

CIRCULAR DATED 29 MARCH 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your shares in the capital of COSCO Corporation (Singapore) Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



COSCO CORPORATION (SINGAPORE) LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “COSCO CORPORATION (SINGAPORE) LIMITED” TO “COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.”; AND**
- (2) THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE**

*Independent Financial Adviser to the Independent Directors
in relation to the Proposed Interested Person Transactions Mandate*



PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200309056E)

IMPORTANT DATES AND TIMES:

- | | | |
|--|---|--|
| Last date and time for lodgement of Proxy Form | : | 18 April 2017 at 4.00 p.m. |
| Date and time of Extraordinary General Meeting | : | 20 April 2017 at 4.00 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | Meeting Room Nicoll 1, Level 3
Suntec Singapore International Convention & Exhibition Centre
1 Raffles Boulevard
Suntec City
Singapore 039593 |

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated.

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual general meeting of the Company
“Audit Committee”	:	The audit committee of the Company comprising, as at the Latest Practicable Date, Mr Tom Yee Lat Shing, Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian
“Board”	:	The Board of Directors of the Company
“Category 1”	:	Has the meaning ascribed to the term in Section 3.4.1 of this Circular
“Category 2”	:	Has the meaning ascribed to the term in Section 3.4.2 of this Circular
“Category 3”	:	Has the meaning ascribed to the term in Section 3.4.3 of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“China COSCO Shipping”	:	China COSCO Shipping Corporation Limited
“Circular”	:	This circular dated 29 March 2017
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	COSCO Corporation (Singapore) Limited
“Constitution”	:	The constitution of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the issued Shares; or (b) in fact exercises control over the Company
“Controlling Shareholder Restructuring”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“COSCO Group”	:	China Ocean Shipping (Group) Company
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be held on 20 April 2017 at 4.00 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the AGM of the Company to be held at 3.00 p.m. on the same day and at the same place), notice of which is given on page 34 of this Circular
“Existing Shareholders’ Mandate”	:	Has the meaning ascribed to the term in Section 3.1 of this Circular

DEFINITIONS

“Group”	:	The Company, its subsidiaries and associated companies
“IFA”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Proposed IPT Mandate
“IFA Letter”	:	The letter dated 29 March 2017 from the IFA to the Independent Directors in relation to the Proposed IPT Mandate, a copy of which is set out in Appendix A to this Circular
“Independent Directors”	:	The Directors who are considered to be independent in relation to the Proposed IPT Mandate, being, as at the Latest Practicable Date, Mr Tom Yee Lat Shing, Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian
“Interested Person”	:	Has the meaning ascribed to the term in Section 3.5 of this Circular
“Interested Person Transaction” or “IPT”	:	Transaction between an entity at risk and an Interested Person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and 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
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 6 March 2017
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
“MIS”	:	Management Information System
“Notice of EGM”	:	The notice of the EGM dated 29 March 2017 set out on page 34 of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	The ordinary resolution relating to the Proposed IPT Mandate to be proposed at the EGM, as set out in the Notice of EGM
“Proposed Change of Name”	:	The proposed change of name of the Company from “COSCO Corporation (Singapore) Limited” to “COSCO Shipping International (Singapore) Co., Ltd.”
“Proposed IPT Mandate”	:	The proposed mandate pursuant to Rule 920 of the Listing Manual for interested person transactions of a recurrent nature in the ordinary course of business, as modified or altered from time to time
“Register”	:	The register of holders of Shares, as maintained by the Registrar
“Registrar”	:	Tricor Barbinder Share Registration Services

DEFINITIONS

“SASAC”	:	State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of the Shares except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Special Resolution”	:	The special resolution relating to the Proposed Change of Name to be proposed at the EGM, as set out in the Notice of EGM
“Substantial Shareholder”	:	A person who, in accordance with the Companies Act, has an interest in not less than 5%. of the issued Shares
“S\$”, “\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“Treasury Services”	:	Has the meaning ascribed to the term in Section 3.4.2 of this Circular
“vessels”	:	Means all types of ships including, without limitation, tankers, dry cargo vessels, dry bulk carriers, special purpose vessels, service vessels, offshore vessels and rigs
“%” or “per cent.”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act.

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Listing Manual or any statutory modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

LETTER TO SHAREHOLDERS

COSCO CORPORATION (SINGAPORE) LIMITED

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

Directors:

Wang Yu Hang (Chairman)
Gu Jing Song (Vice Chairman and President)
Li Xi Bei
Liang Yan Feng
Tom Yee Lat Shing
Wang Kai Yuen
Er Kwong Wah
Ang Swee Tian
Li Man (alternate Director to Wang Yu Hang)
Ouyang Chao Mei (alternate Director to Liang Yan Feng)

Registered Office:

30 Cecil Street #26-01
Prudential Tower
Singapore 049712

29 March 2017

To : The Shareholders of COSCO Corporation (Singapore) Limited

Dear Sir/Madam

(1) **THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “COSCO CORPORATION (SINGAPORE) LIMITED” TO “COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.”; AND**

(2) **THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE**

1. INTRODUCTION

1.1 Summary

The Directors are convening the EGM to be held on 20 April 2017 to seek Shareholders' approval for the following proposals:

- (a) the Proposed Change of Name; and
- (b) the Proposed IPT Mandate.

1.2 This Circular

The purpose of this Circular is to explain the reason for, and provide Shareholders with relevant information relating to, the proposals to be tabled at the EGM, and to seek Shareholders' approval for the resolutions relating to the same, as set out in the Notice of EGM.

2. THE PROPOSED CHANGE OF NAME

2.1 Rationale

On 4 May 2016, the Company announced that it had received notification from its controlling shareholder, COSCO Group, that the SASAC had conducted a restructuring of the Company at the controlling shareholders' level, whereby the entire equity interest in COSCO Group held by SASAC had been transferred at nil consideration to China COSCO Shipping, a state-owned enterprise wholly-owned and controlled by SASAC, upon completion of which China COSCO Shipping indirectly held approximately 53.35% equity interest in the Company through COSCO Group, and became an indirect controlling shareholder of the Company (the “**Controlling Shareholder Restructuring**”). SASAC had granted its approval of the registration in respect of the Controlling Shareholder Restructuring, and the registration procedures for the Controlling Shareholder Restructuring had been completed.

LETTER TO SHAREHOLDERS

Before and after the Controlling Shareholder Restructuring, COSCO Group remains the direct controlling shareholder of the Company and the Company remains ultimately controlled by SASAC.

The group structures before and after the Controlling Shareholder Restructuring are set out in **Appendix B** to this Circular.

The Proposed Change of Name is consequent to the Controlling Shareholder Restructuring.

2.2 Reservation of name

An application was made to ACRA on 25 May 2016 to reserve the name “COSCO Shipping International (Singapore) Co., Ltd.” and ACRA had approved the application on the same day.

Further applications were made to ACRA on 26 July 2016, 5 October 2016, 13 December 2016 and 14 February 2017 to extend the reservation of the name. ACRA had approved the applications and the name “COSCO Shipping International (Singapore) Co., Ltd.” has been reserved by the Company until 16 April 2017. Further applications to extend the reservation will be made where necessary.

The Proposed Change of Name is subject to Shareholders’ approval and will be tabled as a Special Resolution at the EGM.

2.3 When change of name to take effect

Upon receipt of the Shareholders’ approval for the Proposed Change of Name, the Company shall adopt “COSCO Shipping International (Singapore) Co., Ltd.” as its new name with effect from the registration of such name with ACRA, and the new name “COSCO Shipping International (Singapore) Co., Ltd.” shall be substituted for “COSCO Corporation (Singapore) Limited”, wherever the latter name appears in the Constitution.

The Company will make an announcement when its change of name takes effect.

Shareholders should note that the change of the Company’s name does not affect (i) the identity or legal status of the Company; (ii) any of the rights or obligations of the Company; (iii) any of the rights of Shareholders; or (iv) the Group’s daily business operations and financial position, and the existing Shares will continue to be traded on the SGX-ST.

2.4 Existing Share Certificates

Shareholders should note that notwithstanding the change of the Company’s name, the Company will not recall existing share certificates bearing the current name of the Company, which will continue to be *prima facie* evidence of legal title. No further action is required on the part of Shareholders in respect of existing share certificates.

3. THE PROPOSED IPT MANDATE

3.1 Background

At an extraordinary general meeting of the Company held on 16 May 2003 pursuant to a circular to Shareholders dated 30 April 2003, the Shareholders had approved a mandate for recurrent IPT for the purposes of Chapter 9 of the Listing Manual to allow the Company and its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company’s interested persons, provided that such transactions are made on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for such transactions. At an extraordinary general meeting of the Company held on 12 October 2006, pursuant to a circular to Shareholders dated 27 September 2006, the Shareholders had approved

LETTER TO SHAREHOLDERS

an additional mandate for recurrent IPT. On 17 July 2007, pursuant to a circular to Shareholders dated 2 July 2007, the Shareholders had approved a further mandate for the extension of scope and types of recurrent IPT (all such shareholders' mandates collectively, the "**Existing Shareholders' Mandate**").

The Existing Shareholders' Mandate was renewed at each subsequent AGM of the Company and was last renewed on 22 April 2016.

In light of the Controlling Shareholder Restructuring set out in Section 2.1 of this Circular, the Company is seeking Shareholders' approval at the EGM for a Proposed IPT Mandate for IPTs (set out in this Section 3) for the purposes of Chapter 9 of the Listing Manual to allow the Group that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company's interested persons, provided that such transactions are made on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for such transactions.

General information on the listing rules relating to interested person transactions, including the meanings of terms such as "associate", "entity at risk" and "interested person" used in Chapter 9 of the Listing Manual and particulars of the Proposed IPT Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out below.

The Proposed IPT Mandate, if approved by Shareholders at the EGM, will replace the Existing Shareholders' Mandate.

3.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an "**entity at risk**") proposes to enter into with a party who is an interested person of the listed company. 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.

For the purposes of Chapter 9 of the Listing Manual:

- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (b) an "**interested person**" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (c) a "**controlling shareholder**" is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (d) an "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, child, adopted child, step-child, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "**associate**" in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

LETTER TO SHAREHOLDERS

- (e) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (f) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group; and
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and 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.

Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:

- (i) the value of a proposed transaction is equal to or exceeds 3% of the listed group’s latest audited consolidated NTA; or
- (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed group’s latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year,

and shareholders’ approval (in addition to an immediate announcement) is required where:

- (iii) the value of a proposed transaction is equal to or exceeds 5% of the listed group’s latest audited consolidated NTA; or
- (iv) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group’s latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below \$100,000 each are to be excluded.

For illustration purposes, based on the audited consolidated accounts of the Group for the financial year ended 31 December 2016, the NTA of the Group was S\$326,524,000. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated accounts of the Group are published for the financial year ending 31 December 2017, 5% of the Group’s latest consolidated NTA would be S\$16,326,200, and 3% of the Group’s latest consolidated NTA would be S\$9,795,720.

Part VIII of Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons 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, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

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3.3 Rationale and Benefits

The principal activities of the Group include providing shipping and shipping-related services such as bulk shipping, ship repairing, marine-related activities and engineering, container depots and ship agency services. The Group also carries on the businesses of general trading and property investment and development.

China COSCO Shipping, a state-owned enterprise registered in the People's Republic of China, is a large multinational corporation with international shipping as its core business.

Due to the size of the China COSCO Shipping group of companies and the fact that they are substantially involved in the shipping industry, certain members of the Group will in the ordinary course of business enter into certain recurrent transactions with certain classes of Interested Persons (as described in Section 3.5) and with some degree of frequency as long as it is in the interest of the Group to do so. As and when this happens, due to the time sensitive nature of the IPTs, the obtaining of the general mandate pursuant to Chapter 9 of the Listing Manual will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate IPT with the Interested Persons.

The Group will benefit from having access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons. In addition, the Group will derive operational synergy from the expertise and experience of the Interested Persons in the shipping industry by having access to services such as staff training. The Proposed IPT Mandate will give the Company the flexibility to conduct the IPTs between the Interested Persons and the Group in the ordinary course of business.

Furthermore, in relation to Treasury Services (as defined in Section 3.4.2) and financial advisory services (as set out in Section 3.4.3(a)), the Proposed IPT Mandate is to enable the Group to centralise its treasury and financial advisory requirements with Interested Persons, so as to improve the lead time required for the Group in obtaining such services and achieve economies of scale. Such IPTs will facilitate the management of funds and funding requirements of the Group including the financing of Group's operations and its capital expenditure. The Group will be able to benefit from competitive quotes and rates offered by Interested Persons who carry out such business activities (including without limitation COSCO Finance Co., Ltd., an associate of China COSCO Shipping whose principal activity is the provision of treasury and financial services within the China COSCO Shipping group), as well as leverage on the financial strength and credit standing of such Interested Persons. The Interested Persons will also ensure that the costs involved in the Treasury Services and financial advisory services will be similar to or lower than the industry standard, which will be beneficial to the Group. In relation to collaboration or joint ventures/participation in joint projects with the Interested Persons, the Group will be able to benefit from the sharing of management experience and expertise, industry knowledge and technological capabilities, sharing of business risk, sharing of costs and expenses, and allowing the Group to access to new geographical markets by pooling access to suppliers or customers with the Interested Persons.

The Proposed IPT Mandate will enhance the Group's ability to pursue business opportunities that are time-sensitive in nature, and eliminate the need for the Company to announce and/or convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate IPT. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and enable the Group to enjoy the benefits of the synergy arising from familiarity with the business practices of, and the kind and choice of goods and services provided by the Interested Persons.

3.4 Nature and Scope of the IPTs

The Proposed IPT Mandate will apply to the following three categories of transactions, which various members of the Group may enter into with the Interested Persons.

LETTER TO SHAREHOLDERS

3.4.1 IPTs relating to shipyard, shipping and related operations of the Group (“**Category 1**”)

The transactions include:

- (a) provision of vessels building, vessels conversion, vessels repair and fabrication, offshore marine engineering, procurement, construction, installation and commissioning services for offshore platforms, modules and floating production systems services;
- (b) provision of charter, rental or leasing (as lessor or lessee) of vessels and equipment;
- (c) sale and purchase of vessels (these relate to vessels constructed by the Group pursuant to sale and purchase contracts as part of its core business operations, and are thus revenue in nature);
- (d) hire of crew to operate vessels;
- (e) sale and purchase of oil rigs (these relate to oil rigs constructed by the Group pursuant to sale and purchase contracts as part of its core business operations, and are thus revenue in nature);
- (f) trading in petroleum and related products;
- (g) purchase of bunker and other supplies to vessels;
- (h) provision and obtaining of shipping agency and related activities;
- (i) provision and obtaining of marine, general electronic and electrical works and general contracting services;
- (j) provision and obtaining of project management services;
- (k) general trading of commodities;
- (l) provision of ancillary services which includes bulk trading in materials;
- (m) obtaining of oil storage; and
- (n) provision and obtaining of any other services and/or products in connection with, arising from or incidental to any of the transactions referred to in Section 3.4.1(a) to (m) above.

3.4.2 IPTs relating to treasury services and joint projects (“**Category 2**”)

The transactions, which are to be carried out as part of the normal treasury operations of the Group, include the deposit of funds and the borrowing of funds (collectively, “**Treasury Services**”).

Transactions for joint projects include collaboration or joint ventures/participation in joint projects relating to ship building projects (particularly but without limitation offshore marine projects) or ship ownership via equity, equity-linked and/or debt securities.

3.4.3 Other ancillary transactions (“**Category 3**”)

These transactions include:

- (a) financial advisory services, including but not limited, to fund settlement with customers in the Peoples’ Republic of China, underwriting of debt securities that are issued by the Group and granting of corporate guarantees to the Group;

LETTER TO SHAREHOLDERS

- (b) MIS services, including but not limited, to implementation and enhancement services of the MIS needs of the Group, which includes, provision of computer maintenance and systems, computer software, SAP software, software licences, end-user information technology services, support services, repair, maintenance and technical services, and purchase of IT products and accessories;
- (c) management support services, including but not limited, to corporate management, administrative and support services, corporate finance, investment review, strategic business evaluation, legal, corporate secretarial services, corporate communications and investor relations, insurance services and staff training; and
- (d) provision of rental or leasing (as lessor or lessee) of land, residential, commercial and industrial properties.

Transactions with Interested Persons that do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3.5 **Classes of Interested Persons**

The Proposed IPT Mandate will apply to the transactions between any company within the Group and China COSCO Shipping, its subsidiaries and associates (other than companies within the Group) (collectively, the “**Interested Persons**” and each, an “**Interested Person**”).

3.6 **Guidelines and Review Procedures for IPTs**

The Company has established the following guidelines for the review and approval of IPTs under the Proposed IPT Mandate.

To ensure that the IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following guidelines and review procedures for the IPTs under the Proposed IPT Mandate:

3.6.1 Guidelines and review procedures for IPTs under Category 1

- (a) Any IPTs where services are provided or goods are sold by the Group to the Interested Persons shall be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any IPTs where services are obtained or goods are purchased from the Interested Persons by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by the Interested Persons to unrelated third parties.

The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of the IPT with the pricing and terms of two other transactions of a similar nature with unrelated third parties. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, quality of goods, standard of services and suitability of time schedules, duration of contracts, preferential rates, rebates or discounts accorded for bulk sales or purchases, other relevant specifications of the contract and/or strategic purposes of the transaction, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group’s usual business practices and pricing policies consistent with the usual margin to be obtained by the Group for the same or substantially similar type of transactions with unrelated third parties, and whether they are arm’s length deals on market terms that are beneficial for and in the best interests of the Group. The IPTs shall be beneficial to the interests of the Group after taking into account factors such as, but not limited to, quality of goods, standard of services and suitability of time schedules, duration of contracts, preferential rates, rebates or discounts accorded for bulk sales or purchases, other relevant specifications of the contract and/or strategic purposes of the transaction, where applicable.

LETTER TO SHAREHOLDERS

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 1 as set out in the approval matrix below:

IPTs under Category 1 – approval matrix	
Value of each IPT as a percentage of the latest audited NTA of the Group	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than 3%	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding 3%, but less than 5%	President or Director of the Company
3. Equal to or exceeding 5%	Majority of the Audit Committee

Note:

- (1) Officer-in-Charge refers to the department head or a more senior personnel of the relevant member of the Group carrying out the IPT.

The Approving Authorities may at their own discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

3.6.2 Guidelines and review procedures for IPTs under Category 2

(a) *Deposits and Borrowings*

Any IPTs relating to time deposits and/or borrowing of funds by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by other banks or financial institutions for the same nature of transaction.

The relevant member of the Group carrying out the IPT shall review and compare the rates and terms of such time deposits with the rates and terms of two other transactions of a similar nature offered by other unrelated banks or financial institutions for an equivalent amount and time period. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, size of the funds, ease of access to funds, currencies, repayment terms, where applicable.

Where the prevailing market rates are not available for comparison, the rates and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interests of the Group after taking into account factors such as, but not limited to, size of the funds, ease of access to funds, currencies, repayment terms, where applicable.

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Joint Projects

As joint venture partners or investors with the Interested Persons, any IPTs relating to the collaboration, joint venture, joint participation in projects or companies shall be on pricing and terms which are no less favourable to the Group compared to the terms offered to the Interested Persons in the joint projects.

The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of such joint projects with the commercial terms and prevailing market rates extended to unrelated third parties of a similar nature. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, whether the terms are *pari passu* with the terms of other joint venture partners in the project including voting rights, board representations, distribution of profits, exit and termination rights, and share transfer restrictions, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of such transactions will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interest of the Group, after taking into account factors such as, but not limited to, whether the terms are *pari passu* with the terms of other joint venture partners in the project including voting rights, board representations, distribution of profits, exit and termination rights, and share transfer restrictions, where applicable.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 2 as set out in the approval matrix below:

IPTs under Category 2 – approval matrix	
Value of each IPT⁽²⁾	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than S\$150 million	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding S\$150 million	Majority of the Audit Committee

Notes:

- (1) Officer-in-Charge refers to the department head or a more senior personnel of the relevant member of the Group carrying out the IPT; and
- (2) The value of the IPT, where appropriate, may be calculated based on the Group's proportionate share attributable to its effective interest in a transaction with the Interested Persons.

The Approving Authorities may at their own discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

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Under the Existing Shareholders' Mandate, the approval threshold to be approved by the Audit Committee is S\$25 million. Since May 2003 when the Existing Shareholders' Mandate was first put up for Shareholders' approval, COSCO Group's turnover has increased by more than 28 times from S\$91.9 million for the financial year ended 31 December 2003 to S\$2.6 billion for the financial year ended 31 December 2016 in line with its increased business activities. Consequently, the size of the treasury transactions has also increased in value. In view of this and the enlarged China COSCO Shipping group, the Company has proposed to increase the threshold limit to be approved by the Audit Committee from S\$25 million to S\$150 million, as shown in the approval matrix above.

3.6.3 Guidelines and review procedures for IPTs under Category 3

- (a) Any IPTs where services are provided or goods are sold by the Group to the Interested Persons shall be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any IPTs where services are obtained or goods are purchased from the Interested Persons by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by the Interested Persons to unrelated third parties.

The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of the IPT with the pricing and terms of two other transactions of a similar nature with unrelated third parties. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, nature of the goods or services, quality of the goods or services, track record, expectation on the standard of services, reliability and timing requirements, preferential rates, rebates or discounts accorded for bulk sales or purchases and/or other relevant specifications of the contract, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interest of the Group, after taking into account factors such as, but not limited to, nature of the goods or services, quality of the goods or services, track record, expectation on the standard of services, reliability and timing requirements, preferential rates, rebates or discounts accorded for bulk sales or purchases and/or other relevant specifications of the contract, where applicable. The Company will satisfy itself that the costs for such transactions shall be on arm's length, on normal commercial basis and in accordance with any formula for such cost recovery agreed with the Interested Persons.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 3 as set out in the approval matrix below:

IPTs under Category 3 – approval matrix	
Value of each IPT as a percentage of the latest audited NTA of the Group	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than 3%	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding 3%, but less than 5%	President or Director of the Company
3. Equal to or exceeding 5%	Majority of the Audit Committee

Note:

- (1) Officer-in-Charge refers to the department head or a more senior personnel of the relevant member of the Group carrying out the IPT.

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The Approving Authorities may at their discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

3.6.4 Additional guidelines and review procedures

In addition to the guidelines and review procedures set out in Section 3.6.1 to Section 3.6.3, the Company will implement the following additional guidelines and procedures to ensure that the IPTs carried out under the Proposed IPT Mandate are undertaken on an arm's length basis and on normal commercial terms:

(i) Maintaining a register of IPTs

The Company will maintain an IPT register which details all the IPTs entered into by the Group as well as information pertinent to the evaluation of the IPTs, which includes but are not limited to, the identity of the Interested Persons involved in the IPTs, the value of the IPTs, the basis of determining the transaction prices of the IPTs and supporting evidence (where available) as to whether such IPTs are conducted in accordance with the stated guidelines and review procedures set out in Section 3.6.1 to Section 3.6.3.

(ii) Review by Audit Committee

Members of the Audit Committee (each having no interest, direct or indirect, in any IPTs) will review all IPTs on a quarterly basis to ensure that the established guidelines and review procedures for the IPTs have been complied with and the relevant approvals have been obtained. The Audit Committee will report the findings of the reviews to the Board.

The Audit Committee will also review, on a quarterly basis, the established guidelines and review procedures of the IPTs and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures proposed for the IPTs.

(iii) Review by internal auditors

The Group will incorporate a review of the IPTs in its internal audit plan. The internal auditors will review the IPTs to check that, amongst other things, the relevant approvals have been obtained and the guidelines and review procedures for the IPTs have been adhered to. The internal auditors will forward their review reports to the Audit Committee.

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3.7 Validity period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the Ordinary Resolution, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM is held or is required by law to be held, whichever is the earlier. Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM (subject to satisfactory review by the Audit Committee that (i) the methods for determining the transaction prices have not changed since the last shareholders' approval; and (ii) the methods and review procedures for the Interested Person Transactions as set out in Section 3.6 of this Circular are sufficient to ensure that the Interested Person Transactions covered under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders) of its continued application to the IPTs covered under the Proposed IPT Mandate with the Interested Persons.

3.8 Disclosure in the Annual Report and Results Announcement

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will disclose in the Company's annual report the aggregate value of transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Proposed IPT Mandate continues in force).

The Company will also announce the aggregate value of transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate for the financial periods that it is required to report on pursuant to the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

The name of the Interested Person and the corresponding aggregate value of the IPTs will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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3.9 Opinion of the IFA

Provenance Capital Pte. Ltd., has been appointed as the IFA to the Independent Directors to opine on whether the guidelines and review procedures for the Interested Person Transactions as set out in Section 3.6 of this Circular are sufficient to ensure that the Interested Person Transactions covered under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA is of the opinion that the guidelines and review procedures for determining the pricing and terms of the IPTs as set out in Section 3.6 of this Circular, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter dated 29 March 2017 is reproduced and appended as **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully.

LETTER TO SHAREHOLDERS

3.10 Statement of the Audit Committee

Having considered, *inter alia*, the terms, the rationale and the benefits of the Proposed IPT Mandate in Section 3.3 of this Circular, the Audit Committee has reviewed the guidelines and review procedures for determining the pricing and terms of the IPTs as set out in Section 3.6 of this Circular, and is satisfied that the guidelines and review procedures for the Interested Person Transactions, as well as the quarterly reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.11 IFA's Consent

Provenance Capital Pte. Ltd., the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter and all references thereto in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 Directors' Interests

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

Directors:	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Wang Yu Hang	–	–	–	–
Gu Jing Song	–	–	–	–
Li Xi Bei	–	–	–	–
Liang Yan Feng	–	–	–	–
Tom Yee Lat Shing	1,400,000	0.06	–	–
Wang Kai Yuen	900,000	0.04	100,000	n.m.
Er Kwong Wah	650,000	0.03	–	–
Ang Swee Tian	130,000	n.m.	5,000	n.m.
Li Man (alternate Director to Wang Yu Hang)	–	–	–	–
Ouyang Chao Mei (alternate Director to Liang Yan Feng)	–	–	–	–

Note:

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

4.2 Interests of Substantial Shareholders

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

Substantial Shareholders:	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
COSCO Group	1,194,565,488	53.35	–	–
China COSCO Shipping	–	–	1,194,565,488	53.35

LETTER TO SHAREHOLDERS

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Change of Name

Having considered the rationale for the Proposed Change of Name set out in Section 2.1 of this Circular, the Directors are of the opinion that the Proposed Change of Name is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Special Resolution relating to the Proposed Change of Name at the EGM.

5.2 The Proposed IPT Mandate

Having considered the rationale for the Proposed IPT Mandate in Section 3.3 of this Circular and the opinion of the IFA, the Independent Directors are of the opinion that the Proposed IPT Mandate is in the best interests of the Company. The Independent Directors unanimously agree that the guidelines and review procedures for determining the pricing and terms of the Interested Person Transactions as stated in Section 3.6 of this Circular for Interested Person Transactions entered into pursuant to the Proposed IPT Mandate, as well as the quarterly reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that Interested Person Transactions under the Proposed IPT Mandate will be made with the Group on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed IPT Mandate as set out in the Notice of EGM.

5.3 Abstention from Recommendation and Voting

China COSCO Shipping and COSCO Group and their associates, being Interested Persons in relation to the Proposed IPT Mandate, will abstain from voting at the EGM in respect of the shares of the Company held by them on the Ordinary Resolution relating to the Proposed IPT Mandate. Mr Wang Yu Hang, Mr Gu Jing Song, Mr Li Xi Bei, Mr Liang Yan Feng, Mr Li Man and Mr Ouyang Chao Mei being members of the managing body of or Directors nominated by COSCO Group will also abstain from making any recommendation to Shareholders in respect of the Ordinary Resolution relating to the Proposed IPT Mandate and will not accept appointments as proxies for voting on the Ordinary Resolution at the EGM unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution.

China COSCO Shipping, COSCO Group, Mr Wang Yu Hang, Mr Gu Jing Song, Mr Li Xi Bei, Mr Liang Yan Feng, Mr Li Man and Mr Ouyang Chao Mei have also undertaken to ensure that their respective associates will abstain from voting on the Ordinary Resolution.

6. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Meeting Room Nicoll 1, Level 3, Suntec Singapore International Convention & Exhibition Centre, Raffles Boulevard, Suntec City, Singapore 039593 on 20 April 2017 at 4.00 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the AGM to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing the Special Resolution relating to the Proposed Change of Name and passing (with or without any modifications) the Ordinary Resolution relating to the Proposed IPT Mandate set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Appointment of Proxies

Shareholders will find enclosed with this Circular, the Notice of EGM and a Proxy Form. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy(ies) to attend and vote at the EGM on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898, not later than 48 hours before the time set for

LETTER TO SHAREHOLDERS

holding the EGM. The completion and return of a Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM in place of the proxy(ies) if he so wishes. An appointment of a proxy(ies) shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person(s) appointed under the Proxy Form to the EGM.

7.2 Note for Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, 72 hours before the time appointed for holding the EGM.

8. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Change of Name, the Proposed IPT Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 30 Cecil Street #26-01 Prudential Tower Singapore 049712 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the applications to ACRA dated 25 May 2016, 26 July 2016, 5 October 2016, 13 December 2016 and 14 February 2017 in relation to the reservation of name;
- (b) the approvals from ACRA for the applications set out in Section 9(a);
- (c) the Constitution;
- (d) the Annual Report of the Company for the financial year ended 31 December 2016;
- (e) the IFA Letter; and
- (f) the IFA's letter of consent referred to in Section 3.11.

Yours faithfully

For and on behalf of the Board of Directors of
COSCO CORPORATION (SINGAPORE) LIMITED

Gu Jing Song
Vice Chairman and President

APPENDIX A – IFA LETTER TO THE INDEPENDENT DIRECTORS

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

29 March 2017

To: The Independent Directors of COSCO Corporation (Singapore) Limited
(deemed to be independent in respect of the Proposed IPT Mandate)

Mr Tom Yee Lat Shing	(Lead Independent Director)
Dr Wang Kai Yuen	(Independent Director)
Mr Er Kwong Wah	(Independent Director)
Mr Ang Swee Tian	(Independent Director)

Dear Sirs,

THE PROPOSED IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 29 March 2017 (“Circular”).

1. INTRODUCTION

- 1.1 As disclosed in the 2015 annual report of COSCO Corporation (Singapore) Limited (“**Company**”, together with its subsidiaries, “**Group**”), the Group operates one of the largest ship repair, ship building, marine engineering and dry bulk shipping outfits in China and Singapore. The Company is a SGX Mainboard listed subsidiary of China Ocean Shipping (Group) Company (“**COSCO Group**”), which is China’s largest shipping group and one of the top shipping conglomerates in the world.
- 1.2 On 4 May 2016, the Company announced that the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China (“**SASAC**”) has conducted a restructuring at the controlling shareholders’ level of the Company as a result of the merger between COSCO Group and another state-owned shipping company, China Shipping (Group) Company, held under China COSCO Shipping Corporation Limited (“**China COSCO Shipping**”). Before and after the restructuring, COSCO Group remains the direct controlling shareholder of the Company and the Company remains ultimately controlled by SASAC. Following from the restructuring, the Group became a member of the China COSCO Shipping group.
- 1.3 Pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), the Company has an existing shareholders’ general mandate (“**Existing Shareholders’ Mandate**”), which was last renewed at the extraordinary general meeting (“**EGM**”) held on 22 April 2016, in relation to certain interested person transactions (“**IPT**”) of a revenue or trading nature, or necessary for the Company’s day-to-day operations, which were envisaged to be entered into between the Company and COSCO Group.

In light of the above restructuring, the Company is seeking Shareholders’ approval at the forthcoming EGM for the Proposed IPT Mandate with members of the enlarged China COSCO Shipping group as Interested Persons and to cover an expanded scope of IPTs.

Each of these transactions or the aggregate value of these IPTs entered into with the same interested person during the same financial year, may exceed 5% of the latest audited net tangible asset (“**NTA**”) of the Group. Pursuant to Rule 906 of the Listing Manual, shareholders’ approval must be obtained for any IPT of a value equal to or more than 5% of the group’s latest

APPENDIX A – IFA LETTER TO THE INDEPENDENT DIRECTORS

audited NTA, or when aggregated with other IPTs entered into with the same interested person during the same financial year, the value of the transaction is equal to or more than 5% of the group's latest audited NTA.

In view of the time-sensitive nature of such commercial transactions, and the need for efficient conduct of business, which may include entering into such transactions which are recurring in nature and in the ordinary course of business, the Company intends to seek Shareholders' approval for the Proposed IPT Mandate.

The Proposed IPT Mandate, if approved by Shareholders at the forthcoming EGM, will replace the Existing Shareholders' Mandate. In addition, consequent to the restructuring as set out in Section 1.2 above, the Company is proposing a name change to COSCO Shipping International (Singapore) Co., Ltd. to be approved by Shareholders at the same EGM.

- 1.4 Pursuant to Chapter 9 of the Listing Manual, the Circular seeking Shareholders' approval for the Proposed IPT Mandate must also include the opinion of the independent financial adviser ("IFA") on whether the methods or procedures in determining the prices of the 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 its minority Shareholders.

Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to render an opinion on the Proposed IPT Mandate to the directors of the Company, who are deemed independent in respect of the Proposed IPT Mandate ("**Independent Directors**").

- 1.5 The four Directors and two alternate Directors, namely, Mr Wang Yu Hang, Mr Gu Jing Song, Mr Li Xi Bei, Mr Liang Yan Feng, Mr Li Man and Mr Ouyang Chao Mei, are members of the managing body of or Directors nominated by COSCO Group. Accordingly, these Directors who are deemed as associates of the Interested Persons will abstain from making any recommendation to the Shareholders in relation to the Proposed IPT Mandate.

The remaining four Directors, namely, Mr Tom Yee Lat Shing, Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian are deemed to be Independent Directors for the purpose of the Proposed IPT Mandate.

- 1.6 This letter ("**Letter**") is thus addressed to the Independent Directors and is to be incorporated into the Circular which provides, *inter alia*, the details of the Proposed IPT Mandate and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed IPT Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed IPT Mandate or to obtain the approval of the Shareholders for, *inter alia*, the Proposed IPT Mandate. We also do not, by this Letter, warrant the merits of the Proposed IPT Mandate, other than to express an opinion on whether the guidelines and review procedures set out in the Proposed IPT Mandate are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed IPT Mandate or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

APPENDIX A – IFA LETTER TO THE INDEPENDENT DIRECTORS

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, the Management and/or the professional advisers (if applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the Proposed IPT Mandate, the Company and the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed IPT Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management and the professional advisers (if applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at 6 March 2017, being the Latest Practicable Date referred to in the Circular.

We note that prior to the Latest Practicable Date, trading on the Shares were suspended from 20 December 2016 to 24 February 2017 pending an announcement in relation to the proposed restructuring of shipyard businesses by China COSCO Shipping. On 24 February 2017, the Company released the announcement in relation to the above, wherein it was disclosed, *inter alia*, that China COSCO Shipping plans to acquire the Company's equity interests in COSCO Shipyard Group Co. Ltd., COSCO (Nantong) Shipyard Co. Ltd. and COSCO (Dalian) Shipyard CO. Ltd., which will be further reviewed and determined after further necessary work, including a valuation of the assets to be acquired, has been completed. Shareholders are to take note of further announcements by the Company on any significant development on this matter.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comments, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the Proposed IPT

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Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement, relevant to the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than at the forthcoming EGM and for the purpose of the Proposed IPT Mandate, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed IPT Mandate and their advice to the Shareholders. The recommendation made to the Shareholders in relation to the Proposed IPT Mandate remains the responsibility of the Independent Directors.

Our opinion in relation to the Proposed IPT Mandate should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED IPT MANDATE

3.1 Rationale for and benefits of the IPT Mandate

The full text of the rationale for and benefits of adopting the Proposed IPT Mandate is set out in Section 3.3 of the Circular.

As mentioned in Section 1.3 of this Letter, the Proposed IPT Mandate is to replace the Existing Shareholders' Mandate, to include Interested Persons of the enlarged China COSCO Shipping group and to cover an expanded scope of IPTs.

APPENDIX A – IFA LETTER TO THE INDEPENDENT DIRECTORS

The Proposed IPT Mandate will enhance the Group's ability to pursue business opportunities that are time-sensitive in nature, and eliminate the need for the Company to announce and/or convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate IPT. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and enable the Group to enjoy the benefits of the synergy arising from familiarity with the business practices of, and the kind and choice of goods and services provided by the Interested Persons.

3.2 Classes of Interested Persons

The Existing Shareholders' Mandate covers IPTs entered into between the Group and COSCO Group including COSCO Finance.

COSCO Group is a direct controlling shareholder of the Company holding approximately 53.35% shareholding interest in the Company. COSCO Group is China's largest shipping group and one of the top shipping conglomerates in the world.

COSCO Finance is a subsidiary of COSCO Group. COSCO Finance acts as the centralised body overseeing all financial-related requirements, including lending facilities, deposits and withdrawals within COSCO Group.

Following the merger of the two state-owned entities, COSCO Group and China Shipping (Group) Company, held under the China COSCO Shipping, the Group is now a member of an enlarged China COSCO Shipping group, which is ultimately owned by SASAC. As a member of the enlarged group, it is envisaged that the Group will enter into a wider range of business activities and on a recurrent basis with members of the enlarged China COSCO Shipping group as Interested Persons.

As such, the Proposed IPT Mandate will apply to IPTs which are carried out between the Group and members of the enlarged China COSCO Shipping group as Interested Persons.

3.3 Nature and scope of the IPTs

The Existing Shareholders' Mandate covers IPTs relating to the Group's shipping, ship repair and ship building businesses as well as other support services including treasury services, financial advisory services, management information system ("MIS") services and management support services.

The Proposed IPT Mandate includes new IPTs which relate to the sale and purchase of oil rigs, vessel conversion, fabrication and offshore marine engineering related services, as well as collaboration, joint venture and joint participation in projects and interest in ship ownership via equity, equity-linked and/or debt securities.

The nature and scope of the IPTs under the Proposed IPT Mandate is classified into the following 3 broad categories:

(i) **Category 1 - IPTs relating to shipyard, shipping and related operations of the Group**

This category is in relation to the core shipping business activities of the Group and includes the following:

- (a) provision of vessels building, vessels conversion, vessels repair and fabrication, offshore marine engineering, procurement, construction, installation and commissioning services for offshore platforms, modules and floating production systems services;
- (b) provision of charter, rental or leasing (as lessor or lessee) of vessels and equipment;

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- (c) sale and purchase of vessels (these relate to vessels constructed by the Group pursuant to sale and purchase contracts as part of its core business operations, and are thus revenue in nature);
- (d) hire of crew to operate vessels;
- (e) sale and purchase of oil rigs (these relate to oil rigs constructed by the Group pursuant to sale and purchase contracts as part of its core business operations, and are thus revenue in nature);
- (f) trading in petroleum and related products;
- (g) purchase of bunker and other supplies to vessels;
- (h) provision and obtaining of shipping agency and related activities;
- (i) provision and obtaining of marine, general electronic and electrical works and general contracting services;
- (j) provision and obtaining of project management services;
- (k) general trading of commodities;
- (l) provision of ancillary services which includes bulk trading in materials;
- (m) obtaining of oil storage; and
- (n) provision and obtaining of any other services and/or products in connection with, arising from or incidental to any of the transactions referred to in (a) to (m) above.

(ii) Category 2 - IPTs relating to treasury services and joint projects

This category covers IPTs relating to treasury services as well as collaboration, joint venture and joint participation in projects including the following:

- (a) deposit of funds;
- (b) borrowing of funds; and
- (c) collaboration or joint ventures/participation in joint projects relating to ship building projects (particularly but without limitation offshore marine projects) or ship ownership via equity, equity-linked and/or debt securities.

The treasury services is currently provided by COSCO Finance which acts as the centralised body overseeing all finance related requirements of the Group. With the enlarged China COSCO Shipping group, such treasury services may also be provided by other members of the enlarged China COSCO Shipping group.

(iii) Category 3 – Other ancillary transactions

This category covers other ancillary transactions that are supplementary or complementary to the core activities of the Group which are not covered in Category 1 or Category 2. This include the following services provided by the Interested Persons:

- (a) financial advisory services, including but not limited, to fund settlement with customers in the Peoples' Republic of China, underwriting of debt securities that are issued by the Group and granting of corporate guarantees to the Group;
- (b) MIS services, including but not limited, to implementation and enhancement services of the MIS needs of the Group, which includes, provision of computer maintenance

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and systems, computer software, SAP software, software licences, end-user information technology services, support services, repair, maintenance and technical services, and purchase of IT products and accessories;

- (c) management support services, including but not limited, to corporate management, administrative and support services, corporate finance, investment review, strategic business evaluation, legal, corporate secretarial services, corporate communications and investor relations, insurance services and staff training; and
- (d) provision of rental or leasing (as lessor or lessee) of land, residential, commercial and industrial properties.

3.4 Guidelines and Review Procedures for IPTs

To ensure that the IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following guidelines and review procedures for the IPTs under the Proposed IPT Mandate. These guidelines and review procedures are also set out in Section 3.6 of the Circular.

3.4.1 Guidelines and review procedures for IPTs under Category 1

- (a) Any IPTs where services are provided or goods are sold by the Group to the Interested Persons shall be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any IPTs where services are obtained or goods are purchased from the Interested Persons by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by the Interested Persons to unrelated third parties.

The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of the IPT with the pricing and terms of two other transactions of a similar nature with unrelated third parties. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, quality of goods, standard of services and suitability of time schedules, duration of contracts, preferential rates, rebates or discounts accorded for bulk sales or purchases, other relevant specifications of the contract and/or strategic purposes of the transaction, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group's usual business practices and pricing policies consistent with the usual margin to be obtained by the Group for the same or substantially similar type of transactions with unrelated third parties, and whether they are arm's length deals on market terms that are beneficial for and in the best interests of the Group. The IPTs shall be beneficial to the interests of the Group after taking into account factors such as, but not limited to, quality of goods, standard of services and suitability of time schedules, duration of contracts, preferential rates, rebates or discounts accorded for bulk sales or purchases, other relevant specifications of the contract and/or strategic purposes of the transaction, where applicable.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 1 as set out in the approval matrix below:

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IPTs under Category 1 – approval matrix	
Value of each IPT as a percentage of the latest audited NTA of the Group	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than 3%	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding 3%, but less than 5%	President or Director of the Company
3. Equal to or exceeding 5%	Majority of the Audit Committee

Note:

- (1) Officer-in-Charge refers to the department head or a more senior personnel of the relevant member of the Group carrying out the IPT.

The Approving Authorities may at their own discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

3.4.2 **Guidelines and review procedures for IPTs under Category 2**

(a) *Deposits and Borrowings*

Any IPTs relating to time deposits and/or borrowing of funds by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by other banks or financial institutions for the same nature of transaction.

The relevant member of the Group carrying out the IPT shall review and compare the rates and terms of such time deposits with the rates and terms of two other transactions of a similar nature offered by other unrelated banks or financial institutions for an equivalent amount and time period. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, size of the funds, ease of access to funds, currencies, repayment terms, where applicable.

Where the prevailing market rates are not available for comparison, the rates and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interests of the Group after taking into account factors such as, but not limited to, size of the funds, ease of access to funds, currencies, repayment terms, where applicable.

Joint Projects

As joint venture partners or investors with the Interested Persons, any IPTs relating to the collaboration, joint venture, joint participation in projects or companies shall be on pricing and terms which are no less favourable to the Group compared to the terms offered to the Interested Persons in the joint projects.

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The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of such joint projects with the commercial terms and prevailing market rates extended to unrelated third parties of a similar nature. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, whether the terms are *pari passu* with the terms of other joint venture partners in the project including voting rights, board representations, distribution of profits, exit and termination rights, and share transfer restrictions, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of such transactions will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interest of the Group, after taking into account factors such as, but not limited to, whether the terms are *pari passu* with the terms of other joint venture partners in the project including voting rights, board representations, distribution of profits, exit and termination rights, and share transfer restrictions, where applicable.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 2 as set out in the approval matrix below:

IPTs under Category 2 – approval matrix	
Value of each IPT⁽²⁾	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than S\$150 million	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding S\$150 million	Majority of the Audit Committee

Notes:

- (1) Officer-in-Charge refers to the department head or a more senior personnel of the relevant member of the Group carrying out the IPT; and
- (2) The value of the IPT, where appropriate, may be calculated based on the Group's proportionate share attributable to its effective interest in a transaction with the Interested Persons.

The Approving Authorities may at their own discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

Under the Existing Shareholders' Mandate, the approval threshold to be approved by the Audit Committee is S\$25 million. Since May 2003 when the Existing Shareholders' Mandate was first put up for Shareholders' approval, COSCO Group's turnover has increased by more than 28 times from S\$91.9 million for the financial year ended 31 December 2003 to S\$2.6 billion for the financial year ended 31 December 2016 in line with its increased business activities. Consequently, the size of the treasury transactions has also increased in value. In view of this and the enlarged China COSCO Shipping group, the Company has proposed to increase the threshold limit to be approved by the Audit Committee from S\$25 million to S\$150 million, as shown in the approval matrix above.

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3.4.3 Guidelines and review procedures for IPTs under Category 3

- (a) Any IPTs where services are provided or goods are sold by the Group to the Interested Persons shall be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any IPTs where services are obtained or goods are purchased from the Interested Persons by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by the Interested Persons to unrelated third parties.

The relevant member of the Group carrying out the IPT shall review and compare the pricing and terms of the IPT with the pricing and terms of two other transactions of a similar nature with unrelated third parties. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, nature of the goods or services, quality of the goods or services, track record, expectation on the standard of services, reliability and timing requirements, preferential rates, rebates or discounts accorded for bulk sales or purchases and/or other relevant specifications of the contract, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the IPTs will be reviewed and determined as to whether they are consistent with the Group's usual business practices, and whether they are at arm's length market terms that are beneficial to and in the best interest of the Group, after taking into account factors such as, but not limited to, nature of the goods or services, quality of the goods or services, track record, expectation on the standard of services, reliability and timing requirements, preferential rates, rebates or discounts accorded for bulk sales or purchases and/or other relevant specifications of the contract, where applicable. The Company will satisfy itself that the costs for such transactions shall be on arm's length, on normal commercial basis and in accordance with any formula for such cost recovery agreed with the Interested Persons.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs under Category 3 as set out in the approval matrix below:

IPTs under Category 3 – approval matrix	
Value of each IPT as a percentage of the latest audited NTA of the Group	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1. Less than 3%	Officer-in-Charge ⁽¹⁾
2. Equal to or exceeding 3%, but less than 5%	President or Director of the Company
3. Equal to or exceeding 5%	Majority of the Audit Committee

Note:

- (1) Officer-in-Charge refers to the department head (or a more senior personnel of the relevant member of the Group carrying out the IPT).

The Approving Authorities may at their discretion obtain independent advice or valuations from external or professional sources to facilitate their review and approval.

In the event that any of the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the alternate Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

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In the event that any member of the Audit Committee has an interest in the IPT, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

3.5 Additional guidelines and review procedures

In addition to the guidelines and review procedures set out in Section 3.4 of this Letter, the Company will implement the following additional guidelines and procedures to ensure that the IPTs carried out under the Proposed IPT Mandate are undertaken on an arm's length basis and on normal commercial terms:

(i) Maintaining a register of IPTs

The Company will maintain an IPT register which details all the IPTs entered into by the Group as well as information pertinent to the evaluation of the IPTs, which includes but are not limited to, the identity of the Interested Persons involved in the IPTs, the value of the IPTs, the basis of determining the transaction prices of the IPTs and supporting evidence (where available) as to whether such IPTs are conducted in accordance with the stated guidelines and review procedures set out in Section 3.4 of this Letter.

(ii) Review by Audit Committee

Members of the Audit Committee (each having no interest, direct or indirect, in any IPTs) will review all IPTs on a quarterly basis to ensure that the established guidelines and review procedures for the IPTs have been complied with and the relevant approvals have been obtained. The Audit Committee will report the findings of the reviews to the Board of Directors.

The Audit Committee will also review, on a quarterly basis, the established guidelines and review procedures of the IPTs and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures proposed for the IPTs.

(iii) Review by internal auditors

The Group will incorporate a review of the IPTs in its internal audit plan. The internal auditors will review the IPTs to check that, amongst other things, the relevant approvals have been obtained and the guidelines and review procedures for the IPTs have been adhered to. The internal auditors will forward their review reports to the Audit Committee.

3.6 Validity period of the IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the date of receipt of the Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting of the Company ("AGM") is held or is required by law to be held, whichever is earlier, and will apply to the IPTs entered into from the date of receipt of the Shareholders' approval.

Approval from Shareholders will be sought for the renewal of the Proposed IPT Mandate at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the IPTs with the Interested Persons.

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3.7 Disclosures

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the IPTs conducted under the Proposed IPT Mandate during the financial year, and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is in force.

In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the Proposed IPT Mandate for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in the Listing Manual.

4. OPINION

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the following:

- (a) rationale for and benefits of the Proposed IPT Mandate;
- (b) classes of Interested Persons;
- (c) nature and scope of the IPTs; and
- (d) guidelines and review procedures for the IPTs, including the additional guidelines and review procedures.

Based on the above, we are of the opinion that the guidelines and review procedures for determining the pricing and terms of the IPTs as set out in Section 3.6 of the Circular, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion is addressed to the Independent Directors for the purpose of their consideration of the Proposed IPT Mandate. The recommendation to be made by them to the Shareholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for the purpose of any matter which does not relate to the Proposed IPT Mandate at any time and in any manner without our prior written consent in each specific case.

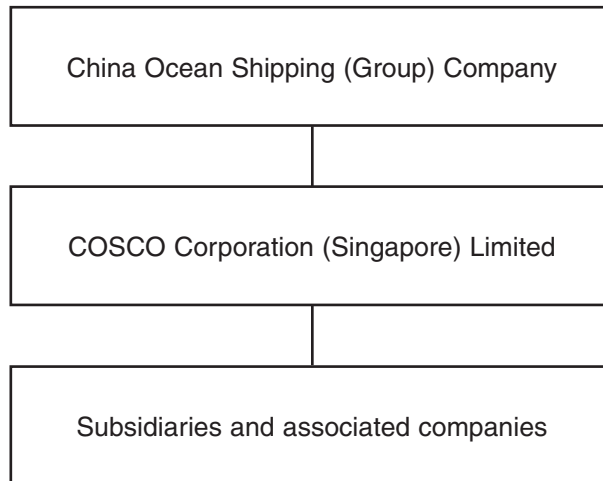
This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

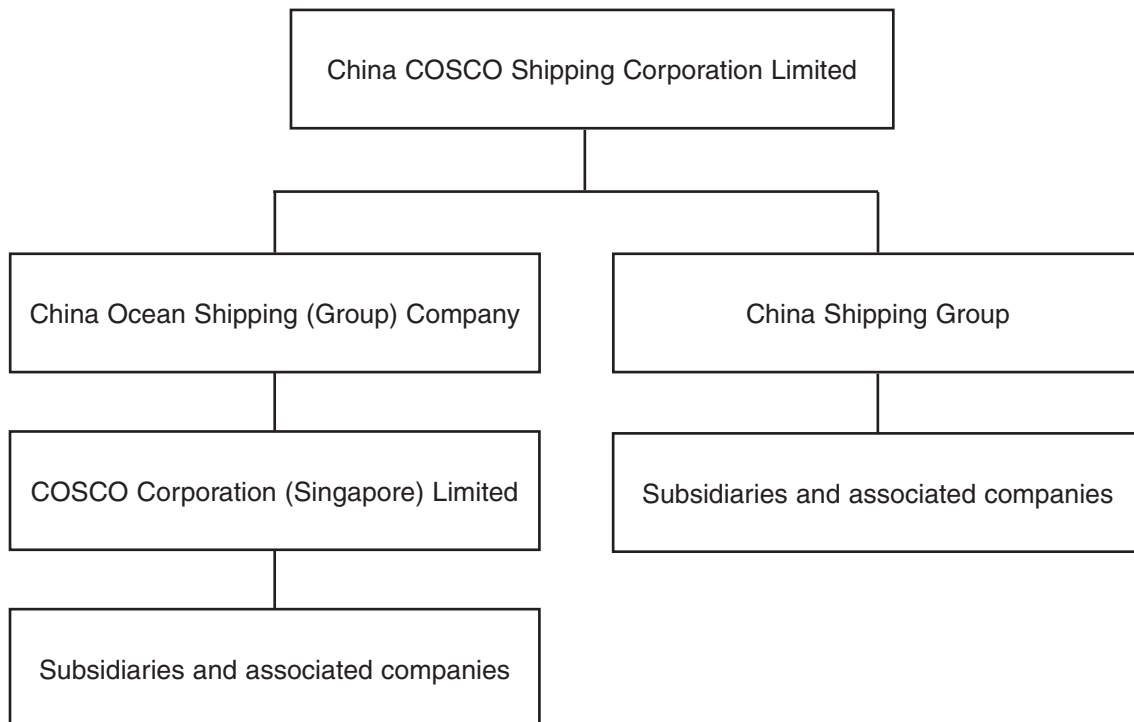
Wong Bee Eng
Chief Executive Officer

APPENDIX B – GROUP STRUCTURES

Group structure before the Controlling Shareholder Restructuring



Group structure after the Controlling Shareholder Restructuring



NOTICE OF EXTRAORDINARY GENERAL MEETING

COSCO CORPORATION (SINGAPORE) LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of COSCO Corporation (Singapore) Limited (the “**Company**”) will be held at Meeting Room Nicoll 1, Level 3, Suntec Singapore International Convention & Exhibition Centre, Raffles Boulevard, Suntec City, Singapore 039593 on 20 April 2017 at 4.00 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing the Special Resolution set out in Resolution 1 below and passing (with or without modifications) the Ordinary Resolution set out in Resolution 2 below:

RESOLUTION 1 - SPECIAL RESOLUTION:

THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “COSCO CORPORATION (SINGAPORE) LIMITED” TO “COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.”

RESOLVED THAT:

1. subject to the approval of the Accounting and Corporate Regulatory Authority of Singapore, the name of the Company be changed from “COSCO Corporation (Singapore) Limited” to “COSCO Shipping International (Singapore) Co., Ltd.” (the “**Proposed Change of Name**”), and that the new name “COSCO Shipping International (Singapore) Co., Ltd.” be substituted for “COSCO Corporation (Singapore) Limited”, wherever the latter name appears in the Constitution of the Company; and
2. the directors of the Company (the “**Directors**”) and each of them be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required and to make such amendments, alterations or modifications thereto as the Directors may consider necessary, desirable and expedient) in connection with the Proposed Change of Name as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this resolution as they or he may deem fit.

RESOLUTION 2 - ORDINARY RESOLUTION:

THE PROPOSED INTERESTED PERSON TRANSACTIONS MANDATE

RESOLVED THAT:

1. approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Chapter 9**”), for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Company’s Circular to Shareholders dated 29 March 2017 (the “**Circular**”) with any party who is of the class of interested persons described in the Circular, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders and (ii) in accordance with the review procedures for such interested person transactions (the “**Proposed IPT Mandate**”);
2. the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. the Directors of the Company be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed IPT Mandate and/or this Resolution.

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary

29 March 2017
Singapore

NOTES:

- i. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- ii. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- iii. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not later than 48 hours before the time set for holding the EGM.
- iv. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any attorney duly authorised.
- v. A corporation which is a member may also authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act (Cap 50).

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

COSCO CORPORATION (SINGAPORE) LIMITED

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

Important:

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We _____ NRIC/Passport No. _____

of _____

being a member of COSCO Corporation (Singapore) Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			
Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Meeting Room Nicoll 1, Level 3, Suntec Singapore International Convention & Exhibition Centre, Raffles Boulevard, Suntec City, Singapore 039593 on 20 April 2017 at 4.00 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.00 p.m. on the same day and at the same place), and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against the item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.		For	Against
	Special Resolution		
1.	To approve the proposed change of name of the Company from "COSCO Corporation (Singapore) Limited" to "COSCO Shipping International (Singapore) Co., Ltd."		
	Ordinary Resolution		
2.	To approve the proposed interested person transactions mandate		

Dated this _____ day of _____ 2017

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

Signature of Member(s) or Common Seal

IMPORTANT: Please Read Notes for This Proxy Form.



NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A Shareholder (other than a Relevant Intermediary) of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the EGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore (“**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time set for holding the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
 5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
 6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 7. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.
 8. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
 9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a Shareholder whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.