CIRCULAR DATED 2 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your shares in the capital of COSCO SHIPPING International (Singapore) Co., Ltd., please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED DISPOSAL OF:

(1) 51% EQUITY INTEREST IN COSCO SHIPYARD GROUP CO., LTD.;

(2) 50% EQUITY INTEREST IN COSCO (NANTONG) SHIPYARD CO., LTD.; AND

(3) 39.1% EQUITY INTEREST IN COSCO (DALIAN) SHIPYARD CO., LTD.

AS AN INTERESTED PERSON TRANSACTION

Independent Financial Adviser in relation to the Proposed Disposal

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200207389D)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	28 August 2017 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	30 August 2017 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Grand Ballroom 1 & 2 Level 3 Grand Hyatt Singapore 10 Scotts Road Singapore 228211

CONTENTS

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

"1Q 2016"	:	First quarter of 2016, being the 3-month period from 1 January 2016 to 31 March 2016
"1Q 2017"	:	First quarter of 2017, being the 3-month period from 1 January 2017 to 31 March 2017
"Audit Committee"	:	The Audit Committee of the Company
"Benchmark Date"	:	31 December 2016
"Board"	:	Board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"China COSCO SHIPPING"	:	China COSCO SHIPPING Corporation Limited
"Circular"	:	This circular dated 2 August 2017 to Shareholders
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore as amended or modified from time to time
"Company"	:	COSCO SHIPPING International (Singapore) Co., Ltd. (formerly known as COSCO Corporation (Singapore) Limited)
"Completion"	:	Completion of the Sale and Purchase Agreement
"Consideration"	:	The aggregate consideration of RMB1,465,822,955.00 (equivalent to approximately S$297.10 million) for the Sale Shares
"COSCO Group"	:	China Ocean Shipping (Group) Company
"COSCO Shipyard"	:	COSCO Shipyard Group Co., Ltd.
"COSCO Shipyard Consideration"	:	Has the meaning ascribed to the term in paragraph 4.2.1 of this Circular
"COSCO Shipyard Group"	:	COSCO Shipyard and its subsidiaries
"Dalian COSCO Shipyard"	:	COSCO (Dalian) Shipyard Co., Ltd.
"Dalian COSCO Shipyard Consideration"	:	Has the meaning ascribed to the term in paragraph 4.2.3 of this Circular
"Directors"	:	The directors of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company, notice of which is set out on page 75 of this Circular
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended 31 December
"Group"	:	The Company, its subsidiaries and its associated companies

"**IFA**"	:	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser appointed in relation to the Proposed Disposal
"**IFA Letter**"	:	The letter dated 2 August 2017 from the IFA, addressed to the Independent Directors, a copy of which is annexed as **Appendix A** to this Circular
"**Independent Directors**"	:	The Directors who are considered to be independent in relation to the Proposed Disposal, 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
"**Independent Valuation Report**"	:	Valuation report dated 21 April 2017 by China Tong Cheng
"**Latest Practicable Date**"	:	24 July 2017, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"**Long-stop Date**"	:	31 December 2017 (or such other date as the Parties may mutually agree in writing)
"**MYR**"	:	Malaysian ringgit, being the lawful currency of Malaysia
"**Nantong COSCO Shipyard**"	:	COSCO (Nantong) Shipyard Co., Ltd.
"**Nantong COSCO Shipyard Consideration**"	:	Has the meaning ascribed to the term in paragraph 4.2.2 of this Circular
"**NAV**"	:	Net asset value
"**Negotiation Period**"	:	Has the meaning ascribed to the term in paragraph 4.5.4 of this Circular
"**NTA**"	:	Net tangible assets
"**Parent Group**"	:	China COSCO SHIPPING group
"**Parties**"	:	The Company and the Purchaser, and a "**Party**" means either one of them
"**PRC**"	:	The People's Republic of China
"**Proposed Disposal**"	:	Has the meaning ascribed to the term in paragraph 1.1 of this Circular
"**Purchaser**"	:	COSCO SHIPPING Heavy Industry Co., Ltd.
"**RMB**"	:	Renminbi, being the lawful currency of the PRC
"**Ruihua CPA**"	:	Ruihua Certified Public Accountants (瑞华会计师事务所(特殊普通合伙)), PRC
"**SAFE**"	:	State Administration of Foreign Exchange

"**Sale and Purchase Agreement**"	:	The conditional sale and purchase agreement entered into between the Company and the Purchaser on 5 May 2017 in relation to the sale and purchase of the Sale Shares
"**Sale Companies**"	:	COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard
"**Sale Shares**"	:	51% equity interest of COSCO Shipyard, 50% equity interest of Nantong COSCO Shipyard and 39.1% equity interest of Dalian COSCO Shipyard
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts
"**Shares**"	:	Ordinary shares in the issued share capital of the Company
"**Substantial Shareholder**"	:	A Shareholder who has an interest in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
"**Summary Valuation Letters**"	:	The summary valuation letters in respect of the Sale Companies issued by the Valuer which are annexed as **Appendix B** to this Circular
"**S$**"	:	Singapore dollars, being the lawful currency of the Republic of Singapore
"**US$**"	:	United States dollars, being the lawful currency of the United States of America
"**Valuation**"	:	Has the meaning ascribed to the term in paragraph 2.4 of this Circular
"**Valuer**" or "**China Tong Cheng**"	:	China Tong Cheng Assets Appraisal Co., Ltd. (中通诚资产评估有限公司)
"**%**" or "**per cent.**"	:	Per centum or percentage

The expressions "**Depositor**" and "**Depository Register**" shall have the respective meanings ascribed to them respectively in Section 81SF of the SFA.

The terms "**associate**", "**controlling shareholder**", "**entity at risk**", "**interested person**" and "**interested person transaction**" shall have the meanings ascribed to them respectively in the Listing Manual.

The term "**subsidiary**" has 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* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa.* References to persons shall, where applicable, include firms, corporations and other entities.

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

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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

In certain parts of this Circular, unless otherwise stated, amounts denominated in RMB have been converted into S$ at an exchange rate of RMB1 to S$0.202688. The exchange rate is for reference only.

No representation is made by the Company that any amount in RMB has been, could have been or could be converted at the above rate or any other rates at all.

In this Circular, unless otherwise stated, the total number of issued Shares is 2,239,244,954 as at the Latest Practicable Date.

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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

Directors:	**Registered Office:**
Wang Yu Hang (Chairman)	30 Cecil Street #26-01
Gu Jing Song (Vice Chairman and President)	Prudential Tower
Li Xi Bei	Singapore 049712
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)	2 August 2017

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

Dear Sir/Madam

THE PROPOSED DISPOSAL OF:

(1) 51% EQUITY INTEREST IN COSCO SHIPYARD GROUP CO., LTD.;

(2) 50% EQUITY INTEREST IN COSCO (NANTONG) SHIPYARD CO., LTD.; AND

(3) 39.1% EQUITY INTEREST IN COSCO (DALIAN) SHIPYARD CO., LTD.

AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

1.1 On 5 May 2017, the Company announced that it had entered into the Sale and Purchase Agreement with the Purchaser in relation to the proposed disposal (the "**Proposed Disposal**") by the Company of its (a) 51% equity interest in COSCO Shipyard; (b) 50% equity interest in Nantong COSCO Shipyard; and (c) 39.1% equity interest in Dalian COSCO Shipyard.

1.2 The Directors are convening the EGM to seek Shareholders' approval for the Proposed Disposal.

1.3 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal to be tabled at the EGM.

1.4 SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. THE PROPOSED DISPOSAL

2.1 Information regarding the Purchaser

The Purchaser, a company incorporated in the PRC, is a wholly-owned subsidiary of China COSCO SHIPPING. China COSCO SHIPPING is a state-owned enterprise headquartered in Shanghai. It is the merged entity of COSCO Group and China Shipping (Group) Company.

COSCO Group, being the controlling shareholder of the Company which holds approximately 53.35% of the Shares, is also a wholly-owned subsidiary of China COSCO SHIPPING. As such, China COSCO SHIPPING indirectly holds a shareholding interest of approximately 53.35% in the Company through COSCO Group, and is an indirect controlling shareholder of the Company.

Mr Wang Yu Hang and Mr Liang Yan Feng, who are Directors of the Company are also directors of the Purchaser.

2.2 <u>Information regarding the Sale Companies</u>

The Sale Companies are incorporated in the PRC. The Sale Companies are primarily engaged in shipyard, ship repair, ship building and marine engineering businesses.

2.2.1 *COSCO Shipyard*

Founded in 1988 and based in Dalian, COSCO Shipyard provides ship repair and conversion, ship building and offshore marine engineering services. COSCO Shipyard has 6 shipyards in Nantong, Qidong, Dalian, Zhoushan, Guangdong and Shanghai.

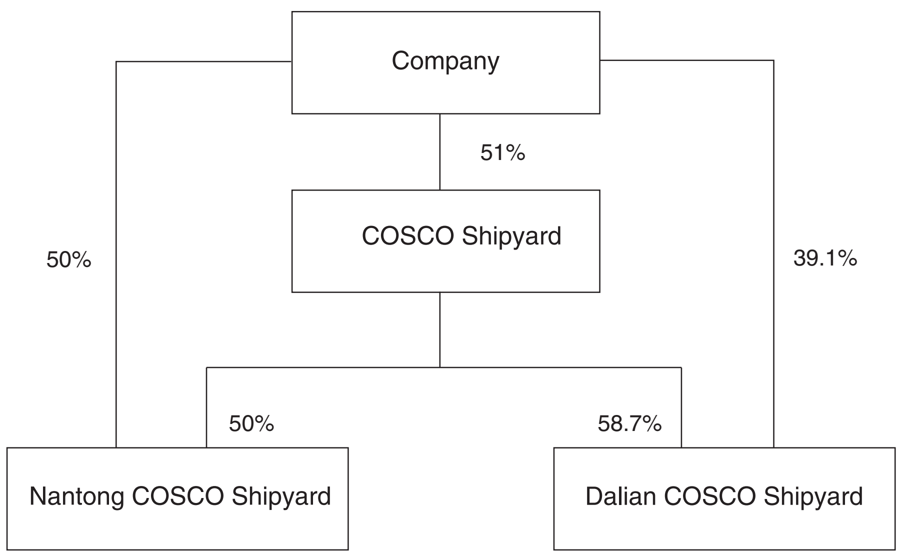
2.2.2 *Nantong COSCO Shipyard*

Nantong COSCO Shipyard was incorporated in the PRC in 1990. It is a 50%-owned subsidiary of COSCO Shipyard. Nantong COSCO Shipyard owns and operates 2 floating docks and 3 berths, and occupies approximately 334,000 square meters of land area. Nantong COSCO Shipyard provides ship repair and conversion and offshore engineering services. In past years, the shipyard has delivered semi-submersible drilling rigs, jack-up drilling rigs, wind turbine installation vessels, floating accommodation units and drilling tender barges.

2.2.3 *Dalian COSCO Shipyard*

Established in 1992, Dalian COSCO Shipyard is a 59%-owned subsidiary of COSCO Shipyard. Providing services of ship repair and conversion, ship building and offshore marine engineering, Dalian COSCO Shipyard has a total floating and dry dock capacity of 610,000 tons, 13 berths, 5 production lines and 4 cranes. In past years, Dalian COSCO Shipyard has delivered projects of heavy lift vessels, bulk carriers, module carriers, salvage lifting vessels, jack-up rigs and FPSO conversions.

A simplified group structure of the Sale Companies as at the Latest Practicable Date is as follows:



The Company will cease to hold any interest in the Sales Companies following the completion of the Proposed Disposal.

2.3 Financial performance of the Sale Companies

The consolidated financial statements of each of COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, 1Q 2016 and 1Q 2017 are set out in **Appendix C** to this Circular.

2.4 Valuation

The Company commissioned China Tong Cheng Assets Appraisal Co., Ltd. (中通诚资产评估有限公司)(1), as an independent Valuer to value the Sale Shares (the "**Valuation**"). The aggregate Valuation of the Sale Shares was determined to be RMB1,592.37 million (equivalent to approximately S$322.75 million) as at 31 December 2016. The Valuation was conducted considering the asset-based approach and market approach, and the asset-based approach results have been chosen to be the final Valuation result(2).

Copies of the Summary Valuation Letters are set out in **Appendix B** of this Circular. The full Valuation reports of each of the Sale Companies are available for inspection in accordance with paragraph 17 of this Circular.

Notes:

(1) China Tong Cheng is established in Beijing, PRC in 1993. Since its incorporation, China Tong Cheng has been engaged in enterprise valuation and appraisal. The clientele of China Tong Cheng includes mainly foreign and domestic enterprises and financial institutions and China Tong Cheng has provided valuation services for enterprise restructuring, merger and acquisition, equity transfer and other valuation consulting services. With its abundant experience in asset valuation and enterprise capital operation, China Tong Cheng ranked top 10 in the valuation industry in China in the year 2016. China Tong Cheng is also certified by the Ministry of Finance of China (财政部) and China Securities Regulatory Commission (中国证监会) to perform valuation for the securities industry. China Tong Cheng has previously performed valuation services for companies in the shipping industry, shipyard industry, ship building industry, logistics industry as well as transnational merger and acquisition valuation of listed companies.

(2) Market approach refers to the comparison of the valuation subject with recent transactions or offerings of comparable businesses or assets so as to determine the valuation for the valuation subject. Asset-based approach is based on the net asset value of a company, by taking the total assets minus its total liabilities to assess the valuation of the entity. The major differences between the two approaches are that asset-based approach is based on determining the revalued net asset value of a company by assessing the total assets and its total liabilities to establish the valuation of the entity. The revalued net asset value of a company is then calculated based on the difference between the fair market value of the company's total assets and the fair market value of its total liabilities. Market approach refers to the comparison of the valuation subject with comparable listed companies in the similar industry to determine the value of the appraisal subject. When using the market approach, there are certain variables to consider such as the company size, business scope and the future development of the comparable listed companies in the ship building industry to be selected. Hence, the choice of comparable listed companies and its relative fluctuations in market value will affect the valuation results for the market approach as compared to the asset-based approach. The Valuer has chosen the asset-based approach result as the final Valuation result as the asset and liability structure of the valuation subject is clear, and various assets and liability values of the company can be confirmed and appraised separately. Consequently, between the asset-based approach and market approach, the asset-based approach reflects the equity of the Sale Companies rationally and is therefore chosen to be the final Valuation result. Please refer to the Summary Valuation Letters in **Appendix B** of this Circular for further details.

2.5 General outlook on the ship building, ship repair and marine engineering segment

The year ended 31 December 2016 and 1Q 2017 were very difficult periods for the Group. The offshore and marine industry encountered very daunting market conditions amidst an unprecedented industry downturn. Since the sharp decline of oil prices in 2014, the shrinkage of investment from the oil and gas sector has gradually taken away the wind from under the oil and gas construction market. This has been further aggravated by very weak growth in global trade. Shipyard revenues continue to decline in FY 2016 and 1Q 2017. Turnover from shipyard operations in FY 2016 fell to S$2.5 billion from S$3.5 billion in FY 2015 and fell to S$392.6 million in 1Q 2017 from S$716.6 million in 1Q 2016, due mainly to lower contribution from ship building, ship repair and marine engineering. The Group's shipyards also had to contend with fewer orders and lower contract prices in the face of the depressed market. Against the backdrop of such difficult conditions, the Group recorded a net loss attributable to equity holders of S$466.5 million for FY 2016 and S$78.9 million for 1Q 2017. Overall, the Group expects these difficult and challenging business and operating conditions to persist and may even worsen.

3. BENEFITS OF AND RATIONALE FOR THE PROPOSED DISPOSAL

3.1 The Company has been facing and continues to face challenging market conditions in its offshore marine and ship building business and this segment has been making substantial losses for the past 2 financial years and continued to incur losses for 1Q 2017. On 24 February 2017, the Company announced that it had been informed by its parent company, China COSCO SHIPPING that the Parent Group plans to acquire the Company's equity interests in COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard for the purpose of centralising the operations and management of the shipyard businesses of the Parent Group, such centralisation would allow for more efficient shipyard operations, maximally tapping on the Parent Group's management and technical expertise.

3.2 The Proposed Disposal will enable the Company to exit from a loss-making business and create cash for investment in potential future new businesses, substantially reduce the Company's debt and improve the Company's financial position.

3.3 The Company intends to use the sale proceeds from the Proposed Disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities and the Company will provide updates as necessary at the appropriate time.

4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT

4.1 <u>The Sale Shares</u>

Pursuant to the terms of the Sale and Purchase Agreement, the Company has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Company the following Sale Shares:

4.1.1 51% equity interest in COSCO Shipyard;

4.1.2 50% equity interest in Nantong COSCO Shipyard; and

4.1.3 39.1% equity interest in Dalian COSCO Shipyard,

owned by the Company.

4.2 <u>Consideration</u>

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis and taking into account the following:

4.2.1 in respect of COSCO Shipyard:

(a) the value of net assets of COSCO Shipyard (computed on a consolidated basis) as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorised state-owned assets supervision and administration organisation(1) of RMB2,716,865,818.78; and

(b) Ruihua CPA, which is engaged by the Purchaser, has conducted a special audit on COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of COSCO Shipyard (computed on a consolidated basis) amount to RMB393,652,823.91, while other equity change* is RMB3,590,630.74.

The consideration of the 51% equity interest in COSCO Shipyard is calculated as the sum of: (i) 51% of RMB2,716,865,818.78 (being the total value of net assets of COSCO Shipyard as of the Benchmark Date as stated in paragraph 4.2.1(a)); and (ii) 51% of negative RMB390,062,193.17 (being the losses of COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017 as stated in paragraph 4.2.1(b)). Based on such calculation, the consideration of the 51% equity interest of COSCO Shipyard is RMB1,186,669,849.06 (the "**COSCO Shipyard Consideration**");

Note:

(1) The state-owned assets supervision and administration organisation is the authority that exercises the rights and performs the duties of the shareholder of state-invested enterprises on behalf of the state. Assessment of state-owned assets shall be filed with the state-owned assets supervision and administration organisation and, as far as the Company is aware, the content so filed is not subject to public review.

4.2.2 in respect of Nantong COSCO Shipyard:

(a) the value of net assets of Nantong COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorised state-owned assets supervision and administration organisation of RMB602,040,762.45; and

(b) Ruihua CPA, which is engaged by the Purchaser, has conducted a special audit on Nantong COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of Nantong COSCO Shipyard amount to RMB43,734,552.58, while other equity change* is RMB0.

The consideration of the 50% equity interest in Nantong COSCO Shipyard is calculated as the sum of: (i) 50% of RMB602,040,762.45 (being the total value of net assets of Nantong COSCO Shipyard as of the Benchmark Date as stated in paragraph 4.2.2(a)); and (ii) 50% of negative RMB43,734,552.58 (being the losses of Nantong COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017 as stated in paragraph 4.2.2(b)). Based on such calculation, the consideration of the 50% equity interest of Nantong COSCO Shipyard is RMB279,153,104.94 (the "**Nantong COSCO Shipyard Consideration**"); and

4.2.3 in respect of Dalian COSCO Shipyard:

(a) the value of net assets of Dalian COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorised state-owned assets supervision and administration organisation of negative RMB241,060,889.64; and

(b) Ruihua CPA, which is engaged by the Purchaser, has conducted a special audit on Dalian COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of Dalian COSCO Shipyard amount to RMB294,577,590.58, while other equity change* is RMB5,805,834.34.

The Parties acknowledge that, if the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is to be determined on the same bases as those applicable to the transfer of the 51% equity interest in COSCO Shipyard and the 50% equity interest in Nantong COSCO Shipyard as set out above, the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is calculated as the sum of: (i) 39.1% of negative RMB241,060,889.64 (being the total value of net assets of Dalian COSCO Shipyard as of the Benchmark Date as stated in paragraph 4.2.3(a)); and (ii) 39.1% of negative RMB288,771,756.24 (being the losses of Dalian COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017 as stated in paragraph 4.2.3(b)). Based on such calculation, the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is negative RMB207,164,564.54. Given that the consideration of the 39.1% equity interest in Dalian COSCO Shipyard calculated on the basis set out above is negative, the Parties agreed that the consideration of the 39.1% equity interest of Dalian COSCO Shipyard is RMB1 (the "**Dalian COSCO Shipyard Consideration**").

Note:

* "Other equity change" refers to other comprehensive income. The other comprehensive income for COSCO Shipyard comprised of currency translation differences and fair value gain for available-for-sale financial assets. The other comprehensive income for Dalian COSCO Shipyard comprised of currency translation differences.

4.3 The Parties agreed that the aggregate Consideration is RMB1,465,822,955.00 (equivalent to approximately S$297.10 million), which is calculated as the sum of the COSCO Shipyard Consideration, the Nantong COSCO Shipyard Consideration and the Dalian COSCO Shipyard Consideration.

4.4 Under the Sale and Purchase Agreement, the Purchaser shall be entitled to any distributable profits (and any other interest) attributable to the Sale Shares and assume any loss attributable to the Sale Shares from and after 1 April 2017. The Parties based the Consideration on the financial position of the Sale Companies as at 31 March 2017, and that any change in financial position after 31 March 2017 will not affect the Consideration. Therefore this clause was inserted in the Sale and Purchase Agreement to reflect this position.

4.5 Conditions Precedent

4.5.1 Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of the following conditions precedent:

(a) the transfer of the Sale Shares being approved by and the registration procedure being completed with the state-owned asset supervision and administration commission (SASAC) or its authorized agency in accordance with applicable laws and regulations;

(b) the Parties having completed their respective internal approval process set out below in accordance with applicable laws and regulations and its constitution/articles of association:

(i) the Company having obtained the approval of its shareholders in a general meeting for the Proposed Disposal; and

(ii) the Purchaser having obtained the approval of its shareholders in a general meeting for the Proposed Disposal[(1)];

Note:

(1) The Company understands that in accordance with the articles of association of the Purchaser, such shareholders' approval will be obtained by way of written means.

(c) no breach of the Sale and Purchase Agreement has occurred and all representations and warranties made by the Parties under the Sale and Purchase Agreement are true, accurate, complete and not misleading;

(d) the transfer of the Sale Shares, the conversion of the Sale Companies from foreign-funded enterprises into domestic-funded enterprises, the amendments to the articles of association of the Sale Companies, and the termination of existing joint venture contract having been approved by the competent department of commerce;

(e) the Proposed Disposal having been approved by SGX-ST, where required, and where approval from SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Company; and

(f) the shareholders of the Sale Companies (other than the Company) having waived their rights of pre-emption, rights of first refusal or tag-along rights, if any, in relation to the transfer of the Sale Shares from the Company to the Purchaser under the Sale and Purchase Agreement.

4.5.2 The Purchaser agreed that it will represent the Parties to obtain all waivers of pre-emption rights, rights of first refusal and tag-along rights, if any, in relation to the transfer of the Sale Shares, and all the approvals required by the governmental authorities, including but not limited to the commerce agency, administration for industry and commerce, bank, SAFE and administration of taxation and to use its best endeavors to obtain the approval documents which are specified in the conditions precedent on or prior to the Long-stop Date.

4.5.3 The Company shall take reasonable efforts to assist the Purchaser with the formalities to complete the transfer of the Sale Shares, including but not limited to obtaining the approval of the competent authority for commerce, registration of the changes with the industrial and commercial registries, removal of board members and officials, handover, and any other relevant procedures.

4.5.4 Unless otherwise agreed between the Parties, in the event that any of the conditions precedent are not complied with before the Long-stop Date, the Parties shall discuss and negotiate the waiver of all or any of the conditions precedent, to extend the Long-stop Date or to terminate the Sale and Purchase Agreement and to reach an agreement within 20 business days from the Long-stop Date (or such other period as the Parties may mutually agree in writing) (the "**Negotiation Period**").

4.5.5 The transfer of the Sale Shares of each Sale Company may take place on different dates. In the event that the conditions precedent are not satisfied before the Long-stop Date or within the Negotiation Period, and the Parties are not able to agree on any waiver of the conditions precedent, or an extension of the Long-Stop Date or the termination of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall be terminated at the expiry of the Negotiation Period.

4.5.6 In such an event, the Parties shall not have any right or obligation or duty under the Sale and Purchase Agreement (except in respect of a breach of the Sale and Purchase Agreement prior to its termination, or if otherwise provided in the Sale and Purchase Agreement). The Parties shall also use all reasonable and necessary endeavors to cancel and invalidate all documents related to the performance of the Sale and Purchase Agreement and restore each Sale Company to the position prior to the execution of the Sale and Purchase Agreement. If the Sale Shares of any Sale Company has been transferred from the Company to the Purchaser, such restoration would also involve the transfer of the Sale Shares of that Sale Company from the Purchaser back to the Company.

4.6 Terms of Payment

The Parties agreed that the Purchaser shall complete withholding tax formalities pursuant to applicable laws and regulations for the Proposed Disposal and deliver all related certificates and receipts to the Company for confirmation. Within 20 calendar days upon the approvals required by the governmental authorities, including but not limited to the administration of taxation, SAFE and the bank, the Purchaser shall pay the Consideration in RMB or foreign exchange of RMB equivalent in a lump sum by deducting withholding and remitting tax pursuant to applicable laws and regulations to the Company(1). The Consideration shall be determined and paid into the bank account designated by the Company.

Note:

(1) Under the Sale and Purchase Agreement, the Company shall assume taxes that are payable by the Company for the Proposed Disposal in accordance with the laws and regulations of the PRC. Such taxes include but are not limited to withholding tax on the transfer and stamp duties. The withholding tax represents the amount of tax payable on the equity transfer gain, which is estimated to be approximately S$7.82 million.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

5.1 The Consideration is RMB1,465,822,955.00 (equivalent to approximately S$297.10 million) as set out in paragraph 4.3 of this Circular.

5.2 For illustrative purposes, assuming that the Proposed Disposal is completed on 31 March 2017, the excess of the proceeds (after deducting capital gains tax) over the carrying value of the Sale Shares as at 31 March 2017 of S$3.93 million is approximately S$285.35 million and the gain on the Proposed Disposal (being the net effect of (i) the proceeds of S$289.28 million (Consideration of approximately S$297.10 million net of estimated capital gains tax of approximately S$7.82 million) less (ii) the carrying value of the Sale Shares as at 31 March 2017 of S$3.93 million, and add (iii) the reclassification of translation reserves and fair value reserves as at 31 March 2017 of S$74.72 million) is approximately S$360.07 million.

5.3 The financial effects of the Proposed Disposal are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per Share and EPS of the Company, nor do they represent the future financial performance and/or position of the Company immediately following Completion. The pro forma financial effects analysis of the Proposed Disposal has been prepared on the following key bases and assumptions:

5.3.1 the financial effects of the Proposed Disposal on the NTA per Share and EPS of the Company are based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2016;

5.3.2 for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per Share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2016;

5.3.3 for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2016; and

5.3.4 the NTA per Share and EPS of the Company is computed based on 2,239,244,954 Shares in issue as at 31 December 2016.

5.4 <u>Effect of the Proposed Disposal on the NTA per Share</u>

The following pro forma effect of the Proposed Disposal on the NTA per Share of the Company has been prepared on the bases and assumptions set out in paragraph 5.3 and the inputs and assumptions set out in the Notes below:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	326,524	550,623
NTA per Share (cents)	14.58	24.59

Notes:

(1) The Proposed Disposal had been completed on 31 December 2016.

(2) The NTA after the Proposed Disposal is computed based on the following:

	S$'000
NTA as at 31 December 2016 before the Proposed Disposal	326,524
Consideration for the Sale Shares (set out in paragraph 5.1)	297,105
Carrying value of the Sale Companies (excluding goodwill) as at 31 December 2016	(64,112)
Estimated expenses (including capital gains tax) to be incurred for the Proposed Disposal	(8,894)
NTA as at 31 December 2016 after the Proposed Disposal	550,623

5.5 Effect of the Proposed Disposal on EPS

The following pro forma effect of the Proposed Disposal on the EPS of the Company has been prepared on the bases and assumptions set out in paragraph 5.3 and the inputs and assumptions set out in the Notes below:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to equity holders of the Company (S$'000)	(466,499)	(177,138)
EPS (cents)	(20.83)	(7.91)

Notes:

(1) The Proposed Disposal had been completed on 1 January 2016.

(2) The EPS after the Proposed Disposal is computed based on the following:

	S$'000
Loss attributable to equity holders of the Company for FY 2016 before the Proposed Disposal	(466,499)
Share of loss of the Sale Companies for FY 2016 which would not be incurred if disposed on 1 January 2016	440,990
Consideration for the Sale Shares (set out in paragraph 5.1)	297,105
Carrying value of the Sale Companies and attributable goodwill as at 1 January 2016	(536,701)
Reclassification of translation reserves and fair value reserves attributable to the Sale Companies as at 1 January 2016	96,861
Estimated expenses (including capital gains tax) to be incurred for the Proposed Disposal	(8,894)
Loss attributable to equity holders of the Company for FY 2016 after the Proposed Disposal	(177,138)

6. MAJOR TRANSACTION

Based on the financial statements for the period ended 31 March 2017 (being the latest announced unaudited consolidated financial statements of the Group), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the Proposed Disposal are as follows:

Listing Rule	Bases	Relative Figures (%)
1006(a)	The aggregate NAV of the Sale Shares to be disposed of, compared with the Group's NAV	Not meaningful[1]
1006(b)	The aggregate net losses[2] attributable to the Sale Shares to be disposed of, compared with the Group's net losses	94%[3]
1006(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of Shares in issue (excluding treasury shares)	47%[4]
1006(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities of the Company previously in issue	N.A.[5]
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N.A.[6]

Notes:

(1) Based on the aggregate NAV of the Sale Shares as at 31 March 2017 of negative S$76,138,000, divided by the Group's NAV as at 31 March 2017 of S$173,443,000. The relative figure in Rule 1006(a) is not meaningful as it is negative. "NAV" refer to total assets less total liabilities.

(2) Net losses refer to losses before income tax, minority interests and exceptional items.

(3) Based on the aggregate unaudited net loss attributable to the Sale Shares for the three months ended 31 March 2017 of S$134,950,000, divided by the Group's unaudited net loss for the three months ended 31 March 2017 of S$143,972,000.

(4) Market capitalisation of the Company as at 4 May 2017, being the market day preceding the date of the Sale and Purchase Agreement, was S$638.18 million.

(5) Not applicable as no equity securities will be issued by the Company in connection with the Proposed Disposal.

(6) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rule 1006(b) and Rule 1006(c) exceed 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is subject to Shareholders' approval in a general meeting.

7. INTERESTED PERSON TRANSACTION

7.1 Application of the Rules relating to Interested Person Transactions under the Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the Group's latest audited NTA, Shareholders' approval is required in respect of the transaction.

The Purchaser is wholly-owned by China COSCO SHIPPING. COSCO Group, being the controlling shareholder of the Company, is also wholly-owned by China COSCO SHIPPING. In respect of the Proposed Disposal, the Company is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual. The Purchaser is therefore an "interested person" and the Proposed Disposal constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

Mr Wang Yu Hang and Mr Liang Yan Feng, who are Directors of the Company are also directors of the Purchaser.

The Consideration of RMB1,465,822,955.00 (equivalent to approximately S$297.10 million) represents approximately 91% of the latest audited NTA of the Group as at 31 December 2016 of S$326,524,000. In accordance with Chapter 9 of the Listing Manual, the Proposed Disposal is an interested person transaction, the transaction value of which is more than 5% of the latest audited NTA of the Group, and is hence subject to the approval of Shareholders of the Company at a general meeting to be convened.

Directors of the Company who are also directors of the Purchaser as well as their respective associates, will abstain from voting on the Proposed Disposal in respect of their respective shareholdings in the Company, if any.

Other than in connection with the Proposed Disposal, transactions less than S$100,000 and transactions under the general mandate for recurrent transactions with interested persons approved by Shareholders at the Company's extraordinary general meeting on 20 April 2017, the Company has not entered into any other interested person transactions in the current financial year.

7.2 Substantial disposal under Section 160 of the Companies Act

In addition to Chapter 9 of the Listing Manual, Section 160 of the Companies Act provides that the Directors of the Company shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in general meeting. As the Proposed Disposal would constitute a disposal by the Company of substantially the whole of its undertaking, the Company is also required to obtain Shareholders' approval for the Proposed Disposal pursuant to Section 160 of the Companies Act.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

8.1 Interests of Directors

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

	Direct Interest		Deemed Interest	
Directors:	**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".

8.2 Interests of Substantial Shareholders

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

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

8.3 Interests in the Proposed Disposal

The Purchaser is wholly-owned by China COSCO SHIPPING. COSCO Group, being the controlling shareholder of the Company, is also wholly-owned by China COSCO SHIPPING.

Mr Wang Yu Hang and Mr Liang Yan Feng, who are Directors of the Company are also directors of the Purchaser.

Save as disclosed in this Circular, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal. No person is proposed to be appointed as a Director in connection with the Proposed Disposal.

9. OTHER INFORMATION

The Proposed Disposal involves the disposal of the Company's ship repair, ship building and marine engineering business in the PRC, which is currently the largest business activity of the Company.

After the Proposed Disposal, the Company will retain and continue with its ship repair and marine engineering business in Singapore and its businesses in the shipping segment and "others" business segment (which includes property) as disclosed in the Company's annual report for the year ended 31 December 2016.

The Company is of the view that it should not be considered as a cash company under Listing Rule 1018 after the Proposed Disposal as the Company will retain and continue with the foregoing businesses. Further, the Company intends to use the sale proceeds from the Proposed Disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities.

The Company has consulted with SGX-ST whether the Company would fall within the meaning of a "cash company" under Rule 1018 of the Listing Manual by reason of the Proposed Disposal.

SGX-ST has confirmed that the Company will not be considered as a cash company under Listing Rule 1018 after the Proposed Disposal.

10. THE OPINION OF THE IFA AND THE AUDIT COMMITTEE

PrimePartners Corporate Finance Pte. Ltd. has been appointed by the Company as the independent financial adviser to advise the Independent Directors on the Proposed Disposal.

A copy of the IFA Letter is set out in its entirety as **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully.

Based on the IFA Letter, the IFA is of the opinion that the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its independent Shareholders. Accordingly, the IFA has advised the Independent Directors to recommend that independent Shareholders vote in favour of the Proposed Disposal.

The Audit Committee comprises Mr Tom Yee Lat Shing, Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian, all of whom are non-executive Independent Directors of the Company. The Audit Committee has considered the terms of the Proposed Disposal as well as the advice of the IFA, and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its independent Shareholders.

11. INDEPENDENT DIRECTORS' RECOMMENDATION

Based on the rationale for and the terms of the Proposed Disposal as set out in this Circular as well as the advice of the IFA, the Independent Directors believe that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its independent Shareholders. Accordingly, the Independent Directors recommend that Shareholders vote at the EGM in favour of the ordinary resolution to approve the Proposed Disposal as set out in the Notice of EGM.

12. ABSTENTION FROM RECOMMENDATION AND VOTING

China COSCO SHIPPING and COSCO Group and their associates, being interested persons in relation to the Proposed Disposal, will abstain from voting at the EGM in respect of the Shares held by them on the ordinary resolution relating to the Proposed Disposal. 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 Disposal 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 will also ensure that their respective associates will abstain from voting on the ordinary resolution relating to the Proposed Disposal.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 75 of this Circular, will be held at Grand Ballroom 1 & 2, Level 3 Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 August 2017 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

14. CONSENTS

14.1 PrimePartners Corporate Finance 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.

14.2 China Tong Cheng Assets Appraisal Co., Ltd. (中通诚资产评估有限公司), the Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Summary Valuation Letters, 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.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

15.1 <u>Appointment of Proxies</u>

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 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.

15.2 <u>Note for Depositors</u>

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.

16. 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 Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected 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 Sale and Purchase Agreement;

(b) the IFA Letter; and

(c) the Summary Valuation Letters and the full Valuation reports; and

(d) the consent letters of the IFA and the Valuer referred to in paragraph 14 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Gu Jing Song
Vice Chairman and President

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200207389D)
16 Collyer Quay #10-00 Income at Raffles Singapore 049318

2 August 2017

To: The Independent Directors of COSCO SHIPPING International (Singapore) Co., Ltd.
(deemed to be independent in respect of the Proposed Disposal)

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

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED DISPOSAL OF THE SHIPYARD BUSINESS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 2 August 2017 ("**Circular**") issued by the Company to the shareholders of the Company ("**Shareholders**") shall have the same meaning herein.*

1. INTRODUCTION

On 5 May 2017, the board of Directors ("**Directors**") of COSCO SHIPPING International (Singapore) Co., Ltd. ("**Company**") announced ("**Announcement**") that the Company has entered into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") on 5 May 2017 with COSCO SHIPPING Heavy Industry Co., Ltd. ("**Purchaser**") in relation to the proposed disposal ("**Proposed Disposal**") by the Company of its (a) 51% equity interest in COSCO Shipyard Group Co., Ltd. ("**COSCO Shipyard**"); (b) 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd. ("**Nantong COSCO Shipyard**"); and (c) 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. ("**Dalian COSCO Shipyard**"). COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard are collectively referred to as the "**Sale Companies**".

The Purchaser, a company incorporated in the People's Republic of China (the "**PRC**"), is a wholly-owned subsidiary of China COSCO SHIPPING Corporation Limited ("**China COSCO SHIPPING**"). China Ocean Shipping (Group) Company ("**COSCO Group**"), being the controlling shareholder of the Company which holds approximately 53.35% of the ordinary shares of the Company (the "**Shares**"), is also a wholly-owned subsidiary of China COSCO SHIPPING. As such, China COSCO SHIPPING indirectly holds a shareholding interest of approximately 53.35% in the Company through COSCO Group, and is an indirect controlling shareholder of the Company. Mr Wang Yu Hang and Mr Liang Yan Feng, who are directors of the Company are also directors of the Purchaser.

In respect of the Proposed Disposal, the Company is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual. The Purchaser is an "interested person" and the Proposed Disposal constitutes an interested person transaction ("**Interested Person Transaction**") within the meaning of Chapter 9 of the Listing Manual ("**Listing Manual**").

In accordance with the Listing Rules, shareholders' approval must be obtained for any Interested Person Transaction of a value which is equal to or greater than 5.0% of the Group's latest audited net tangible assets ("**NTA**") or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA. In obtaining such approval, the Interested Person and its associates are required to abstain from voting on the resolution approving the Interested Person Transaction.

According to the Announcement, the Consideration for the Proposed Disposal is determined to be, in aggregate, RMB1,465,822,955 (equivalent to approximately S$297.10 million), which is calculated as the sum of the COSCO Shipyard Consideration, the Nantong COSCO Shipyard Consideration and the Dalian COSCO Shipyard Consideration. Based on the Group's latest audited consolidated accounts for the financial year ended 31 December 2016 ("**FY 2016**"), the Group's audited NTA attributable to owners of the Company amounted to approximately S$326.5 million, the total consideration of the Proposed Disposal of approximately S$297.10 million represents approximately 91% of the Group's latest audited NTA attributable to owners of the Company. Pursuant to the Listing Rules, the Proposed Disposal is subject to the approval of the Company's independent shareholders ("**Independent Shareholders**") at the extraordinary general meeting ("**EGM**") to be convened.

Pursuant to Rule 921(4)(a) of the Listing Rules, the Company is also required to appoint an independent financial adviser ("**IFA**") to advise the Directors who are deemed to be independent with respect to the Proposed Disposal ("**Independent Directors**") as to whether the Proposed Disposal is on normal commercial terms and whether the Proposed Disposal is prejudicial to the interests of the Company and its Independent Shareholders.

Accordingly, PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company as the IFA to advise the Independent Directors in respect of the Proposed Disposal as an Interested Person Transaction.

Of the eight Directors on the Board, Mr Wang Yu Hang is the Chairman and Non-Independent and Non-Executive Director of the Company; Mr Gu Jing Song is the Vice Chairman, President and Executive Director of the Company; Mr Li Xi Bei is the Executive Director of the Company and Mr Liang Yan Feng is the Non-Independent and Non-Executive Director of the Company. As Mr Wang Yu Hang, Mr Gu Jing Song, Mr Li Xi Bei and Mr Liang Yan Feng are members of the managing body of or directors nominated by COSCO Group, they are interested in and not considered to be independent in relation to the Proposed Disposal. Accordingly, they will abstain from making any recommendations as Directors on the Proposed Disposal as an Interested Person Transaction.

The remaining 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 and are the Independent Directors with respect to the Proposed Disposal as an Interested Person Transaction.

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Disposal as an Interested Person Transaction. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Mainboard Rules, on whether the Proposed Disposal as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Disposal. We do not, by this Letter, warrant the merits of the Proposed Disposal other than to form an opinion for the purposes as above.

In the course of our evaluation of the financial terms of the Proposed Disposal, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and the Sale Companies. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the Directors, the management of the Company ("**Management**"), and the Company's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, 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, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary on the reasonable use of such information and representations provided to us and have found no reason to doubt the reliability of the information including the Independent Valuation Report.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Disposal, the Company and the Sale Companies are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Sale Companies. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Sale Companies in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Sale Companies (including, without limitation, property, plant and equipment). In connection with the Disposal, the Company had commissioned an independent valuer, China Tong Cheng Assets Appraisal Co., Ltd. ("**Valuer**" or "**China Tong Cheng**") to carry out an appraised valuation of the Sale Companies as of the Benchmark Date.

We are not experts in the evaluation or appraisal of the assets and liabilities concerned and we have placed sole reliance on the Independent Valuation Reports for such asset appraisal. We are not involved and assume no responsibility for the Independent Valuation Report. We have also not made any independent verification of the matters or bases set out in the Independent Valuation Report.

Our analysis and our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 24 July 2017 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. **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 further take note of any announcements relevant to their consideration of the Proposed Disposal which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter as set out in the Circular).

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 at any time and in any manner without the prior written consent of PPCF in each specific case, except for any purpose in relation to the Proposed Disposal and for the purposes of the forthcoming EGM.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Disposal as an Interested Person Transaction and their advice to Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Disposal as an Interested Person Transaction remain the sole responsibility of the Independent Directors.

Our opinion on the Proposed Disposal as an Interested Person Transaction should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company was incorporated in Singapore on 25 October 1961 and it acquired public status on 1 March 1974 under the name Singapore Fodder Co Ltd. In 1991, it phased out its fodder manufacturing operations and became an investment holding and warehousing company. Its name was changed to Sun Corporation Ltd in May 1991 following its takeover by Unicentral Corporation Pte Ltd.

In 1993, the Company was acquired by COSCO Group through its Singapore-registered wholly-owned subsidiary, Cosco Hldgs (S) Pte Ltd. It was renamed Cosco Investment (S) Ltd in February 1994. COSCO Group is a state-owned enterprise under the jurisdiction of China's Ministry of Communication. Following a special resolution passed at an extraordinary general meeting of the Company on 20 April 2017, the name of the Company has been changed from COSCO Corporation (Singapore) Limited to COSCO Shipping International (Singapore) Co., Ltd. with effect from 20 April 2017.

The Company operates one of the largest ship repair, ship building, marine engineering and dry bulk shipping outfits in China and Singapore. It is the SGX Mainboard listed subsidiary of the Parent Group, China's largest shipping group and one of the top shipping conglomerates in the world.

Through the Company's 51.0% stake in COSCO Shipyard Group, one of the largest shipyard groups in China with yards strategically located along China's coastline, the Company offers turnkey services in ship repair, ship building and marine engineering. Its portfolio includes deep-water oil rigs, floating production storage and offloading units, installation vessels, barges and platform vessels. The Company's yards cater to a worldwide clientele, delivering new builds of varying types and sizes including bulk carriers, oil tankers, special purpose carriers and Liquefied Natural Gas ("**LNG**") carriers.

As at the Latest Practicable Date, the Company had an issued and paid up share capital comprising 2,239,244,954 Shares (excluding Treasury Shares). Based on the last share price of S$0.315 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company is approximately S$705.362 million.

3.2 Key financial information of the Company

The following financial information should be read in conjunction with the full text of the Company's annual reports and the respective results announcements in respect of the relevant financial periods including the notes thereto.

Based on the Company's latest audited accounts for FY 2016, revenue decreased by S$962.4 million or 27.3%, from S$3,519.8 million in FY 2015 to S$2,557.4 million in FY 2016. The Company recorded net loss attributable to equity holders of S$466.5 million on revenue of S$2,557.4 million. The Company's net asset value attributable to equity holders of the Company as at 31 December 2016 was S$336.1 million.

4. INFORMATION ON THE PROPOSED DISPOSAL

4.1 Overview

The full text of the details of the Proposed Disposal, including its salient terms, is set out in Paragraph 4 of the Circular. A summary of the key terms is set out below for your reference:

4.1.1 Consideration

Pursuant to the terms of the Sale and Purchase Agreement, the Company has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Company a (a) 51% equity interest in COSCO Shipyard; (b) 50% equity interest in Nantong COSCO Shipyard; and (c) 39.1% equity interest in Dalian COSCO Shipyard, owned by the Company (such equity interests collectively, the "**Sale Shares**"). The consideration for the 51%, 50% and 39.1% equity interest of COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard is RMB1,186,669,849.06, RMB279,153,104.94, and RMB1 respectively.

The consideration for the Sale Shares (the "**Consideration**") was arrived at after arm's length negotiations between the Company and the Purchaser (the "**Parties**") on a willing buyer and willing-seller basis and taking into account the following:

COSCO Shipyard

(a) the value of net assets of COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorised state-owned asset supervision and administration organization[1] of RMB2,716,865,818.78; and

(b) Ruihua CPA, which is engaged by the Purchaser, has conducted a special audit on COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of COSCO Shipyard amount to RMB393,652,823.91, while other equity change* is RMB3,590,630.74.

The consideration of the 51% equity interest in COSCO Shipyard is calculated as the sum of: (i) 51% of RMB2,716,865,818.78 (being the total value of net assets of COSCO Shipyard as of the Benchmark Date); and (ii) 51% of negative RMB390,062,193.17 (being the losses of COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017). Based on such calculation, the consideration of the 51% equity interest of COSCO Shipyard is RMB1,186,669,849.06 (the "**COSCO Shipyard Consideration**");

Note:

(1) The state-owned assets supervision and administration organisation is the authority that exercises the rights and performs the duties of the shareholder of state-invested enterprises on behalf of the state. Assessment of state-owned assets shall be filed with the state-owned assets supervision and administration organisation and, as far as the Company is aware, the content so filed is not subject to public review.

Nantong COSCO Shipyard

(a) the value of net assets of Nantong COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorized state-owned assets supervision and administration organisation of RMB602,040,762.45; and

(b) Ruihua CPA, which is engaged by the Purchaser, has conducted a special audit on Nantong COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of Nantong COSCO Shipyard amount to RMB43,734,552.58, while other equity change* is RMB0.

The consideration of the 50% equity interest in Nantong COSCO Shipyard is calculated as the sum of: (i) 50% of RMB602,040,762.45 (being the total value of net assets of Nantong COSCO Shipyard as of the Benchmark Date); and (ii) 50% of negative RMB43,734,552.58 (being the losses of Nantong COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017). Based on such calculation, the consideration of the 50% equity interest of Nantong COSCO Shipyard is RMB279,153,104.94 (the "**Nantong COSCO Shipyard Consideration**"); and

Dalian COSCO Shipyard

(a) the value of net assets of Dalian COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company, and filed with the authorized state-owned assets supervision and administration organisation of negative RMB241,060,889.64; and

(b) Ruihua Certified Public Accountants, which is engaged by the Purchaser, has conducted a special audit on Dalian COSCO Shipyard's profits and losses for the period between 1 January 2017 and 31 March 2017, and issued an audit report, according to which, for the aforementioned period, the losses of Dalian COSCO Shipyard amount to RMB294,577,590.58, while other equity change* is RMB5,805,834.34.

The Parties acknowledge that, if the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is to be determined on the same bases as those applicable to the transfer of the 51% equity interest in COSCO Shipyard and the 50% equity interest in Nantong COSCO Shipyard as set out above, the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is calculated as the sum of: (i) 39.1% of negative RMB241,060,889.64 (being the total value of net assets of Dalian COSCO Shipyard as of the Benchmark Date); and (ii) 39.1% of negative RMB288,771,756.24 (being the losses of Dalian COSCO Shipyard adjusted for other equity change* for the period between 1 January 2017 and 31 March 2017). Based on such calculation, the consideration of the 39.1% equity interest in Dalian COSCO Shipyard is negative RMB207,164,564.54. Given that the consideration of the 39.1% equity interest in Dalian COSCO Shipyard calculated on the basis set out above is negative, the Parties agreed that the consideration of the 39.1% equity interest of Dalian COSCO Shipyard is RMB1 (the "**Dalian COSCO Shipyard Consideration**").

Note:

* "Other equity change" refers to other comprehensive income. The other comprehensive income for COSCO Shipyard comprised of currency translation differences and fair value gain for available-for-sale financial assets. The other comprehensive income for Dalian COSCO Shipyard comprised of currency translation differences.

4.1.2 Conditions Precedent

Pursuant to the terms of the Sale and Purchase Agreement, completion of the Sale and Purchase Agreement is conditional upon the satisfaction of the following conditions precedent:

(a) the transfer of the Sale Shares being approved by and the registration procedure being completed with the state-owned asset supervision and administration commission (SASAC) or its authorized agency in accordance with applicable laws and regulations;

(b) the Parties having completed their respective internal approval process set out below in accordance with applicable laws and regulations and its constitution/articles of association:

(i) the Company having obtained the approval of its shareholders in a general meeting for the Proposed Disposal; and

(ii) the Purchaser having obtained the approval of its shareholders in a general meeting for the Proposed Disposal[1];

Note:

(1) The Company understands that in accordance with the articles of association of the Purchaser, such shareholders' approval will be obtained by way of written means.

(c) no breach of the Sale and Purchase Agreement has occurred and all representations and warranties made by the Parties under the Sale and Purchase Agreement are true, accurate, complete and not misleading;

(d) the transfer of the Sale Shares, the conversion of the Sale Companies from foreign-funded enterprises into domestic-funded enterprises, the amendments to the articles of association of the Sale Companies, and the termination of existing joint venture contract having been approved by the competent department of commerce;

(e) the Proposed Disposal having been approved by SGX-ST, where required, and where approval from SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Company; and

(f) the shareholders of the Sale Companies (other than the Company) having waived their rights of pre-emption, rights of first refusal or tag-along rights, if any, in relation to the transfer of the Sale Shares from the Company to the Purchaser under the Sale and Purchase Agreement.

Unless otherwise agreed between the Parties, in the event that any of the conditions precedent are not complied with before the Long-stop Date, the Parties shall discuss and negotiate the waiver of all or any of the conditions precedent, to extend the Long-stop Date or to terminate the Sale and Purchase Agreement and to reach an agreement within 20 business days from the Long-stop Date (or such other period as the Parties may mutually agree in writing) (the "**Negotiation Period**").

The detailed conditions precedent of the Sale and Purchase Agreement are set out in Paragraph 4.5 of the Circular.

The transfer of the Sale Shares of each Sale Company may take place on different dates. In the event that the conditions precedent are not satisfied before the Long-stop Date or within the Negotiation Period, and the Parties are not able to agree on any waiver of the conditions precedent, or an extension of the Long-Stop Date or the termination of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall be terminated at the expiry of the Negotiation Period.

4.1.3 Terms of Payment

The Parties agreed that the Purchaser shall complete withholding tax formalities pursuant to applicable laws and regulations for the Proposed Disposal and deliver all related certificates and receipts to the Company for confirmation. Within 20 calendar days upon the approvals required by the governmental authorities, including but not limited to the administration of taxation, SAFE and the bank, the Purchaser shall pay the Consideration in RMB or foreign exchange of RMB equivalent in a lump sum by deducting withholding and remitting tax pursuant to applicable laws and regulations to the Company[1]. The Consideration shall be determined and paid into the bank account designated by the Company.

Note:

(1) Under the Sale and Purchase Agreement, the Company shall assume taxes that are payable by the Company for the Proposed Disposal in accordance with the laws and regulations of the PRC. Such taxes include but are not limited to withholding tax on the transfer and stamp duties. The withholding tax represents the amount of tax payable on the equity transfer gain, which is estimated to be approximately S$7.82 million.

5. INFORMATION REGARDING THE SALE COMPANIES

5.1 Background of the Sale Companies

The Sale Companies, namely, COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard are subsidiaries of the Company incorporated in the PRC. The Sale Companies are primarily engaged in shipyard, ship repair, ship building and marine engineering businesses.

<u>COSCO Shipyard</u>

Founded in 1988 and based in Dalian, COSCO Shipyard provides ship repair and conversion, ship building and offshore marine engineering services. COSCO Shipyard has 6 shipyards in Nantong, Qidong, Dalian, Zhoushan, Guangdong and Shanghai.

<u>Nantong COSCO Shipyard</u>

Nantong COSCO Shipyard was incorporated in the PRC in 1990. It is a 50%-owned subsidiary of COSCO Shipyard. Nantong COSCO Shipyard owns and operates 2 floating docks and 3 berths, and occupies approximately 334,000m^2 land area. Nantong COSCO Shipyard provides ship repair and conversion and offshore engineering services. In past years, the shipyard has delivered semi-submersible drilling rigs, jack-up drilling rigs, wind turbine installation vessels, floating accommodation units and drilling tender barges.

<u>Dalian COSCO Shipyard</u>

Established in 1992, Dalian COSCO Shipyard is a 59%-owned subsidiary of COSCO Shipyard. Providing services of ship repair and conversion, ship building and offshore marine engineering, Dalian COSCO Shipyard has a total floating and dry dock capacity of 610,000 tons, 13 berths, 5 production lines and 4 cranes. In past years, Dalian COSCO Shipyard has delivered projects of heavy lift vessels, bulk carriers, module carriers, salvage lifting vessels, jack-up rigs and FPSO conversions.

5.2 Financial Information of the Sale Companies

The tables below set out the summarised consolidated income statement and balance sheet of COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard for FY 2014, FY 2015 and FY 2016 and financial period ended 31 March ("**1Q**") 2016 and 2017. The summarised consolidated financial information was provided by the management. Please refer to Appendix C in the Circular for further details.

COSCO Shipyard

(RMB'000) Summarised Consolidated Income Statement	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Sales	1,901,262	3,302,817	12,079,656	15,845,212	20,403,761
(Loss) / Profit before tax	(657,165)	(2,851)	(4,091,754)	(4,097,567)	90,266
Income tax credit / (expense)	1,751	1,989	(469,172)	(58,550)	47,854
(Loss) / Profit for the period	(655,414)	(862)	(4,560,926)	(4,156,117)	138,120
(Loss) / Profit for the period attributable to owners of the Company	(397,673)	29,779	(2,595,296)	(2,640,151)	186,296
Non-controlling interests	(257,741)	(30,641)	(1,965,630)	(1,515,966)	(48,176)
(Loss) / Profit for the period	(655,414)	(862)	(4,560,926)	(4,156,117)	138,120

(RMB'000) Summarised Consolidated Financial Position	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Current assets	31,740,914	38,883,948	32,910,838	35,114,519	33,852,425
Non-current assets	12,685,419	11,108,985	12,928,597	11,213,229	11,378,096
Total assets	44,426,333	49,992,933	45,839,435	46,327,748	45,230,521
Current liabilities	27,708,948	32,540,212	31,093,378	29,815,708	24,231,384
Non-current liabilities	17,134,725	12,650,403	14,513,974	11,708,491	11,903,463
Total liabilities	44,843,673	45,190,615	45,607,352	41,524,199	36,134,847
Shareholders' equity	702,640	3,720,083	1,096,722	3,690,673	6,452,231
Non-controlling interests	(1,119,980)	1,082,235	(864,639)	1,112,876	2,643,443
Total equity	(417,340)	4,802,318	232,083	4,803,549	9,095,674

Nantong COSCO Shipyard

(RMB'000) Summarised Income Statement	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Sales	223,890	236,227	827,391	2,435,933	4,596,341
(Loss) / Profit before tax	(43,735)	(65,753)	(1,363,466)	9,348	5,491
Income tax credit / (expense)	–	9,863	(260,566)	11,580	11,136
(Loss) / Profit for the period	(43,735)	(55,890)	(1,624,032)	20,928	16,627

(RMB'000) Summarised Financial Position	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Current assets	4,433,149	7,489,455	6,007,593	7,730,148	8,248,468
Non-current assets	573,846	883,344	583,265	882,009	905,372
Total assets	5,006,995	8,372,799	6,590,858	8,612,157	9,153,840
Current liabilities	2,319,962	5,896,708	4,540,218	4,130,678	4,611,356
Non-current liabilities	2,483,748	660,929	1,803,620	2,610,427	2,692,360
Total liabilities	4,803,710	6,557,637	6,343,838	6,741,105	7,303,716
Total equity	203,285	1,815,162	247,020	1,871,052	1,850,124

Dalian COSCO Shipyard

(RMB'000) Summarised Consolidated Income Statement	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Sales	655,242	1,398,973	4,750,309	6,041,323	6,259,696
(Loss) / Profit before tax	(294,578)	(326)	60,461	(2,963,071)	6,405
Income tax (expense) / credit	–	(93)	(9,278)	(213,609)	2,588
(Loss) / Profit for the period	(294,578)	(419)	51,183	(3,176,680)	8,993

(RMB'000) Summarised Consolidated Financial Position	1Q 2017	1Q 2016	FY 2016	FY 2015	FY 2014
Current assets	10,856,787	14,163,048	10,763,526	11,566,601	9,952,842
Non–current assets	4,720,426	2,446,936	4,854,289	2,462,146	2,744,878
Total assets	15,577,213	16,609,984	15,617,815	14,028,747	12,697,720
Current liabilities	11,134,776	12,462,381	10,229,053	11,799,386	6,762,271
Non–current liabilities	5,676,513	5,144,703	6,334,067	3,226,043	3,755,450
Total liabilities	16,811,289	17,607,084	16,563,120	15,025,429	10,517,721
Total equity	(1,234,076)	(997,100)	(945,305)	(996,682)	2,179,999

Review of operating results

FY 2014 vs FY 2015

COSCO Shipyard

Sales for COSCO Shipyard decreased by RMB4,558.5 million or 22.3% from RMB20,403.8 million in FY 2014 to RMB15,845.2 million in FY 2015. The decrease was due mainly to lower revenue contribution from marine engineering, partially offset by an increase in revenue from ship building and repair.

The Group recorded a net loss attributable to owners of the Company of RMB2,640.2 million in FY 2015, down from a net profit of RMB186.3 million in FY 2014. The loss was mainly attributable to (a) the continuing depressed state of crude oil prices which has had an adverse impact on the global offshore marine industry; and (b) the slump in ship building industry which has negatively impacted the Group's shipyards. As a result of the adverse market conditions in 2015, shipyard operations incurred higher costs for a few delayed projects as well as write-downs of certain inventory and provisions for impairments of trade receivables for contracts, which were deferred or may potentially be cancelled.

Nantong COSCO Shipyard

Sales decreased by RMB2,160.4 billion or 47.0% from RMB4,596.3 million in FY 2014 to RMB2,435.9 million in FY 2015. The decrease was due mainly to lower revenue from marine engineering.

Nantong COSCO Shipyard recorded net profit of RMB20.9 million in FY 2015, up from a net profit of RMB16.6 million in FY 2014. This was mainly due to higher provision of write-down of certain inventory in FY 2014.

Dalian COSCO Shipyard

Sales decreased by RMB218.4 million or 3.5% from RMB6,259.7 million in FY 2014 to RMB6,041.3 million in FY 2015. The decrease was mainly due to lower revenue contribution from marine engineering.

Dalian COSCO Shipyard recorded a net loss of RMB3,176.7 million in FY 2015, down from a net profit of RMB9.0 million in FY 2014. The loss was mainly attributable to lower revenue, higher provision for impairment of trade receivables and inventory write-downs due to impairment made for DP3 Deepwater Drillship (DDD).

FY 2015 vs FY 2016

COSCO Shipyard

Sales for COSCO Shipyard decreased by RMB3,765.6 million or 23.8% from RMB15,845.2 million in FY 2015 to RMB12,079.7 million in FY 2016. The decrease was due mainly to lower revenue contribution from ship repair, ship building and marine engineering.

COSCO Shipyard recorded a net loss attributable to owners of the Company of RMB2,595.3 million in FY 2016, compared to a loss of RMB2,640.2 million in FY 2015 mainly due to lower revenue and high inventory write-downs.

Nantong COSCO Shipyard

Sales decreased by RMB1,608.5 million or 66.0% from RMB2,435.9 million in FY 2015 to RMB827.4 million in FY 2016. The decrease was mainly due to lower revenue contribution from marine engineering.

Nantong COSCO Shipyard recorded a net loss for the period of RMB1,624.0 million in FY 2016, compared to a profit of RMB20.9 million in FY 2015 mainly due to lower revenue and higher inventory write-downs. The challenging market conditions in offshore marine industry have resulted in the shipyard having had to contend with fewer orders and lower contract prices, and delivery extensions.

Dalian COSCO Shipyard

Sales decreased by RMB1,291.0 million or 21.4% from RMB6,041.3 million in FY 2015 to RMB4,750.3 million in FY 2016. The decrease was mainly due to lower revenue contribution from ship repair and marine engineering.

Dalian COSCO Shipyard recorded a net profit of RMB51.2 million in FY 2016, up from a net loss of RMB3,176.7 million in FY 2015 mainly due to net reversal for impairment of trade and other receivables.

1Q 2016 vs 1Q 2017

COSCO Shipyard

Sales for COSCO Shipyard decreased by RMB1,401.6 million or 42.4% from RMB3,302.8 million in 1Q 2016 to RMB1,901.3 million in 1Q 2017. The decrease was due mainly to lower revenue contribution from ship repair, ship building and marine engineering.

COSCO Shipyard Group recorded a net loss attributable to owners of the Company of RMB397.7 million in 1Q 2017, down from a net profit of RMB29.8 million in 1Q 2016 as shipyard operations recorded lower revenue and incurred higher inventory write-downs and allowance for expected losses recognised on construction contracts.

Nantong COSCO Shipyard

Sales decreased by RMB12.3 million or 5.2% from RMB236.2 million in 1Q 2016 to RMB223.9 million in 1Q 2017. The decrease was mainly due to lower revenue contribution from ship repair.

Nantong COSCO Shipyard recorded a net loss for the period of RMB43.7 million in 1Q 2017, compared to a net loss of RMB55.9 million in 1Q 2016, as it continued to face depressed offshore market conditions.

Dalian COSCO Shipyard

Sales decreased by RMB743.8 million or 53.2% from RMB1,399.0 million in 1Q 2016 to RMB655.2 million in 1Q 2017. The decrease was mainly due to lower revenue contribution from ship repair, ship building and marine engineering.

Dalian COSCO Shipyard recorded a net loss of RMB294.6 million in 1Q 2017, down from a net loss of RMB419,000 in 1Q 2016 as it continued to face depressed ship building and offshore market conditions.

Review of financial position as at 31 March 2017 ("**1Q 2017**")

COSCO Shipyard

As at 1Q 2017, the net asset value ("**NAV**") attributable to owners of the Company amount to approximately RMB702.6 million.

The consolidated total assets of COSCO Shipyard as at 1Q 2017 comprised mainly: (i) cash and cash equivalents of RMB7,632.2 million; (ii) property, plant and equipment of RMB11,501.7 million; and (iii) trade and other receivables of RMB18,118.2 million, representing approximately 17.2%, 25.9% and 40.8% of COSCO Shipyard's consolidated total assets respectively.

The consolidated total liabilities of COSCO Shipyard as at 1Q 2017 comprised mainly (i) trade and other payables of RMB10,416.4 million; and (ii) borrowings of RMB34,383.3 million, representing approximately 23.2% and 76.7% of the Group's total liabilities respectively.

Nantong COSCO Shipyard

As at 1Q 2017, the NAV of Nantong COSCO Shipyard amounts to approximately RMB203.3 million.

The assets of the Nantong COSCO Shipyard as at 1Q 2017 comprised mainly: (i) cash and cash equivalents of RMB74.0 million; (ii) property, plant and equipment of RMB482.1 million; and (iii) trade and other receivables of RMB3,366.5 million, representing approximately 1.5%, 9.6% and 67.2% of Nantong COSCO Shipyard's total assets respectively.

The liabilities of the Nantong COSCO Shipyard as at 1Q 2017 comprised mainly (i) trade and other payables of RMB4,383.9 million; and (ii) borrowings of RMB419.8 million, representing approximately 91.3% and 8.7% of Nantong COSCO Shipyard's total liabilities respectively.

Dalian COSCO Shipyard

As at 1Q 2017, the NAV of Dalian COSCO Shipyard amounts to approximately negative RMB1,234.1 million.

The consolidated total assets of Dalian COSCO Shipyard Group as at 1Q 2017 comprised mainly: (i) cash and cash equivalents of RMB936.7 million; (ii) property, plant and equipment of RMB4,439.6 million; and (iii) trade and other receivables of RMB7,725.4 million, representing approximately 6.0%, 28.5% and 49.6% of Dalian COSCO Shipyard Group's total assets respectively.

The consolidated total liabilities of Dalian COSCO Shipyard Group as at 1Q 2017 comprised mainly (i) trade and other payables of RMB9,199.5 million; and (ii) borrowings of RMB7,611.8 million, representing approximately 54.7% and 45.3% of Dalian COSCO Shipyard Group's total liabilities respectively.

6. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal as an Interested Person Transaction, we have given due consideration to, *inter alia*, the following key factors:

(a) Rationale for the Proposed Disposal;

(b) General economic conditions and outlook of the industry;

(c) Assessment of the Consideration for the Proposed Disposal;

(d) Other relevant considerations which may have a significant bearing on our assessment of the Proposed Disposal as an Interested Person Transaction.

6.1 Rationale for the Proposed Disposal

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Group after the Proposed Disposal. Nevertheless, we have reviewed the rationale by the Company as set out in Paragraph 3 of the Circular and we have set them out below for your easy reference:

"3.1 The Company has been facing and continues to face challenging market conditions in its offshore marine and ship building business and this segment has been making substantial losses for the past 2 financial years and continued to incur losses for 1Q 2017. On 24 February 2017, the Company announced that it had been informed by its parent company, China COSCO SHIPPING that the Parent Group plans to acquire the Company's equity interests in COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard for the purpose of centralising the operations and management of the shipyard businesses of the Parent Group, such centralisation would allow for more efficient shipyard operations, maximally tapping on the Parent Group's management and technical expertise.

3.2 The Proposed Disposal will enable the Company to exit from a loss-making business and create cash for investment in potential future new businesses, substantially reduce the Company's debt and improve the Company's financial position.

3.3 The Company intends to use the sale proceeds from the Proposed Disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities and the Company will provide updates as necessary at the appropriate time."

6.2 General economic conditions and outlook of the industry

The Management of the Company had expressed its views on the general economic conditions and outlook of the offshore and marine industry in the Circular. We have reproduced the following content from Paragraph 2.5 of the Circular, and all terms and expression used in the extract below shall bear the same meanings as attributed to them in the Circular unless otherwise stated.

"The year ended 31 December 2016 and 1Q 2017 were very difficult periods for the Group. The offshore and marine industry encountered very daunting market conditions amidst an unprecedented industry downturn. Since the sharp decline of oil prices in 2014, the shrinkage of investment from the oil and gas sector has gradually taken away the wind from under the oil and gas construction market. This has been further aggravated by very weak growth in global trade. Shipyard revenues continue to decline in FY 2016 and 1Q 2017. Turnover from shipyard operations in FY 2016 fell to S$2.5 billion from S$3.5 billion in FY 2015 and fell to S$392.6 million in 1Q 2017 from S$716.6 million in 1Q 2016, due mainly to lower contribution from ship building, ship repair and marine engineering. The Group's shipyards also had to contend with fewer orders and lower contract prices in the face of the depressed market. Against the backdrop of such difficult conditions, the Group recorded a net loss attributable to equity holders of S$466.5 million for FY 2016 and S$78.9 million for 1Q 2017. Overall, the Group expects these difficult and challenging business and operating conditions to persist and may even worsen."

6.3 Assessment of the terms of the Proposed Disposal

In the assessment of the Proposed Disposal, we have considered the following:

(1) Summary Valuation Letters prepared by the Valuer;

(2) Financial assessment of the Consideration *vis-à-vis* comparable companies of the Sale Companies; and

(3) Financial assessment of the Consideration *vis-à-vis* comparable completed transactions.

6.3.1 Summary Valuation Letters prepared by the Valuer

In connection with the Proposed Disposal, the Company had commissioned China Tong Cheng to perform a company valuation on the Sale Companies ("**Company Valuation**") in order to determine the Valuation of the Sales Shares. The Summary Valuation Letters are set out in Appendix B of the Circular.

We set out in the table below the summary of the Independent Valuation Report.

Sales Companies	Company Valuation (RMB) A	Percentage of equity interest to be disposed (%) B	Valuation of the Sale Shares (RMB) A x B	Date of Valuation	Valuation Methodology
COSCO Shipyard	2,716,865,818.78 *equivalent to approximately S$550.7 million*	51.0	1,385,601,567.58 *equivalent to approximately S$280.8 million*	31 December 2016	Asset-based Approach
Nantong COSCO Shipyard	602,040,762.45 *equivalent to approximately S$122.0 million*	50.0	301,020,381.23 *equivalent to approximately S$61.0 million*		
Dalian COSCO Shipyard	(241,060,889.64)[1] *equivalent to approximately (S$48.9 million)*[1]	39.1	*(94,254,807.85)*[1] *equivalent to approximately (S$19.1 million)*[1]		

Note:

(1) The value of net assets of Dalian COSCO Shipyard as of the Benchmark Date appraised by the Valuer engaged by the Company was negative.

The Company Valuation performed by the Valuer is denominated in RMB. We have inserted the equivalent valuation amount in S$ for reference purposes based on the exchange rate as determined in the Circular.

We note the following key points in respect of the Independent Valuation Report:

(a) The valuation of the 51%, 50% and 39.1% equity interests of COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard respectively have been conducted as of the Benchmark Date being 31 December 2016 and has a validity period until 30 December 2017;

(b) The valuation of the equity interests in COSCO Shipyard, Nantong COSCO Shipyard and Dalian COSCO Shipyard was based on the market value which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

(c) The Valuer has considered generally accepted approaches to value, namely (i) market approach; and (ii) asset-based approach to determine the valuation.

Market approach refers to the comparison of the valuation subjects with companies with similar cases with assets valuation reports and equity value so as to determine the valuation for the valuation subjects. Asset-based approach refers to the approach of revaluing the book value of assets and liabilities to its fair market value in deriving the revalued net asset value of the valuation subject. The asset and liability structures of the valuation subjects are clear, and various assets and liability values of the companies can be confirmed and appraised separately. The Valuer has consequently chosen the asset-based approach to determine the market value of the valuation subjects.

(d) In deriving the Company Valuation, the Valuer has evaluated the balance sheet of the Sales Companies at the entity level and revalued the assets and liabilities to arrive at the Revalued NAV ("**RNAV**") of the Sale Companies.

We recommend that the Independent Directors advise the Independent Shareholders to read the Summary Valuation Letters as set out in Appendix B of the Circular carefully, which should also be read in conjunction with the Independent Valuation Report which is made available to Shareholders for inspection.

6.3.2 Financial assessment of the consideration for the Proposed Disposal *vis-à-vis* comparable companies of the Company

For the purpose of our evaluation of the Proposed Disposal, we have compared the various valuation ratios of the Sale Companies implied by the Consideration with those selected public listed companies on the SGX-ST, *inter alia*, the business of ship repair, ship building and marine engineering which are broadly comparable to the Company ("**Comparable Companies**").

We recognise that there is no public listed company on the SGX-ST which we may consider to be identical to the Sale Companies in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria.

A brief description of the Comparable Companies listed on the SGX-ST is set as follows:

Comparable Companies	Business Activity Description	Financial Year Ended
Sembcorp Marine Ltd ("**Sembcorp**")	Sembcorp offers integrated marine and offshore engineering services. The company provides rig building, offshore conversion, repair and maintenance services, offshore platforms, vessel design and construction, LNG modules and other related marine services. Sembcorp serves oil companies, drilling contractors and shipping companies around the world.	31 December 2016
Keppel Corporation Limited ("**Keppel**")	Keppel's core businesses are offshore and marine, infrastructure, property investment and development, telecommunications and transportation, energy and engineering.	31 December 2016

Comparable Companies	Business Activity Description	Financial Year Ended
Yangzijiang Shipbuilding Holdings Ltd (“**Yangzijiang**”)	Yangzijiang builds a wide range of ships. The company produces a wide range of commercial vessels, mini bulk carriers, multi-purpose cargo vessels, containerships, chemical tankers, offshore supply vessels, rescue and salvage vessels, and lifting vessels.	31 December 2016
Nam Cheong Limited (“**Nam Cheong**”)	Nam Cheong is a global offshore marine group specialising in the building of Offshore Support Vessels. The group owns and operates ship building yards for offshore support vessels in Malaysia for use in the offshore oil and gas exploration and production and oil services industries.	31 December 2016
Triyards Holdings Limited (“**Triyards Holdings**”)	Triyards is an engineering and fabrication solutions provider focused on the offshore oil and gas industry.	31 August 2016
ASL Marine Holdings Ltd. (“**ASL Marine**”)	ASL Marine is an integrated marine company. The company’s operations include ship building, ship repair, and other marine-related services. The company also provides other marine-related services such as logistical support, general engineering services, and sales and repairing of marine equipment.	30 June 2016
Kim Heng Offshore & Marine Holdings Limited (“**Kim Heng**”)	Kim Heng offers rig management and supply base management services. The company, through its subsidiaries, provides offshore rig, engineering, procurement and commissioning and marine support services including freight forwarding, land and marine transport, general shipping, inventory management and warehouse` storage. Kim Heng serves the oil and gas industry.	31 December 2016
Marco Polo Marine Limited (“**Marco Polo**”)	Marco Polo is an integrated shipping company. The company provides services that include ship chartering, ship building and repair, and brokering services.	30 September 2016

Source: *Bloomberg*

In our evaluation, we have considered the Price-to-Net Asset Value (“**P/NAV**”) approach. P/NAV illustrates the comparison between a company’s share price or market value versus the book value of the company’s shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book value of NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

We have also considered the Price-to-Earnings (“**P/E**”) multiple which illustrates the market price of a company’s shares relative to its earnings per share. However, we noted that the Sale Companies in aggregate were in a net loss position as of FY 2016 and 1Q 2017. As such, the implied P/E ratio of the Sale Companies is not meaningful.

In computing the P/NAV of the Sale Companies, we referred to the RNAV as at 31 December 2016 as disclosed in the Independent Valuation Report. The Summary Valuation Letters prepared by the Valuer are set out in Appendix B of the Circular. We note that the Valuer adjusted the book value of assets and liabilities to its fair market value in deriving the revalued net asset value of the Sale Companies as of 31 December 2016, and the revalued NAV has a validity period of one year from its Benchmark Date of 31 December 2016 until 30 December 2017. We have considered the NAV of the Sale Companies as at 31 March 2017 which was lower as compared to the NAV as at 31 December 2016 due to the losses incurred in the 1Q 2017. In addition, the NAV as at 31 March 2017 was recorded at book value without any revaluation. As such, we are of the view that the RNAV as at 31 December 2016 is more reflective taking into account the fair valuation performed by the Valuer. Management has also confirmed that there are no significant changes in the assets and liabilities within the 1Q 2017. Therefore, we performed our ratio analysis based on the P/RNAV of the Sale Companies as at 31 December 2016.

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out as follows:

Comparable Companies	Share Price[1] (S$)	Market Capitalisation (S$'million)	P/NAV[2] (times)
Sembcorp	1.790	3,740.6	1.46
Keppel	6.570	11,910.4	1.07
Yangzijiang[3]	1.335	5,115.8	1.12
Nam Cheong[4]	0.020	41.9	0.10
Triyards[5]	0.134	43.5	0.14
ASL Marine	0.135[6]	85.0	0.20
Kim Heng	0.076	54.0	0.59
Marco Polo	0.059[7]	19.9	0.13
Max			1.46
Min			0.10
Mean			0.60
Median			0.40
COSCO Shipyard (implied by the COSCO Shipyard Consideration)			**0.86[8] (P/RNAV)**
Nantong COSCO Shipyard (implied by the Nantong COSCO Shipyard Consideration)			**0.93[9] (P/RNAV)**
Dalian COSCO Shipyard (implied by the Dalian COSCO Shipyard Consideration)			**N.M.[10] (P/RNAV)**
Sale Companies (implied by the aggregate Consideration)			**0.92[11] (P/RNAV)**

Source: *Bloomberg, annual reports and PPCF's calculations*

Notes:

(1) Share prices are the last traded share prices at the Latest Practicable Date.

(2) The P/NAV ratio is calculated by dividing their market capitalisation as at the Latest Practicable Date by the NAV attributable to shareholders of the company according to their latest audited annual reports.

(3) As the financials of Yangzijiang are stated in RMB, we have applied an exchange rate of S$1.00 : RMB 4.95825 as at the Latest Practicable Date.

(4) As the financials of Nam Cheong are stated in MYR, we have applied an exchange rate of S$1.00 : MYR 3.1436 as at the Latest Practicable Date.

(5) As the financials of Triyards are stated in US$, we have applied an exchange rate of S$1.00 : US$ 0.7340 as at the Latest Practicable Date.

(6) The share price for ASL Marine was the last traded price as at 14 July 2017.

(7) The share price for Marco Polo was the last traded price as at 28 April 2017.

(8) The P/RNAV ratio is calculated based on the purchase consideration of RMB1,186.7 million divided by the revalued net assets value of RMB1,385.6 million as at 31 December 2016 as disclosed in the Independent Valuation Report.

(9) The P/RNAV ratio is calculated based on the purchase consideration of RMB279.2 million divided by the revalued net assets value of RMB301.0 million as at 31 December 2016 as disclosed in the Independent Valuation Report.

(10) N.M. denotes not meaningful, as the revalued net assets value as at 31 December 2016 is negative RMB94,254,807.

(11) The P/RNAV ratio is calculated based on the aggregate purchase consideration of RMB1,465.2 million divided by the aggregate revalued net assets value of RMB1,592.4 million as at 31 December 2016 as disclosed in the Independent Valuation Report.

Based on the above, we note the following:

COSCO Shipyard

(a) The P/RNAV ratio implied by the COSCO Shipyard Consideration of 0.86 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies;

Nantong COSCO Shipyard

(b) The P/RNAV ratio implied by the Nantong COSCO Shipyard Consideration of 0.93 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies;

Dalian COSCO Shipyard

(c) The P/RNAV ratio implied by the Dalian COSCO Shipyard Consideration is not meaningful; and

Sale Companies

(d) The P/RNAV ratio implied by the aggregate Consideration of 0.92 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies.

6.3.3 Financial assessment of the Consideration vis-à-vis comparable completed transactions

In our assessment of the reasonableness of the Consideration, we have considered the details of other completed delistings, voluntary general offers and disposals undertaken by public listed companies on the SGX-ST, involving targets that are predominantly engaged in ship repair, ship building and marine engineering in Singapore ("**Comparable Transactions**") to provide a comparison of P/NAV as implied by the relevant offer price, disposal consideration in the Comparable Transactions.

Company	Announcement Date	Country	Transaction Type	Offer Price / Disposal Consideration (S$)	Implied P/NAV (times)
Vard Holdings Limited	13-Nov-16	Singapore	Voluntary General Offer	0.24	0.7
Otto Marine Limited	6-Jun-16	Singapore	Voluntary Delisting	0.32	0.2
Jaya Holdings Limited	25-Feb-14	Singapore	Substantial Disposal	0.57	0.7
High					0.7
Low					0.2
Mean					0.5
Median					0.7
COSCO Shipyard (implied by the COSCO Shipyard Consideration)	**5 May 2017**	**Singapore**	**Disposal**		**0.86**
Nantong COSCO Shipyard (implied by the Nantong COSCO Shipyard Consideration)					**0.93**
Dalian COSCO Shipyard (implied by the Dalian COSCO Shipyard Consideration)					**N.M.**
Sale Companies (implied by the aggregate Consideration)					**0.92**

Sources: *Bloomberg, announcements on the SGXNET on the Comparable Transactions and PPCF's calculations*

We note that based on the COSCO Shipyard Consideration, the Nantong COSCO Shipyard Consideration and the Dalian COSCO Shipyard Consideration:

<u>COSCO Shipyard</u>

(a) The P/RNAV ratio implied by the COSCO Shipyard Consideration of 0.86 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions;

<u>Nantong COSCO Shipyard</u>

(b) The P/RNAV ratio implied by the Nantong COSCO Shipyard Consideration of 0.93 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions;

<u>Dalian COSCO Shipyard</u>

(c) The P/RNAV ratio implied by the Dalian COSCO Shipyard Consideration is not meaningful; and

<u>Sale Companies</u>

(d) The P/RNAV ratio implied by the aggregate Consideration of 0.92 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions.

Independent Shareholders should note that as the circumstances for each of the companies listed is unique and as the companies or the transactions may not be identical to the Sale Companies or the Proposed Disposal in terms of business activities, size of operations, market capitalization, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is necessarily limited. Further, the list of Comparable Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Consideration and the Comparable Transactions serves as an illustrative guide only.

6.4 Other relevant considerations which may have a significant bearing on our assessment of the Proposed Disposal

6.4.1 Sembcorp Marine Ltd's disposal of interest in COSCO Shipyard

Based on the announcement by Sembcorp Marine Ltd dated 15 November 2016, Sembcorp Marine Ltd and COSCO Group had on 15 November 2016 entered into a sale and purchase agreement to dispose of its 30% equity interest in COSCO Shipyard ("**Sembcorp Marine's Disposal**"). The aggregate consideration of RMB1,059.23 million (approximately S$220.68 million) for the Sembcorp Marine's Disposal was arrived at after taking into account the value of COSCO Shipyard as at 31 October 2016. The net proceeds (after deducting capital gains tax and realisation of foreign currency translation reserves) represent a gain of approximately S$48.32 million over the carrying value of the investment in COSCO Shipyard of S$180.10 million. We note that the implied P/NAV ratio of Sembcorp Marine's Disposal is approximately 1.22 times. We further noted that the P/RNAV as implied by the COSCO Shipyard Consideration of 0.86 times is lower than the implied P/NAV ratio of Sembcorp Marine's Disposal. We wish to highlight that the timing of the Sembcorp Marine's Disposal and the Proposed Disposal are different, where the COSCO Shipyard's financial performance had continually declined further since Sembcorp Marine's Disposal. The COSCO Shipyard's NAV as at 31 December 2016 was approximately RMB232.1 million, and further losses were incurred resulting into COSCO Shipyard recording net liabilities of RMB417.3 million as at 31 March 2017, which is the latest quarterly financial position precedent to the announcement of the Proposed Disposal.

For illustration purposes, we have set out below the high, low, mean and median implied P/NAV if Sembcorp Marine's Disposal were to be included in the list of Comparable Transactions (as set out in section 6.3.3 above).

Implied P/NAV of Comparable Transactions if Sembcorp Marine's Disposal were to be included	
High	1.2
Low	0.2
Mean	0.7
Median	0.7

We noted that the implied P/RNAV ratios of the Sale Companies are still within the range of the Comparable Transactions and higher than the mean and median P/NAV ratio of the Comparable Transactions if Sembcorp Marine's Disposal were to be included in the list of Comparable Transactions.

6.4.2 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal are set out in Paragraph 5 of the Circular. We recommend the Independent Directors to advise the Independent Shareholders to read Paragraph 5 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the Completion of the Proposed Disposal. We set out below the summary of the financial effects of the Proposed Disposal on the NTA and Earnings per Share of the Company (as denominated in Singapore currency):

(i) NTA per Share – Assuming the Proposed Disposal had been completed on 31 December 2016, the Proposed Disposal would have a positive pro forma effect on the NTA per Share of the Company from 14.58 cents to 24.59 cents.

(ii) Earnings per Share – Assuming the Proposed Disposal had been completed on 1 January 2016, the Proposed Disposal would have a positive pro forma effect on the earnings per Share of the Company from negative 20.83 cents to negative 7.91 cents.

6.4.3 Cash Company

The Proposed Disposal involves the disposal of the Company's ship repair, ship building and marine engineering business in the PRC, which is currently the largest business activity of the Company.

After the Proposed Disposal, the Company will retain and continue with its ship repair and marine engineering business in Singapore and its businesses in the shipping segment and "others" business segment (which includes property) as disclosed in the Company's annual report for the year ended 31 December 2016.

The Company is of the view that it should not be considered as a cash company under Listing Rule 1018 after the Proposed Disposal as the Company will retain and continue with the foregoing businesses. Further, the Company intends to use the sale proceeds from the Proposed Disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities.

The Company has consulted with SGX-ST whether the Company would fall within the meaning of a "cash company" under Rule 1018 of the Listing Manual by reason of the Proposed Disposal.

SGX-ST has confirmed that the Company will not be considered as a cash company under Listing Rule 1018 after the Proposed Disposal.

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Disposal as an Interested Person Transaction, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

(a) Rationale for the Proposed Disposal;

(b) General economic conditions and outlook of the industry;

(c) Assessment of the terms of the Proposed Disposal;

(1) Summary Valuation Letters prepared by the Valuer

(2) Financial assessment of the Consideration *vis-à-vis* comparable companies of the Sale Companies;

<u>COSCO Shipyard</u>

(a) The P/RNAV ratio implied by the COSCO Shipyard Consideration of 0.86 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies;

<u>Nantong COSCO Shipyard</u>

(b) The P/RNAV ratio implied by the Nantong COSCO Shipyard Consideration of 0.93 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies; and

<u>Dalian COSCO Shipyard</u>

(c) The P/RNAV ratio implied by the Dalian COSCO Shipyard Consideration is not meaningful.

<u>Sale Companies</u>

(d) The P/RNAV ratio implied by the aggregate Consideration of 0.92 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than the mean and median P/NAV ratios of the Comparable Companies.

(3) Financial assessment of the Consideration *vis-à-vis* comparable completed transactions;

<u>COSCO Shipyard</u>

(a) The P/RNAV ratio implied by the COSCO Shipyard Consideration of 0.86 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions;

<u>Nantong COSCO Shipyard</u>

(b) The P/RNAV ratio implied by the Nantong COSCO Shipyard Consideration of 0.93 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions;

<u>Dalian COSCO Shipyard</u>

(c) The P/RNAV ratio implied by the Dalian COSCO Shipyard Consideration is not meaningful.

<u>Sale Companies</u>

(d) The P/RNAV ratio implied by the aggregate Consideration of 0.92 times is higher than the range of the P/NAV ratios of the Comparable Transactions, and higher than the mean and median P/NAV ratios of the Comparable Transactions.

(d) Other relevant considerations which may have a significant bearing on our assessment of the Proposed Disposal as set out in section 6.4 of this letter:

(1) Sembcorp Marine Ltd's disposal of interest in COSCO Shipyard. We noted that the P/RNAV as implied by the COSCO Shipyard Consideration of 0.86 times is lower than the implied P/NAV ratio of Sembcorp Marine's Disposal of 1.22 times. We wish to highlight that the timing of the Sembcorp Marine's Disposal and the Proposed Disposal are different, where the COSCO Shipyard's financial performance had continually declined further since Sembcorp Marine's Disposal. The COSCO Shipyard's NAV as at 31 December 2016 was approximately RMB232.1 million, and further losses were incurred resulting into COSCO Shipyard recording net liabilities of RMB417.3 million as at 31 March 2017, which is the latest quarterly financial position precedent to the announcement of the Proposed Disposal. The implied P/RNAV ratios of the Sale Companies are still within the range of the Comparable Transactions and higher than the mean and median P/NAV ratio of the Comparable Transactions if Sembcorp Marine's Disposal were to be included in the list of Comparable Transactions.

(2) Financial effects of the Proposed Disposal

(3) Cash Company

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders. We therefore advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Disposal.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Disposal, and we do not warrant the merits of the Proposed Disposal.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Disposal. The recommendation made by them to the Independent Shareholders in relation to the Proposed Disposal shall remain the sole responsibility of the Independent Directors. 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 at any time and in any manner without the prior written consent of PPCF in each specific case, except for any purpose in relation to the Proposed Disposal and for the purposes of the forthcoming EGM.

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
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Operating Officer

COSCO SHIPPING International (Singapore) Co., Ltd.
Plan to transfer the held 51% shareholding of
COSCO Shipyard Group Co., Ltd.

Summary Valuation Letter

China Tong Cheng Assets Appraisal Co., Ltd.
21 April, 2017

I. Introduction

COSCO SHIPPING International (Singapore) Co., Ltd. is transferring its 51% shareholding of COSCO Shipyard Group Co., Ltd. (hereinafter referred to as "COSCO Shipyard", "the valuation subject").

COSCO SHIPPING International (Singapore) Co., Ltd. is listed on the main board of the Singapore Exchange Securities Trading Limited. Its controlling shareholder is China COSCO SHIPPING Corporation Limited. COSCO SHIPPING International (Singapore) Co., Ltd. operates one of the largest ship repair, ship building, marine engineering and dry bulk shipping outfits in China and Singapore. It provided turnkey services in ship repair, ship building and marine engineering. The delivered products include deep-water oil rigs, FPSO (Floating Production Storage and Offloading) units, installation vessels, barges, platform vessels, bulk carriers, oil tankers, special purpose carriers and Liquefied Natural Gas (LNG) carriers. Since 2009, COSCO SHIPPING International (Singapore) Co., Ltd. has been the constituent stock of the FT ST China Index and FT ST China Top Index.

At the extraordinary general meeting on 20 April, 2017, approval was given by the shareholders for the change of name of the company from "COSCO Corporation (Singapore) Limited" to "COSCO SHIPPING International (Singapore) Co., Ltd." and the change of name was registered in the relevant authority in Singapore.

COSCO Shipyard Group Co., Ltd. is a limited company founded on May 14th, 1988 in Nantong through the investment of China Ocean Shipping (Group) Company (hereinafter referred to as "COSCO Group") and others. The business scope of COSCO Shipyard is to provide ship repair and conversion and offshore marine engineering services.

COSCO SHIPPING International (Singapore) Co., Ltd. (the "Entrusting Party") engaged China Tong Cheng Assets Appraisal Co., Ltd. (hereinafter referred to as "CTC"; "the Valuer") to value the 51% shareholding of COSCO Shipyard Group Co., Ltd.

II. Terms of Reference

1. We have followed relevant laws and regulations and asset valuation codes and the principle of independence, objectivity and impartiality during the

implementation of the asset valuation. The content in the valuation report is objective as per the documents collected during the implementation process and we assume relevant legal responsibility on the reasonableness of the valuation conclusion.

2. Lists of assets concerning the valuation object are applied, stamped and confirmed by the Entrusting Party and the valuation subject. The Entrusting Party and relevant parties are responsible for the authenticity, validity, integrity and the appropriate application of the valuation report.

3. We have no existing or expected interest and/or relationship with the valuation subject in the valuation report. We have no existing or expected interest and/or relationship with the party concerned and we have no bias to relevant parties.

4. We have conducted on-site investigation of the valuation subject and the associated asset of the valuation subject in the valuation report. We have given necessary attention to the valuation subject and the legal rights conditions of the associated assets and we have checked the valuation subject and the legal rights documents of the associated assets and we will disclose the issues uncovered in the valuation.

5. Analysis, judgment and conclusion in the valuation report issued by us are limited by the assumptions and limitations in the valuation report. The user of this valuation report should fully consider the assumptions, limitations, statements on special matters and their impacts on the valuation conclusion indicated in the valuation report.

III. Valuation subject and valuation range

The valuation subject is the 51% shareholding of COSCO Shipyard Group Co., Ltd.

The valuation range includes the various assets and liabilities on and off the balance sheet on the base date applied by COSCO Shipyard Group Co., Ltd. The relevant accounting statement for assets and liabilities on the balance sheet within the valuation range has been audited by Ruihua Certified Public Accountants (瑞华会计师事务所（特殊普通合伙）) and the standard unqualified audit report (RHZS word〔2017〕No. 01640032, the issuing date of the audit report is 3 March, 2017) has been issued. The balance sheet items which are valued mainly include: current assets, non-current assets and relevant liabilities. The book value of the total assets before valuation is RMB 30,030,709,789.35, book value of liabilities is RMB27,276,934,654.02 and the book value of net assets is RMB 2,753,775,135.33.

IV. Value type

Types of appraisal values include market value and other value types. In general, these other value types beside market value (but not limited to) are such as investment value, in-use value, liquidation value, residual value and etc. Market value has been used as the value type for this valuation as per the valuation purpose, market conditions and the conditions of the valuation subject.

Market value refers to the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

In this valuation, we have used market value.

V. Base date of assets valuation

31 December 2016

VI. Valuation approach

Market approach refers to the comparison of the valuation subject with recent transactions or offerings of comparable businesses or assets so as to determine the valuation for the valuation subject. We believe the market approach can be used for the valuation of this project as there are many comparable listed companies in the current stock market with the valuation subject and the availability and objectiveness of the operation and financial data of listed companies to be compared.

Asset-based approach refers to the approach of revaluing the book value of assets and liabilities to its fair market value in deriving the revalued net asset value of the valuation subject. As the asset and liability structure of the valuation subject is clear, and various assets and liability values of the company can be confirmed and appraised separately, the asset-based approach will be selected to be one of the approaches for this valuation.

Consequently, between the Asset-based approach and Market approach, we have chosen the Asset-based approach results to be the final valuation result.

VII. Valuation assumptions

The valuation report and valuation conclusions are formed relying on the following valuation assumptions:

(1) Basic assumptions

1. Transaction assumption. It assumed that all the assets under evaluation are currently being transacted. The Valuer simulates the market to estimate the price according to the transaction conditions of the assets to be evaluated.

2. Open market assumption. The open market assumption is to assume that the assets to be evaluated are transacted in the open market to achieve the market value. The market value of the assets is limited by market mechanism and determined by market situations, but not determined by individual transaction. The open market here means having completely advanced and perfect market conditions. It is a competitive market with willing buyers and sellers, in which the status of the buyers and the sellers are equal, and both have the chance and time to acquire sufficient market information. The transaction behaviors between the two sides are all under willing and reasonable conditions, but not compulsive or unrestricted conditions.

(2) Specific assumption

1. It is assumed that the present national and local relevant laws, regulations, policies are complied with by the valuation subject's operation, national macroeconomic situations, the local politics, economy, and social environment of different jurisdictions involved in this transaction will have no significant changes, and no other significant adverse impacts caused by any unpredictable factors.

2. It is assumed that the relevant interest rate, exchange rate, tax base, tax rate, political charging regulations, etc. already implemented or determined to be implemented at present will not have significant changes according to national regulations.

3. The company is assumed to operate continuously in terms of the actual situations of the assets on the valuation base date.

4. The basic materials and financial materials provided by the valuation subject are assumed to be real, accurate and complete in the valuation.

5. It is assumed that the operation scope and methods stay in correspondence

with the present direction on the basis of present management method and management level.

6. It is assumed that the present and future managers of the valuation subject are dutiful, and the management of the company is capable of executing duties. The valuation subject can maintain normal operation condition. The development plan and production operation plan can be achieved as scheduled.

7. It is assumed that the future accounting policy of the company is in line with that applied in the report in terms of important aspects.

8. Excluding the special issues as stated in the report, the abnormal factors including mortgage, warrant issues, and special transaction methods even existing or going to be undertaken by the evaluated unit are not taken into consideration, and the influence by future national macroeconomic policy changes, the force majeure factors are not considered.

9. When evaluating using the asset-based method, the value-added tax would not be included in the assets valuation value of the company's constructions and equipment.

10. Due to the limitation of conditions, the concealed parts of the constructions could not be surveyed and observed, the specific situation should be based on the introduction from the valuation subject and the related personnel in its subordinate units, and the experience-based judgment of the evaluators.

11. The area of the houses without property ownership certificate should be the data measured and registered actually by real estate management department.

12. The valuation conclusion in the report didn't take into consideration the impact of the enterprise tax on the valuation value.

13. Due to insufficient relevant market transaction statistics, and the lack of analysis of the influence of the control premium and liquidity to the valuation subject, the influence of the control premium and liquidity to the valuation value is not taken into consideration in the valuation using the asset-based approach.

The assumptions are expected to take effect on the valuation base date according to the requirement of the assets valuation. When the future economic environment changes significantly, the responsibility of different valuation conclusions according to the change of the assumption conditions is not undertaken.

VIII. Valuation conclusion

The valuation for the 51% of the shareholding of the COSCO Shipyard Group Co., Ltd. held by COSCO SHIPPING International (Singapore) Co., Ltd. is equivalent to RMB 1,385,601,567.58 on the 31 December 2016, being the base date of assets valuation.

IX. The application limitations of the valuation report

(1) The valuation report can only be applied in the valuation purpose written in the valuation report.

(2) The valuation report can only be applied by the valuation report user written in the valuation report.

(3) The whole or parts of the content of the valuation report should be inspected of the relevant content by the Valuer before it is extracted, quoted, or revealed to public media, excluding those regulated by the law and rule regulations together with that of additional agreement with the relevant parties.

(4) The valuation conclusion revealed by the valuation report has a validity of one year, namely from the valuation base date, 31 December 2016 till 30 December 2017.

(5) We understand that the Independent Financial Advisor ("IFA") may require this letter and our Independent Valuation Report for their internal reference. The IFA will perform their own separate analysis to satisfy their roles and responsibilities. Our role and report is not meant to substitute their own procedures to substantiate the opinion they are required to render.

The above content are extracted from the valuation report, therefore, please refer to the valuation report to understand the specific conditions of this valuation project and the valuation conclusion.

COSCO SHIPPING International (Singapore) Co., Ltd. Plan to transfer the held 50% shareholding of COSCO (Nantong) Shipyard Co., Ltd.

Summary Valuation Letter

China Tong Cheng Assets Appraisal Co., Ltd.
21 April, 2017

I. Introduction

The COSCO SHIPPING International (Singapore) Co., Ltd.is transferring its 50% shareholding of COSCO (Nantong) Shipyard Co., Ltd. (hereinafter referred to as “Nantong Shipyard”, “the valuation subject”).

COSCO SHIPPING International (Singapore) Co., Ltd. is listed on the main board of the Singapore Exchange Securities Trading Limited. Its controlling shareholder is China COSCO SHIPPING Corporation Limited. COSCO SHIPPING International (Singapore) Co., Ltd. operates one of the largest ship repair, ship building, marine engineering and dry bulk shipping outfits in China and Singapore. It provided turnkey services in ship repair, ship building and marine engineering. The delivered products include deep-water oil rigs, FPSO (Floating Production Storage and Offloading) units, installation vessels, barges, platform vessels, bulk carriers, oil tankers, special purpose carriers and Liquefied Natural Gas (LNG) carriers. Since 2009, COSCO SHIPPING International (Singapore) Co., Ltd. has been the constituent stock of the FT ST China Index and FT ST China Top Index.

At the extraordinary general meeting on 20 April, 2017, approval was given by the shareholders for the change of name of the company from “COSCO Corporation (Singapore) Limited” to “COSCO SHIPPING International (Singapore) Co., Ltd.” and the change of name was registered in the relevant authority in Singapore.

COSCO (Nantong) Shipyard Co., Ltd. (formerly known as “Nantong Ocean Shipping Engineering Co., Ltd.”, hereinafter referred to as “this company”), the Sino-foreign joint venture company was founded on March 6th, 1990. It is a 50%-owned subsidiary of COSCO Shipyard Group Co., Ltd. The business scope of Nantong Shipyard is to provide ship repair and conversion and offshore engineering services. Nantong Shipyard owns and operates 2 floating docks and 3 berths, and occupies approximately 334,000m^2 land areas. In past years, the shipyard has delivered semi-submersible drilling rigs, jack-up drilling rigs, wind turbine installation vessels, floating accommodation units and drilling tender barges.

COSCO SHIPPING International (Singapore) Co., Ltd. (the “Entrusting Party” engaged China Tong Cheng Assets Appraisal Co., Ltd (hereinafter referred to as “CTC”; “the Valuer”) to value the 50% shareholding of COSCO (Nantong)

Shipyard Co., Ltd.

II. Terms of Reference

1. We have followed relevant laws and regulations and asset valuation code and the principle of independence, objectivity and impartiality during the implementation of the asset valuation. The content in the valuation report is objective as per the documents collected during the implementation process and we assume relevant legal responsibility on the reasonableness of the valuation conclusion.

2. Lists of assets concerning the valuation object are applied, stamped and confirmed by the Entrusting Party and the valuation subject. The Entrusting Party and relevant parties are responsible for the authenticity, validity, integrity and the appropriate application of the valuation report.

3. We have no existing or expected interest and/or relationship with the valuation subject in the valuation report. We have no existing or expected interest and/or relationship with the party concerned and we have no bias to relevant parties.

4. We have conducted on-site investigation of the valuation subject and the associated asset of the valuation subject in the valuation report. We have given necessary attention to the valuation subject and the legal rights conditions of the associated assets and we have checked the valuation subject and the legal rights documents of the associated assets and we will disclose the issues uncovered in the valuation.

5. Analysis, judgment and conclusion in the valuation report issued by us are limited by the assumptions and limitations in the valuation report. The user of this valuation report should fully consider the assumptions, limitations, statements on special matters and their impact on the valuation conclusion indicated in the valuation report.

III. Valuation subject and valuation range

The valuation subject is the 50% shareholding of COSCO (Nantong) Shipyard Co., Ltd.

The valuation range includes the various assets and liabilities on and off the balance sheet on the base date applied by COSCO (Nantong) Shipyard Co., Ltd. The relevant accounting statement for assets and liabilities on the balance sheet within the valuation range has been audited by Ruihua Certified Public Accountants (瑞华会计师事务所（特殊普通合伙）) and the standard unqualified audit report (Audit Report Reference No.: RHZS〔2017〕No.01640058, the issuing date of the audit report is 1 March,2017) has been issued. The balance sheet items which are valued mainly include: current assets, non-current assets (investment real estate, fixed assets, intangible assets, long-term unamortized expenses, deferred income tax assets) and relevant liabilities. The book value of the assets before valuation is RMB 6,650,569,438.90, the book value of liabilities is RMB 6,403,548,975.87 and the book value of the net assets is RMB 247,020,463.03.

IV. Value type

Types of appraisal value include market value and other value types. In general, these other value types beside market value (but not limited to) are such as investment value, in-use value, liquidation value, residual value and etc. Market value has been used as the value type for this valuation as per the valuation purpose, market conditions and the conditions of the valuation subject.

Market value refers to the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

In this valuation, we have used the market value.

V. Base date of assets valuation

31 December 2016

VI. Valuation approach

Market approach refers to the comparison of the valuation subject with recent transactions or offerings of comparable businesses or assets so as to determine the valuation for the valuation subject. We believe the market approach can be used for the valuation of this project as there are many comparable listed companies in the current stock market with the valuation subject and the availability and objectiveness of the operation and financial data of listed companies to be compared.

Asset-based approach refers to the approach of revaluing the book value of assets and liabilities to its fair market value in deriving the revalued net asset value of the valuation subject. As the asset and liability structure of the valuation subject is clear, and various assets and liability values of the company can be confirmed and appraised separately, the asset-based approach will be selected to be one of the approaches for this valuation.

Consequently, between the Asset-based approach and Market approach, we have chosen the Asset-based approach results to be the final valuation result.

VII. Valuation assumptions

The valuation report and valuation conclusions are formed relying on the following valuation assumptions:

(1) Basic assumptions

1. Transaction assumption. It is assumed that all the assets under evaluation are currently being transacted. The Valuer simulates the market to estimate the price according to the transaction conditions of the assets to be evaluated.

2. Open market assumption. The open market assumption is to assume that the assets to be evaluated are transacted in the open market to achieve the market value. The market value of the assets is limited by market mechanism and determined by market situations, but not determined by individual transaction. The open market here means having completely advanced and perfect market conditions. It is a competitive market with willing buyers and sellers, in which the status of the buyers and the sellers are equal, and both have the chance and time to acquire sufficient market information. The transaction behaviors between the two sides are all under willing and reasonable conditions, but not compulsive or unrestricted conditions.

(2) Specific assumption

1. It is assumed that the present national and local relevant laws, regulations, policies are complied with by the valuation subject's operation, and national macroeconomic situations, the local politics, economy, and social environment of different jurisdictions involved in this transaction will have no significant changes, and no other significant adverse impacts caused by any unpredictable factors.

2. It is assumed that the relevant interest rate, exchange rate, tax base, tax rate, political charging regulations, etc. already implemented or determined to be

implemented at present will not have significant changes according to national regulations.

3. The company is assumed to operate continuously in terms of the actual situations of the assets on the valuation base date.

4. The basic materials and financial materials provided by the valuation subject are assumed to be real, accurate and complete in the valuation.

5. It is assumed that the operation scope and methods stay in correspondence with the present direction on the basis of present management method and management level.

6. It is assumed that the present and future managers of the valuation subject are dutiful, and the management of the company is capable of executing duties. The valuation subject can maintain normal operation condition. The development plan and production operation plan can be achieved as scheduled.

7. It is assumed that the future accounting policy of the company is in line with that applied in the report in terms of important aspects.

8. Excluding the special issues as stated in the report, the abnormal factors including mortgage, warrant issues, and special transaction methods even existing or going to be undertaken by the evaluated unit are not taken into consideration, and the influence by future national macroeconomic policy changes, the force majeure factors are not considered.

9. When evaluating using the asset-based method, the value-added tax would not be included in the assets valuation value of the company's constructions and equipment.

10. Due to the limitation of conditions, the concealed parts of the constructions could not be surveyed and observed, the specific situation should be based on the introduction from the valuation subject and the related personnel in its subordinate units, and the experience-based judgment of the evaluators.

11. The area of the houses without property ownership certificate should be the data measured and registered actually by real estate management department.

12. The business income tax

According to *Notice on Certificating the Third Series of Jiangsu High-Tech Enterprises in 2010* (Jiangsu High-Tech Enterprise Coordination [2011] No. 7) by Jiangsu high-tech enterprise certification management work coordination team in April, 2011, the Nantong Shipyard got the high-tech enterprise certification with the number of GR201032000539. The certification date is 13 December, 2010 with effective period of three years. The company adopts the income tax rate of 15% since 2010.

The company got its high-tech enterprise certification reviewed in 2013 and acquired the high-tech enterprise certification with the number of GF201332000130. The certification date is 25 September, 2013 with the effective period of three years.

The company got its high-tech enterprise certification reviewed again in 2016 and acquired the high-tech enterprise certification with the number of GR201632000171. The certification date is 20 October 2016 with effective period of three years.

13. The valuation conclusion in the report didn't take into consideration the impact of the enterprise tax on the valuation value.

14. Due to insufficient relevant market transaction statistics, and the lack of analysis of the influence of the control premium and liquidity to the valuation subject, the influence of the control premium liquidity to the valuation value is not taken into consideration in the valuation using the asset-based approach.

The assumptions are expected to take effect on the valuation base date according to the requirement of the assets valuation. When the future economic environment changes significantly, the responsibility of different valuation conclusions according to the change of the assumption conditions is not undertaken.

VIII.Valuation conclusion

The valuation for the 50% of the shareholding of the COSCO (Nantong) Shipyard Co., Ltd. held by COSCO SHIPPING International (Singapore) Co., Ltd. is equivalent to RMB 301,020,381.23 on the 31 December 2016, being the base date of assets valuation.

IX. The application limitations of the valuation report

(1) The valuation report can only be applied in the valuation purpose written in the valuation report.

(2) The valuation report can only be applied by the valuation report user written in the valuation report.

(3) The whole or parts of the content of the valuation report should be inspected

of the relevant content by the Valuer before it is extracted, quoted, or revealed to public media, excluding those regulated by the law and rule regulations together with that of additional agreement with the relevant parties.

(4) The valuation conclusion revealed by the valuation report has a validity of one year, namely from the valuation base date, 31 December 2016 till 30 December 2017.

(5) We understand that the Independent Financial Advisor ("IFA") may require this letter and our Independent Valuation Report for their internal reference. The IFA will perform their own separate analysis to satisfy their roles and responsibilities. Our role and report is not meant to substitute their own procedures to substantiate the opinion they are required to render.

The above content are extracted from the valuation report, therefore, please refer to the valuation report to understand the specific conditions of this valuation project and the valuation conclusion.

COSCO SHIPPING International (Singapore) Co., Ltd.
Plan to transfer the held 39.1% shareholding of COSCO (Dalian) Shipyard Co., Ltd.

Summary Valuation Letter

China Tong Cheng Assets Appraisal Co., Ltd.
21 April, 2017

I. Introduction

COSCO SHIPPING International (Singapore) Co., Ltd. has planned to transfer its 39.1% shareholding of COSCO (Dalian) Shipyard Co., Ltd. (hereinafter referred to as “Dalian Shipyard”, “the valuation subject”).

COSCO SHIPPING International (Singapore) Co., Ltd. is listed on the main board of the Singapore Exchange Securities Trading Limited. Its controlling shareholder is China COSCO SHIPPING Corporation Limited. COSCO SHIPPING International (Singapore) Co., Ltd. operates one of the largest ship repair, ship building, marine engineering and dry bulk shipping outfits in China and Singapore. It provided turnkey services in ship repair, ship building and marine engineering. The delivered products include deep-water oil rigs, FPSO (Floating Production Storage and Offloading) units, installation vessels, barges, platform vessels, bulk carriers, oil tankers, special purpose carriers and Liquefied Natural Gas (LNG) carriers. Since 2009, COSCO SHIPPING International (Singapore) Co., Ltd. has been the constituent stock of the FT ST China Index and FT ST China Top Index.

At the extraordinary general meeting on April 20th, 2017, approval was given by the shareholders for the change of name of the company from “COSCO Corporation (Singapore) Limited” to “COSCO SHIPPING International (Singapore) Co., Ltd.” and the change of name was registered in the relevant authority in Singapore.

COSCO (Dalian) Shipyard Co., Ltd. (hereinafter referred to as “this company”)., the Sino-foreign joint venture company was founded in September 1992 in Dalian It is a 59%-owned subsidiary of COSCO Shipyard Group Co., Ltd. The business scope of Dalian Shipyard is to provide ship repair and conversion, ship building and offshore marine engineering services, Dalian Shipyard has a total floating and dry dock capacity of 610,000 tons, 13 berths, 5 production lines and 4 cranes. In past years, Dalian Shipyard has delivered projects of heavy lift vessels, bulk carriers, module carriers, salvage lifting vessels, jack-up rigs and FPSO conversions.

COSCO SHIPPING International (Singapore) Co., Ltd. (the “Entrusting Party”) engaged China Tong Cheng Assets Appraisal Co., Ltd (hereinafter referred to as “CTC”; “the Valuer”) to value the 39.1% shareholding of COSCO (Dalian) Shipyard Co., Ltd.

II. Terms of Reference

1. We have followed relevant laws and regulations and asset valuation code and the principle of independence, objectivity and impartiality during the implementation of the asset valuation. The content in the valuation report is objective as per the documents collected during the implementation process and we assume relevant legal responsibility on the reasonableness of the valuation conclusion.

2. Lists of assets concerning the valuation object are applied, stamped and confirmed by the Entrusting Party and the valuation subject. The Entrusting Party and relevant parties are responsible for the authenticity, validity, integrity and the appropriate application of the valuation report.

3. We have no existing or expected interest and/or relationship with the valuation subject in the valuation report. We have no existing or expected interest and/or relationship with the party concerned and we have no bias to relevant parties.

4. We have conducted on-site investigation of the valuation subject and the associated asset of the valuation subject in the valuation report. We have given necessary attention to the valuation subject and the legal rights conditions of the associated assets and we have checked the valuation subject and the legal rights documents of concerned assets and we will disclose the issues uncovered in the valuation.

5. Analysis, judgment and conclusion in the valuation report issued by us are limited by the assumptions and limitations in the valuation report. The user of this valuation report should fully consider the assumptions, limitations, statements on special matters and their impact on the valuation conclusion indicated in the valuation report.

III. Valuation subject and valuation range

The valuation subject is the 39.1% shareholding of COSCO (Dalian) Shipyard Co., Ltd.

The valuation range includes the various assets and liabilities on and off- the balance sheet on the base date applied by the COSCO (Dalian) Shipyard Co., Ltd. The relevant accounting statement for assets and liabilities on the balance sheet within the valuation range has been audited by Ruihua Certified Public

Accountants (瑞华会计师事务所（特殊普通合伙）) and the standard unqualified audit report (Audit Report Reference No.: RHZS〔2017〕No. 01640059, the issuing date of the audit report is Feb 28, 2017) has been issued. The balance sheet items which are valued mainly include: current assets, non-current assets (long-term investment, fixed assets, intangible assets, long-term unamortized expenses) and relevant liabilities. The book value of the assets before valuation is RMB 17,164,523,236.53, the book value of liabilities is RMB 17,034,025,334.35 and the book value of the net assets is RMB 130,497,902.18.

IV. Value type

Types of appraisal value include market value and other value types. In general, these other value types beside market value (but not limited to) are such as investment value, in-use value, liquidation value, residual value and etc. Market value has been used as the value type for this valuation as per the valuation purpose, market conditions and the conditions of the valuation subject.

Market value refers to the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

In this valuation, we have used market value.

V. Base date of assets valuation

31 December 2016

VI. Valuation approach

Market approach refers to the comparison of the valuation subject with recent transactions or offerings of comparable businesses or assets so as to determine the valuation for the valuation subject. We believe the market approach can be used for the valuation of this project as there are many listed comparable companies in the current stock market with the valuation subject and the availability and objectiveness of the operation and financial data of listed companies to be compared.

Asset-based approach refers to the approach of revaluing the book value of assets and liabilities to its fair market value in deriving the revalued net asset value of the valuation subject. As the asset and liability structure of the valuation subject is clear, and various assets and liability values of the company can be confirmed and appraised separately, the asset-based approach will be selected to be one of the approaches for this valuation.

Consequently, between the Asset-based approach and the Market approach, we have chosen the Asset-based approach results to be the final valuation result.

VII. Valuation assumptions

The valuation report and valuation conclusions are formed relying on the following valuation assumptions:

(1) Basic assumptions

1. Transaction assumption. It is assumed that all the assets under evaluation are currently being transacted. The Valuer simulates the market to estimate the price according to the transaction conditions of the assets to be evaluated.

2. Open market assumption. The open market assumption is to assume that the assets to be evaluated are transacted in the open market to achieve the market value. The market value of the assets is limited by market mechanism and determined by market situations, but not determined by individual transaction. The open market here means having completely advanced and perfect market conditions. It is a competitive market with willing buyers and sellers, in which the status of the buyers and the sellers are equal, and both have the chance and time to acquire sufficient market information. The transaction behaviors between the two sides are all under willing and reasonable conditions, but not compulsive or unrestricted conditions.

(2) Specific assumption

1. It is assumed that the present national and local relevant laws, regulations, policies are complied with by the valuation subject's operation, and national macroeconomic situations, the local politics, economy, and social environment of different jurisdictions involved in this transaction will have no significant change, and no other significant adverse impacts caused by any unpredictable factors.

2. It is assumed that the relevant interest rate, exchange rate, tax base, tax rate, political charging regulations, etc. already implemented or determined to be implemented at present will not have significant changes according to national

regulations.

3. The company is assumed to operate continuously in terms of the actual situations of the assets on the valuation base date.

4. The basic materials and financial materials provided by the valuation subject are assumed to be real, accurate and complete in the valuation.

5. It is assumed that the operation scope and methods stay in correspondence with the present direction on the basis of present management method and management level.

6. It is assumed that the present and future managers of the valuation subject are dutiful, and the management of the company is capable of executing duties. The valuation subject can maintain normal operation condition. The development plan and production operation plan can be achieved as scheduled.

7. It is assumed that the future accounting policy of the company is in line with that applied in the report in terms of important aspects.

8. Excluding the special issues as stated in the report, the abnormal factors including mortgage, warrant issues, and special transaction methods even existing or going to be undertaken by the evaluated unit are not taken into consideration, and the influence by future national macroeconomic policy changes, the force majeure factors are not considered.

9. When evaluating using the asset-based method, the value-added tax would not be included in the assets valuation value of the company's constructions and equipment.

10. Due to the limitation of conditions, the concealed parts of the constructions could not be surveyed and observed, the specific situation should be based on the introduction from the valuation subject and the related personnel in its subordinate units, and the experience-based judgment of the evaluators.

11. The area of the houses without property ownership certificate should be the data measured and registered actually by real estate management department.

12. The business income tax

The Dalian Shipyard identified as high-tech enterprise in the year 2011, Then in the year 2013 was identified as the national enterprise technology center. The Dalian Shipyard got the high-tech enterprise certification in the year 2014 with the number of GF201421200001; The certification date is 29 September, 2014 with the effective period of three years. The company adopts the income tax rate of 15%

since 2011.

13. The valuation conclusion in the report didn't take into consideration the impact of the enterprise tax on the valuation value.

14. Due to insufficient relevant market transaction statistics, and the lack of analysis of the influence of the control premium and liquidity to the valuation subject, the influence of the control premium and liquidity to the valuation value is not taken into consideration in the valuation using the asset-based approach.

The assumptions are expected to take effect on the valuation base date according to the requirement of the assets valuation. When the future economic environment changes significantly, the responsibility of different valuation conclusion according to the change of the assumption conditions is not undertaken.

VIII. Valuation conclusion

The valuation for the 39.1% shareholding of COSCO (Dalian) Shipyard Co., Ltd. held by COSCO SHIPPING International (Singapore) Co., Ltd. is equivalent to negative RMB 94,254,807.85 on the 31 December 2016, being the base date of assets valuation.

IX. The application limitations of the valuation report

(1) The valuation report can only be applied in the valuation purpose written in the valuation report.

(2) The valuation report can only be applied by the valuation report user written in the valuation report.

(3) The whole or parts of the content of the valuation report should be inspected of the relevant content by the Valuer before it is extracted, quoted, or revealed to public media, excluding those regulated by the law and rule regulations together with that of additional agreement with the relevant parties.

(4) The valuation conclusion revealed by the valuation report has a validity of one year, namely from the valuation base date, 31 December 2016 till 30 December 2017.

(5) We understand that the Independent Financial Advisor ("IFA") may require this letter and our Independent Valuation Report for their internal reference. The IFA will perform their own separate analysis to satisfy their roles and responsibilities. Our role and report is not meant to substitute their own procedures

to substantiate the opinion they are required to render.

The above content are extracted from the valuation report, therefore, please refer to the valuation report to understand the specific conditions of this valuation project and the valuation conclusion.

FINANCIAL HIGHLIGHTS OF COSCO SHIPYARD

An extract of the consolidated financial statements of COSCO Shipyard for 1Q 2017 and 1Q 2016 is as follows:

	1Q 2017		1Q 2016	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**
INCOME STATEMENT				
Sales	1,901,262	390,426	3,302,817	714,720
Loss before income tax	(657,165)	(134,950)	(2,851)	(617)
Income tax credit	1,751	360	1,989	430
Net loss	(655,414)	(134,590)	(862)	(187)
(Loss)/Profit attributable to:				
Equity holders of COSCO Shipyard	(397,673)	(81,663)	29,779	6,444
Non-controlling interests	(257,741)	(52,927)	(30,641)	(6,631)
	(655,414)	(134,590)	(862)	(187)

	As at 31 March 2017		As at 31 March 2016	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**
BALANCE SHEET				
Assets				
Current assets	31,740,914	6,437,533	38,883,948	8,105,903
Non-current assets	12,685,419	2,572,793	11,108,985	2,315,823
Total assets	44,426,333	9,010,326	49,992,933	10,421,726
Liabilities				
Current liabilities	27,708,948	5,619,790	32,540,212	6,783,463
Non-current liabilities	17,134,725	3,475,179	12,650,403	2,637,154
Total liabilities	44,843,673	9,094,969	45,190,615	9,420,617
Net (liabilities)/assets	(417,340)	(84,643)	4,802,318	1,001,109
Shareholders' equity	702,640	142,506	3,720,083	775,502
Non-controlling interests	(1,119,980)	(227,149)	1,082,235	225,607
Total equity	(417,340)	(84,643)	4,802,318	1,001,109

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial period:

1Q 2017 RMB1 to S$0.205351
1Q 2016 RMB1 to S$0.216397

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the month-end exchange rates for the respective financial period:

31 March 2017 RMB1 to S$0.202815
31 March 2016 RMB1 to S$0.208464

(2) The consolidated financial statements of COSCO Shipyard for 1Q 2017 and 1Q 2016 were based on management accounts prepared in accordance to Singapore Financial Reporting Standards.

(3) Review of operating results

1Q 2016 vs 1Q 2017

Sales for COSCO Shipyard decreased by RMB1,401.6 million or 42.4% from RMB3,302.8 million in 1Q 2016 to RMB1,901.3 million in 1Q 2017. The decrease was due mainly to lower revenue contribution from ship repair, ship building and marine engineering.

COSCO Shipyard Group recorded net loss attributable to owners of the Company of RMB397.7 million in 1Q 2017, down from a net profit of RMB29.8 million in 1Q 2016 as shipyard operations recorded lower revenue and incurred higher inventory write-downs and allowance for expected losses recognised on construction contracts.

An extract of the consolidated financial statements of COSCO Shipyard for FY 2016, FY 2015 and FY 2014 is as follows:

	FY 2016		FY 2015		FY 2014	
	RMB'000	S$'000	RMB'000	S$'000	RMB'000	S$'000
INCOME STATEMENT						
Sales	12,079,656	2,517,968	15,845,212	3,466,711	20,403,761	4,192,177
(Loss)/Profit before income tax	(4,091,754)	(852,914)	(4,097,567)	(896,490)	90,266	18,546
Income tax (expense)/credit	(469,172)	(97,797)	(58,550)	(12,810)	47,854	9,832
Net (loss)/profit	(4,560,926)	(950,711)	(4,156,117)	(909,300)	138,120	28,378
(Loss)/Profit attributable to:						
Equity holders of COSCO Shipyard	(2,595,296)	(540,981)	(2,640,151)	(577,628)	186,296	38,276
Non-controlling interests	(1,965,630)	(409,730)	(1,515,966)	(331,672)	(48,176)	(9,898)
	(4,560,926)	(950,711)	(4,156,117)	(909,300)	138,120	28,378

	As at 31 December 2016		As at 31 December 2015		As at 31 December 2014	
	RMB'000	S$'000	RMB'000	S$'000	RMB'000	S$'000
BALANCE SHEET						
Assets						
Current assets	32,910,838	6,844,434	35,114,519	7,638,742	33,852,425	7,230,336
Non-current assets	12,928,597	2,688,747	11,213,229	2,439,304	11,378,096	2,430,179
Total assets	45,839,435	9,533,181	46,327,748	10,078,046	45,230,521	9,660,515
Liabilities						
Current liabilities	31,093,378	6,466,459	29,815,708	6,486,050	24,231,384	5,175,436
Non-current liabilities	14,513,974	3,018,457	11,708,491	2,547,042	11,903,463	2,542,389
Total liabilities	45,607,352	9,484,916	41,524,199	9,033,092	36,134,847	7,717,825
Net assets	232,083	48,265	4,803,549	1,044,954	9,095,674	1,942,690
Shareholders' equity	1,096,722	228,083	3,690,673	802,861	6,452,231	1,378,093
Non-controlling interests	(864,639)	(179,818)	1,112,876	242,093	2,643,443	564,597
Total equity	232,083	48,265	4,803,549	1,044,954	9,095,674	1,942,690

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial year:

FY 2016 RMB1 to S$0.208447
FY 2015 RMB1 to S$0.218786
FY 2014 RMB1 to S$0.205461

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the year-end exchange rates for the respective financial year:

31 December 2016 RMB1 to S$0.207969
31 December 2015 RMB1 to S$0.217538
31 December 2014 RMB1 to S$0.213584

(2) The consolidated financial statements for FY 2016, FY 2015 and FY 2014 were prepared in accordance to Singapore Financial Reporting Standards and audited by PricewaterhouseCoopers LLP for the purpose of COSCO SHIPPING International (Singapore) Co., Ltd.'s consolidated financial statements.

(3) Review of operating results

FY 2014 vs FY 2015

Sales for COSCO Shipyard decreased by RMB4,558.5 million or 22.3% from RMB20,403.8 million in FY 2014 to RMB15,845.2 million in FY 2015. The decrease was due mainly to lower revenue contribution from marine engineering, partially offset by an increase in revenue from ship building and repair.

The Group recorded net loss attributable to owners of the Company of RMB2,640.2 million in FY 2015, down from a net profit of RMB186.3 million in FY 2014. The loss was mainly attributable to (a) the continuing depressed state of crude oil prices which has had an adverse impact on the global offshore marine industry; and (b) the slump in ship building industry which has negatively impacted the Group's shipyards. As a result of the adverse market conditions in 2015, shipyard operations incurred higher costs for a few delayed projects as well as write-downs of certain inventory and provisions for impairments of trade receivables for contracts, which were deferred or may potentially be cancelled.

FY 2015 vs FY 2016

Sales for COSCO Shipyard decreased by RMB3,765.6 million or 23.8% from RMB15,845.2 million in FY 2015 to RMB12,079.7 million in FY 2016. The decrease was due mainly to lower revenue contribution from ship repair, ship building and marine engineering.

COSCO Shipyard recorded net loss attributable to owners of the Company of RMB2,595.3 million in FY 2016, compared to a loss of RMB2,640.2 million in FY 2015 mainly due to lower revenue and high inventory write-downs.

FINANCIAL HIGHLIGHTS OF NANTONG COSCO SHIPYARD

An extract of the financial statements of Nantong COSCO Shipyard for 1Q 2017 and 1Q 2016 is as follows:

	1Q 2017		1Q 2016	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**
INCOME STATEMENT				
Sales	223,890	45,976	236,227	51,119
Loss before income tax	(43,735)	(8,981)	(65,753)	(14,229)
Income tax credit	–	–	9,863	2,134
Net loss	(43,735)	(8,981)	(55,890)	(12,095)

	As at 31 March 2017		As at 31 March 2016	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**
BALANCE SHEET				
Assets				
Current assets	4,433,149	899,109	7,489,455	1,561,282
Non-current assets	573,846	116,385	883,344	184,145
Total assets	5,006,995	1,015,494	8,372,799	1,745,427
Liabilities				
Current liabilities	2,319,962	470,523	5,896,708	1,229,251
Non-current liabilities	2,483,748	503,741	660,929	137,780
Total liabilities	4,803,710	974,264	6,557,637	1,367,031
Net assets	203,285	41,230	1,815,162	378,396
Total equity	203,285	41,230	1,815,162	378,396

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial period:

1Q 2017 RMB1 to S$0.205351
1Q 2016 RMB1 to S$0.216397

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the month-end exchange rates for the respective financial period:

31 March 2017 RMB1 to S$0.202815
31 March 2016 RMB1 to S$0.208464

(2) The financial statements of Nantong COSCO Shipyard for 1Q 2017 and 1Q 2016 were based on management accounts prepared in accordance to Singapore Financial Reporting Standards.

(3) Review of operating results

1Q 2016 vs 1Q 2017

Sales decreased by RMB12.3 million or 5.2% from RMB236.2 million in 1Q 2016 to RMB223.9 million in 1Q 2017. The decrease was mainly due to lower revenue contribution from ship repair.

Nantong COSCO Shipyard recorded a net loss for the period of RMB43.7 million in 1Q 2017, compared to a net loss of RMB55.9 million in 1Q 2016, as it continued to face depressed offshore market conditions.

An extract of the financial statements of Nantong COSCO Shipyard for FY 2016, FY 2015 and FY 2014 is as follows:

	FY 2016		FY 2015		FY 2014	
	RMB'000	S$'000	RMB'000	S$'000	RMB'000	S$'000
INCOME STATEMENT						
Sales	827,391	172,467	2,435,933	532,948	4,596,341	944,369
(Loss)/Profit before income tax	(1,363,466)	(284,210)	9,348	2,045	5,491	1,128
Income tax (expense)/credit	(260,566)	(54,314)	11,580	2,534	11,136	2,288
Net (loss)/profit	(1,624,032)	(338,524)	20,928	4,579	16,627	3,416

	As at 31 December 2016		As at 31 December 2015		As at 31 December 2014	
	RMB'000	S$'000	RMB'000	S$'000	RMB'000	S$'000
BALANCE SHEET						
Assets						
Current assets	6,007,593	1,249,393	7,730,148	1,681,601	8,248,468	1,761,741
Non-current assets	583,265	121,301	882,009	191,871	905,372	193,373
Total assets	6,590,858	1,370,694	8,612,157	1,873,472	9,153,840	1,955,114
Liabilities						
Current liabilities	4,540,218	944,225	4,130,678	898,580	4,611,356	984,912
Non-current liabilities	1,803,620	375,097	2,610,427	567,867	2,692,360	575,045
Total liabilities	6,343,838	1,319,322	6,741,105	1,466,447	7,303,716	1,559,957
Net assets	247,020	51,372	1,871,052	407,025	1,850,124	395,157
Total equity	247,020	51,372	1,871,052	407,025	1,850,124	395,157

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial year:

FY 2016 RMB1 to S$0.208447
FY 2015 RMB1 to S$0.218786
FY 2014 RMB1 to S$0.205461

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the year-end exchange rates for the respective financial year:

31 December 2016 RMB1 to S$0.207969
31 December 2015 RMB1 to S$0.217538
31 December 2014 RMB1 to S$0.213584

(2) The financial statements of Nantong COSCO Shipyard for FY 2016, FY 2015 and FY 2014 were prepared in accordance to Singapore Financial Reporting Standards and audited by PricewaterhouseCoopers LLP for the purpose of COSCO SHIPPING International (Singapore) Co., Ltd.'s consolidated financial statements.

(3) Review of operating results

FY 2014 vs FY 2015

Sales decreased by RMB2,160.4 billion or 47.0% from RMB4,596.3 million in FY 2014 to RMB2,435.9 million in FY 2015. The decrease was due mainly to lower revenue from marine engineering.

Nantong COSCO Shipyard recorded net profit of RMB20.9 million in FY 2015, up from a net profit of RMB16.6 million in FY 2014. This was mainly due to higher provision of write-down of certain inventory in FY 2014.

FY 2015 vs FY 2016

Sales decreased by RMB1,608.5 million or 66.0% from RMB2,435.9 million in FY 2015 to RMB827.4 million in FY 2016. The decrease was mainly due to lower revenue contribution from marine engineering.

Nantong COSCO Shipyard recorded a net loss for the period of RMB1,624.0 million in FY 2016, compared to a profit of RMB20.9 million in FY 2015 mainly due to lower revenue and higher inventory write-downs. The challenging market conditions in offshore marine industry have resulted in the shipyard having had to contend with fewer orders and lower contract prices, and delivery extensions.

FINANCIAL HIGHLIGHTS OF DALIAN COSCO SHIPYARD

An extract of the consolidated financial statements of Dalian COSCO Shipyard for 1Q 2017 and 1Q 2016 is as follows:

	1Q 2017		1Q 2016	
	RMB'000	S$'000	RMB'000	S$'000
INCOME STATEMENT				
Sales	655,242	134,555	1,398,973	302,734
Loss before income tax	(294,578)	(60,492)	(326)	(71)
Income tax expense	–	–	(93)	(20)
Net (loss)/profit	(294,578)	(60,492)	(419)	(91)

	As at 31 March 2017		As at 31 March 2016	
	RMB'000	S$'000	RMB'000	S$'000
BALANCE SHEET				
Assets				
Current assets	10,856,787	2,201,919	14,163,048	2,952,486
Non-current assets	4,720,426	957,373	2,446,936	510,098
Total assets	15,577,213	3,159,292	16,609,984	3,462,584
Liabilities				
Current liabilities	11,134,776	2,258,300	12,462,381	2,597,958
Non-current liabilities	5,676,513	1,151,282	5,144,703	1,072,485
Total liabilities	16,811,289	3,409,582	17,607,084	3,670,443
Net liabilities	(1,234,076)	(250,290)	(997,100)	(207,859)
Total equity	(1,234,076)	(250,290)	(997,100)	(207,859)

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial period:

1Q 2017 RMB1 to S$0.205351
1Q 2016 RMB1 to S$0.216397

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the month-end exchange rates for the respective financial period:

31 March 2017 RMB1 to S$0.202815
31 March 2016 RMB1 to S$0.208464

(2) The consolidated financial statements of Dalian COSCO Shipyard for 1Q 2017 and 1Q 2016 were based on management accounts prepared in accordance to Singapore Financial Reporting Standards.

(3) Review of operating results

1Q 2016 vs 1Q 2017

Sales decreased by RMB743.8 million or 53.2% from RMB1,399.0 million in 1Q 2016 to RMB655.2 million in 1Q 2017. The decrease was mainly due to lower revenue contribution from ship repair, ship building and marine engineering.

Dalian COSCO Shipyard recorded a net loss for the period of RMB294.6 million in 1Q 2017, down from RMB419,000 in 1Q 2016 as it continued to face depressed ship building and offshore market conditions.

An extract of the consolidated financial statements of Dalian COSCO Shipyard for FY 2016, FY 2015 and FY 2014 is as follows:

	FY 2016		FY 2015		FY 2014	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**	**RMB'000**	**S$'000**
INCOME STATEMENT						
Sales	4,750,309	990,188	6,041,323	1,321,757	6,259,696	1,286,123
Profit/(loss) before income tax	60,461	12,603	(2,963,071)	(648,278)	6,405	1,316
Income tax (expense)/credit	(9,278)	(1,934)	(213,609)	(46,735)	2,588	532
Net profit/(loss)	51,183	10,669	(3,176,680)	(695,013)	8,993	1,848

	As at 31 December 2016		As at 31 December 2015		As at 31 December 2014	
	RMB'000	**S$'000**	**RMB'000**	**S$'000**	**RMB'000**	**S$'000**
BALANCE SHEET						
Assets						
Current assets	10,763,526	2,238,480	11,566,601	2,516,175	9,952,842	2,125,768
Non-current assets	4,854,289	1,009,542	2,462,146	535,611	2,744,878	586,262
Total assets	15,617,815	3,248,022	14,028,747	3,051,786	12,697,720	2,712,030
Liabilities						
Current liabilities	10,229,053	2,127,326	11,799,386	2,566,816	6,762,271	1,444,313
Non-current liabilities	6,334,067	1,317,290	3,226,043	701,787	3,755,450	802,104
Total liabilities	16,563,120	3,444,616	15,025,429	3,268,603	10,517,721	2,246,417
Net (liabilities)/assets	(945,305)	(196,594)	(996,682)	(216,817)	2,179,999	465,613
Total equity	(945,305)	(196,594)	(996,682)	(216,817)	2,179,999	465,613

Notes:

(1) The above Income Statement figures have been translated using the following exchange rates. These exchange rates were the average exchange rates for the respective financial year:

FY 2016 RMB1 to S$0.208447
FY 2015 RMB1 to S$0.218786
FY 2014 RMB1 to S$0.205461

The above Balance Sheet figures have been translated using the following exchange rates. These exchange rates were the year-end exchange rates for the respective financial year:

31 December 2016 RMB1 to S$0.207969
31 December 2015 RMB1 to S$0.217538
31 December 2014 RMB1 to S$0.213584

(2) Dalian COSCO Shipyard's subsidiary, Dalian Developer Drilling Co., Limited was incorporated on 24 July 2015. Hence, the financial statements for FY 2014 was company level financial results. The consolidated financial statements for FY 2016 and FY 2015 included the financial results of Dalian Developer Drilling Co., Limited.

(3) The consolidated financial statements of Dalian COSCO Shipyard for FY 2016 and FY 2015 were prepared in accordance to Singapore Financial Reporting Standards and audited by PricewaterhouseCoopers LLP for the purpose of COSCO SHIPPING International (Singapore) Co., Ltd.'s consolidated financial statements.

(4) The financial statements of Dalian COSCO Shipyard for FY 2014 were prepared in accordance to Singapore Financial Reporting Standards and audited by PricewaterhouseCoopers LLP for the purpose of COSCO SHIPPING International (Singapore) Co., Ltd.'s consolidated financial statements.

(5) Review of operating results

FY 2014 vs FY 2015

Sales decreased by RMB218.4 million or 3.5% from RMB6,259.7 million in FY 2014 to RMB6,041.3 million in FY 2015. The decrease was mainly due to lower revenue contribution from marine engineering.

Dalian COSCO Shipyard recorded net loss of RMB3,176.7 million in FY 2015, down from a net profit of RMB9.0 million in FY 2014. The loss was mainly attributable to lower revenue, higher provision for impairment of trade receivables and inventory write-downs due to impairment made for DP3 Deepwater Drillship (DDD).

FY 2015 vs FY 2016

Sales decreased by RMB1,291.0 million or 21.4% from RMB6,041.3 million in FY 2015 to RMB4,750.3 million in FY 2016. The decrease was mainly due to lower revenue contribution from ship repair and marine engineering.

Dalian COSCO Shipyard recorded net profit of RMB51.2 million in FY 2016, up from a net loss of RMB3,176.7 million in FY 2015 mainly due to net reversal for impairment of trade and other receivables.

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(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 SHIPPING International (Singapore) Co., Ltd. (the "**Company**") will be held at Grand Ballroom 1 & 2, Level 3 Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 August 2017 at 2.00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the ordinary resolution set out below:

ORDINARY RESOLUTION:

THE PROPOSED DISPOSAL

RESOLVED THAT pursuant to Chapter 9 and Chapter 10 of the Listing Manual and Section 160 of the Companies Act (Chapter 50) of Singapore, approval be and is hereby given for:

(a) the Proposed Disposal on the terms and subject to the conditions set out in the Sale and Purchase Agreement, the principal terms of which are set out in the Circular; and

(b) the Directors or any of them to complete and do all such acts and things (including without limitation, to execute all such documents and to approve any amendment, alteration or modification to any documents) as the Directors or any of them may consider necessary, desirable or expedient to give effect to the Proposed Disposal and this ordinary resolution.

All capitalised terms used in this Notice that are not defined herein shall have the same meanings ascribed to them in the Circular dated 2 August 2017 to Shareholders.

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary

2 August 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. 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.

iv. 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.

v. 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.

vi. 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 (Chapter 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 SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196100159G)

EXTRAORDINARY GENERAL MEETING PROXY FORM

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.

I/We ______________________________ NRIC/Passport No. ______________

of ____

being a member of COSCO SHIPPING International (Singapore) Co., Ltd. (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 Grand Ballroom 1 & 2, Level 3 Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 August 2017 at 2.00 p.m. 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.

Ordinary Resolution	For	Against
To approve the Proposed Disposal		

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.

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