the NOL Group are:

- (a) investment holding and the ownership and charter of vessels and other related assets;*
- (b) the provision of transportation services for containerised cargo in global markets, including but not limited to port to port, intermodal and origin/destination services; and*
- (c) the provision of other related and complementary services including ship management.*

The NOL Group also engages in other incidental activities such as the disposal of vessels, containers and related assets as well as non-core properties and assets from time to time.

2.2 It is envisaged that in the ordinary course of business, transactions between NOL, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (the "EAR Group") and NOL's Interested Persons (as defined below) are likely to occur from time to time. Such transactions are as described in paragraph 5 below.

2.3 The IPT Mandate (CMA CGM Group) (as defined below) is intended to facilitate transactions contemplated therein which are entered into in the ordinary course of business and which are transacted from time to time with NOL's Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of NOL and its minority shareholders."

Paragraph 3 of Appendix 3 to the Letter – Benefits to Shareholders

"3.1 Due to the time-sensitive nature of commercial transactions, the obtaining of a general mandate (the "IPT Mandate (CMA CGM Group)") pursuant to Chapter 9 of the Listing Manual will enable the EAR Group, in the ordinary course of its businesses,

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to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of NOL's interested persons (the "**Interested Persons**") set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms.

- 3.2 The IPT Mandate (CMA CGM Group) and the renewal thereafter on an annual basis eliminates the need to convene separate general meetings from time to time to seek approval from shareholders of the Company ("**Shareholders**") as and when the need to enter or renew the transactions with Interested Persons arises, thereby reducing substantially the administrative time and expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.
- 3.3 The EAR Group will benefit from having access to competitive quotes from different companies in the different industries within the CMA CGM Group (as defined below), in addition to obtaining quotes from, or transacting with, non-Interested Persons."

3.2 The Mandated IPTs

The classes of Interested Persons and category of Mandated IPTs which will be covered by the IPT Mandate (CMA CGM Group) are set out below:

3.2.1 Classes of Interested Persons

As set out in paragraph 4 of Appendix 3 to the Letter, the IPT Mandate (CMA CGM Group) will apply to the transactions that are proposed to be carried out with the CMA CGM Group, namely CMA CGM and its associates.

We note that transactions with Interested Persons that do not fall within the ambit of the IPT Mandate (CMA CGM Group) shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3.2.2 Categories of Interested Person Transaction

As set out in paragraph 5 of Appendix 3 to the Letter, the types of Mandated IPTs to be covered under the IPT Mandate (CMA CGM Group) relate to transactions for the provision or obtaining of products and services in the normal course of the EAR Group's business with the CMA CGM Group, as set out below:

(a) **Port-related Activities**

The products and services under this sub-category are:

- (1) the obtaining of cargo and container handling services;
- (2) the obtaining of docking, stevedoring, barge, tug boats and pilotage services;
- (3) the obtaining of container maintenance and repair services;
- (4) the obtaining of general depot, pre-trip inspections, storage services, and diesel;
- (5) the obtaining of warehouse leasing services;
- (6) the provision of global cargo transportation services;
- (7) the provision of inter-gateway and inter-terminal haulage services;
- (8) the provision of container depot management services including container repair and storage; and

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- (9) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (8) above.

The transactions set out in sub-paragraphs (1) to (8) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (9) will be those which are necessary for the day-to-day operations of the EAR Group.

(b) Ship-related Activities

The products and services under this sub-category are:

- (1) the obtaining of ship repair and maintenance services;
- (2) the obtaining of ship-building services;
- (3) the obtaining of marine-engineering-related services such as dry-docking and ship conversion services;
- (4) the obtaining of ship leasing services;
- (5) the provision of global cargo transportation services;
- (6) the provision of vessel chartering services;
- (7) the provision of other ship-related services such as ship management repairs; and
- (8) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (7) above.

The transactions set out in sub-paragraphs (1) to (7) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (8) will be those which are necessary for the day-to-day operations of the EAR Group.

(c) Fuel-related Activities

The products and services under this sub-category are:

- (1) the obtaining or the purchase of bunker fuel;
- (2) the obtaining or the purchase of oil and other fuel (excluding bunker fuel); and
- (3) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) and (2) above.

The transactions set out in sub-paragraphs (1) to (2) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (3) will be those which are necessary for the day-to-day operations of the EAR Group.

(d) Container shipping-related Activities

The products and services under this sub-category are:

- (1) the provision of global container transportation services; and

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- (2) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraph (1) above.

The transactions set out in sub-paragraph (1) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (2) will be those which are necessary for the day-to-day operations of the EAR Group.

(e) Other Activities

The products and services under this sub-category are:

- (1) the obtaining or the purchase of electronic and engineering equipment, security systems, material handling systems, computer systems, components and equipment, software licences and information technology services;
- (2) the leasing and/or the purchase of telecommunication equipment and/or system;
- (3) the leasing of premises and the obtaining of property maintenance services;
- (4) the obtaining of management service;
- (5) the obtaining of printing and publication products and services;
- (6) the obtaining of travel-related services, including travel agency services; and
- (7) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (6) above.

The transactions set out in sub-paragraphs (1) to (6) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (7) will be those which are necessary for the day-to-day operations of the EAR Group.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate (CMA CGM Group) will be subject to the provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.3 Guidelines and Review Procedures for the Mandated IPTs

The detailed text of the guidelines and review procedures for the Mandated IPTs can be found in paragraph 6 of Appendix 3 to the Letter.

We note, *inter alia*, the following guidelines and review procedures established by the Group:

3.3.1 The Company has in place an internal control system to ensure that transactions with Interested Persons are made on commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

3.3.2 The internal control systems include the following guidelines:

(a) Obtaining of Services or Purchases of Products

- (1) All contracts entered into or transactions with Interested Persons are to be carried out by obtaining at least two quotations (wherever possible or available) prior to the entry into such transactions, in order to determine whether the price and the terms offered by the Interested Person are comparable to those offered by unrelated third parties for the same or substantially similar specifications and services;
- (2) Where there are publicly available rates for the services or goods provided by the Interested Person, the EAR Group will seek to negotiate better rates to ensure that the terms and rates provided by Interested Persons

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are no less favourable than the usual commercial terms provided by unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;

- (3) In the event that such competitive quotations or publicly available rates cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable; and
- (4) In evaluating the terms offered by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) Provision of Services or Sales of Products

- (1) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms;
- (2) Where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties; and
- (3) In evaluating the terms to be offered to Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

3.3.3 In addition, the following review and approval procedures have been implemented:

(a) Approval limits for obtaining of services and purchases of products

- (1) Transactions up to the equivalent of US\$15 million require the approval of the respective line managers and finance managers with the appropriate limits of approval and who have no interest, directly or indirectly, in the transactions. Transactions above the equivalent of US\$15 million and up to US\$25 million require the approval of both the Group President & Chief Executive Officer and the Group Chief Financial Officer who have no interest, directly or indirectly, in the transactions.
- (2) Transactions above the equivalent of US\$25 million and up to US\$100 million require the approval of the Executive Committee of the Company (the "**NOL Exco**") (currently comprising Kwa Chong Seng, Ng Yat Chung, Tan Puay Chiang and Bruno Sidler) or, in its absence, the Board of Directors of the Company (the "**NOL Board**").
- (3) Transactions above the equivalent of US\$100 million require the approval of the NOL Board.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers, if necessary.

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(b) Guidelines for provision of products and services

Interested Person Transactions with a value in excess of 5% of the latest audited consolidated net tangible assets of the NOL Group must be approved by the NOL Board prior to entry.

The NOL Board and/or the NOL Exco and/or the Group President & Chief Executive Officer (or such other senior executive designated in his place) may, as it/he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers.

(c) Abstention from voting at NOL Board and/or NOL Exco meeting

Any member of the NOL Board and/or NOL Exco, including any Executive Director who has an interest in a transaction, is required to abstain from participating in the review and approval process in relation to that transaction.

(d) Register

The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (CMA CGM Group) (recording the basis, including the quotations obtained to support such basis, on which they are entered into).

All Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate (CMA CGM Group) will be reviewed by the Group's internal auditors pursuant to their annual audit plan.

(e) Periodic reviews

- (1) The internal auditors shall, on a quarterly basis, carry out audit reviews on the adequacy and compliance of the internal control system and reporting procedures for Interested Person Transactions and will report to the Audit Committee on their findings;
- (2) The internal auditors shall, on a quarterly basis, carry out audit reviews to ascertain that the established guidelines and procedures for Interested Person Transactions are appropriate and have been adequately complied with; and
- (3) The Audit Committee shall, on a quarterly basis, review these internal audit reports on Interested Person Transactions.

3.3.4 If, on its review of the internal audit reports, the Audit Committee is of the view that the guidelines and review procedures as stated have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, NOL will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions will be at arm's length and on normal commercial basis.

4 CONCLUSION

In arriving at our opinion on whether the guidelines and review procedures for determining the transaction prices of the Mandated IPTs for purposes of the IPT Mandate (CMA CGM Group) are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders, we have considered the following:

- (a) the Directors' rationale for, and the benefits accruing to, the NOL Group arising from the IPT Mandate (CMA CGM Group);
- (b) the classes of Interested Persons and categories of the Mandated IPTs to be covered by the IPT Mandate (CMA CGM Group); and

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(c) the guidelines and review procedures for the Mandated IPTs.

Based on the analysis undertaken and subject to the qualifications and assumptions made herein, EYCF is of the opinion that the current guidelines and review procedures for determining the transaction prices of the Mandated IPTs, if adhered to, are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders.

We have prepared this letter for the use of the Independent Directors of the Company in connection with and for the purposes of their consideration of the IPT Mandate (CMA CGM Group). A copy of the letter may be reproduced in the Letter.

Whilst a copy of this letter may be reproduced in the Letter, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than in relation to the IPT Mandate (CMA CGM Group) at any time and in any manner without the prior written consent of EYCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of

Ernst & Young Corporate Finance Pte Ltd

Luke Pais
Managing Director

Elisa Montano
Director