



COSCO (CORPORATION) SINGAPORE LIMITED

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

APPENDIX A TO SHAREHOLDERS

In relation to the

**PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE
FOR RECURRENT INTERESTED PERSON TRANSACTIONS**

COSCO CORPORATION (SINGAPORE) LIMITED

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

5 April 2010

Directors

Li Jian Hong (Chairman)(alternate Director Li Jian Xiong)
Jiang Li Jun (Vice Chairman and President)
Zhang Liang (alternate Director Lu Cheng Gang)
Sun Yue Ying (alternate Director Ye Bin Lin)
Ma Gui Chuan
Wang Xing Ru (alternate Director Liu De Tian)
Tom Yee Lat Shing
Dr Wang Kai Yuen
Er Kwong Wah
Ang Swee Tian

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To : The Shareholders of COSCO Corporation (Singapore) Limited

Dear Sir/Madam

APPENDIX A RELATING TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

We refer to item 9 of the Notice of the Annual General Meeting (“**AGM**”) of COSCO Corporation (Singapore) Limited (the “**Company**”) which is an Ordinary Resolution (“**Resolution 12**”) to be proposed at the AGM for the proposed renewal of the Shareholders' Mandate (as set out in Schedule II) for Recurrent Interested Person Transactions (as set out in Schedule II).

The purpose of this Appendix A is to provide shareholders of the Company (“**Shareholders**”) with information relating to Resolution 12.

The approval of Shareholders for the renewal of the Shareholders' Mandate will be sought at the forthcoming AGM of the Company to be held at Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard Suntec City, Singapore 039593, Meeting Room 325-326, Level 3 on Tuesday, 20 April 2010 at 3:00 p.m.

2. BACKGROUND

At an extraordinary general meeting of the Company (“**EGM**”) held on 16 May 2003 pursuant to a Circular to Shareholders dated 30 April 2003 (“**2003 Circular**”), the Shareholders had approved a mandate for Recurrent Interested Person Transactions for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”) to allow the Company and its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company's interested persons, provided that such transactions are made on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for such transactions. This mandate was renewed at each subsequent AGM of the Company and was last renewed on 20 April 2009.

At an EGM of the Company held on 17 July 2007 pursuant to a Circular to Shareholders dated 2 July 2007, the Shareholders had approved an additional mandate for the extension of scope and types of Recurrent Interested Person Transactions.

References to “**Shareholders’ Mandate**” in this Appendix A shall thus refer to the shareholders’ mandate renewed on 20 April 2009 and the additional shareholders’ mandate approved on 17 July 2007.

General information on the listing rules relating to interested person transactions, including the meanings of terms such as “associate”, “entity at risk” and “interested person” used in Chapter 9 of the Listing Manual, is set out in Schedule I of this Appendix A.

3. PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE

Under Chapter 9 of the Listing Manual, a mandate for transactions with interested persons is subject to annual renewal. Accordingly, it is proposed that the Shareholders’ Mandate be renewed at the forthcoming AGM to be held on 20 April 2010 at 3.00 p.m., to continue to be in force, unless earlier revoked or varied by the Company in general meeting, until the next AGM of the Company.

The nature of the interested person transactions and the classes of interested persons in respect of which the Shareholders’ Mandate is sought to be renewed remains unchanged. Particulars of the Shareholders’ Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in Schedule II of this Appendix A.

4. AUDIT COMMITTEE’S STATEMENT

The Audit Committee of the Company confirms that:

- (a) the methods or procedures for determining the transaction prices under the Shareholders’ Mandate have not changed since the general meeting approving the relevant type of Recurrent Interested Person Transaction; and
- (b) the methods or procedures referred to in paragraph 4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. DIRECTORS AND CONTROLLING SHAREHOLDERS’ INTERESTS

The interests of the Directors of the Company in the issued share capital of the Company as at 31 December 2009 can be found on page 93 of the Company’s Annual Report 2009 and the interests of controlling Shareholders of the Company in the issued share capital of the Company as at 8 March 2010 can be found on page 171 of the Company’s Annual Report 2009.

China Ocean Shipping (Group) Company (“**China Ocean Shipping**”) and its associates, being an Interested Person in relation to the proposed renewal of the Shareholders’ Mandate for Recurrent Interested Person Transactions, will abstain from voting at the forthcoming AGM in respect of the shares of the Company held by them on Resolution 12 relating to the Shareholders’ Mandate. Mr Li Jian Hong, Mr Jiang Li Jun, Mr Zhang Liang, Mdm Sun Yue Ying, Mr Ma Gui Chuan, Mr Wang Xing Ru, Mr Lu Cheng Gang, Mr Ye Bin Lin, Mr Liu De Tian and Mr Li Jian Xiong being members of the managing body of or Directors nominated by China Ocean Shipping will also abstain from voting in respect of Resolution 12 relating to the renewal of the Shareholders’ Mandate. China Ocean Shipping, Mr Li Jian Hong, Mr Jiang Li Jun, Mr Zhang Liang, Mdm Sun Yue Ying, Mr Ma Gui Chuan, Mr Wang Xing Ru, Mr Lu Cheng Gang, Mr Ye Bin Lin, Mr Liu De Tian and Mr Li Jian Xiong have also undertaken to ensure that their respective associates will abstain from voting on Resolution 12 approving the renewal of the Shareholders’ Mandate.

6. APPROVAL AND RESOLUTION

Your approval for the proposed renewal of the Shareholders’ Mandate is sought at the forthcoming AGM.

The resolution relating to the renewal of the Shareholders’ Mandate is contained in the Notice of AGM as Ordinary Resolution 12.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 9 Temasek Boulevard, #07-00 Suntec Tower Two, Singapore 038989, not later than 48 hours before the time fixed for the forthcoming AGM. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting at the AGM if he so wishes.

8. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Mr Tom Yee Lat Shing, Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian. They are of the opinion that it is in the interests of the Company, its subsidiaries and associated companies ("**CCS Group**") to enter into transactions in its normal course of business with the classes of Interested Persons (as described in Section 3 of Schedule II) provided that such transactions are made at arm's length, and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders and in accordance with the review procedures (as set out in Section 4 of Schedule II).

For reasons set out in Sections 1 and 4 of Schedule II, they recommend that Shareholders vote in favour of Resolution 12 for the renewal of Shareholders' Mandate at the forthcoming AGM.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix A and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix A are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix A misleading.

SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Appendix A.

Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

By Order of the Board
COSCO Corporation (Singapore) Limited

Jiang Li Jun
Vice Chairman and President

SCHEDULE I

General Information Relating to Chapter 9 of the Listing Manual

1. Chapter 9 of the Listing Manual (“**Chapter 9**”) governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an “**entity at risk**”) proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9:-

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;
- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (c) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of all voting shares in the listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (d) an “**associate**” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e. spouse, child, adopted child, step-child, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (e) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (f) an “**associated**” company means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group; and
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2. Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:
- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("**NTA**"); or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year,

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

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

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

For illustration purposes, based on the audited consolidated accounts of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2009, the NTA of the Group was S\$1,074,517,000. Accordingly, in relation to the Group, for the purposes of Chapter 9, in the current financial year and until the audited consolidated accounts of the Group are published for the financial year ending 31 December 2010, 5% of the Company's latest consolidated NTA would be S\$53,726,000.

Part VIII of Chapter 9 allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

SCHEDULE II

Shareholders' Mandate for Interested Person Transactions

1. Rationale and Benefits

- 1.1 The principal activities of the CCS Group include providing shipping and shipping-related services such as bulk shipping, ship repairing, marine-related activities and engineering, container depots and ship agency services. The CCS Group also carries on the businesses of general trading and property investment and development.
- 1.2 China Ocean, a state-owned enterprise registered in the People's Republic of China, is a large multinational corporation with international shipping as its core business.
- 1.3 Due to the size of the China Ocean group of companies and the fact that they are substantially involved in the shipping industry, certain members of the CCS Group will in the ordinary course of business enter into certain recurrent transactions with certain classes of Interested Persons (as described in Section 3 of this Schedule II) ("**Recurrent IPTs**") and with some degree of frequency. In addition to these Recurrent IPTs, the CCS Group shall also continue to enter into similar transactions with unrelated third parties in the ordinary course of its business as long as it is in the interest of the CCS Group to do so.
- 1.4 The Shareholders' Mandate will enhance the CCS Group's ability to pursue business opportunities that are time-sensitive in nature, and eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate Recurrent IPT. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably, and enable the CCS Group to enjoy the benefits of the synergy arising from familiarity with the business practices of, and the kind and choice of goods and services provided by the Interested Persons.
- 1.5 The Shareholders' Mandate will give the Company the flexibility to conduct the Recurrent IPTs between the Interested Persons and the CCS Group in the ordinary course of business. Furthermore, in relation to the Treasury Services and Financial Advisory Services (as defined in Section 2.2 of this Schedule II below), the Shareholders' Mandate is to enable the CCS Group to centralise its treasury and financial advisory requirements with COSCO Finance Co Ltd ("**COSCO Finance**"), so as to improve the lead time required for the CCS Group in obtaining such services and achieve economies of scale. COSCO Finance will also ensure that the costs involved in the Treasury Services and Financial Advisory Services will be similar to or lower than the industry standard, which will be beneficial to the CCS Group. The CCS Group will also be ensured maximum accountability from COSCO Finance as opposed to other financial institutions.
- 1.6 As the CCS Group is an active and capable player in the shipbuilding industry, it is possible that the CCS Group will from time to time be selected as a shipbuilder for the CCS Interested Person in the future. As and when this happens, due to the time sensitive nature of the Recurrent IPT, the obtaining of the general mandate pursuant to Chapter 9 will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate Recurrent IPT with the CCS Interested Person.

2. Nature and Scope of the Recurrent IPTs

2.1 The Shareholders' Mandate will apply to the following types of transactions, which certain members of the CCS Group are likely to enter into with the interested persons in the normal course of the business of the CCS Group:

- (a) provision and obtaining of charter of vessels;
- (b) purchase of bunker and other supplies to vessels;
- (c) hire of crew to operate vessels;
- (d) repair of vessels;
- (e) trading in petroleum and related products;
- (f) vessel trading and brokerage;
- (g) general trading of commodities;
- (h) obtaining of oil storage;
- (i) provision and obtaining of shipping agency and related activities;
- (j) provision of rental or leasing of office space and residential properties;
- (k) obtaining of legal counsel and insurance services; and
- (l) obtaining of staff training services.

The CCS Group will benefit from having access to competitive quotes from its interested persons in addition to obtaining quotes from, or transacting with, non-interested persons. In addition, the CCS Group will derive operational synergy from the expertise and experience of the Interested Persons in the shipping industry by having access to services such as staff training.

2.2 In addition, the Shareholders' Mandate will also apply to the following categories of transactions which certain members of the CCS Group are likely to enter into with the Interested Persons set out in Section 3 of this Schedule II, in the normal course of the business of the CCS Group:-

(i) Treasury Services

Treasury services ("**Treasury Services**") comprise (a) the deposit of funds with COSCO Finance, (b) the borrowing of funds from COSCO Finance, and (c) the subscription of debt securities to COSCO Finance and the buying from, or the selling to, COSCO Finance of debt securities.

The Recurrent IPTs under this category will expedite the financing of CCS Group's operations and its capital expenditure. The CCS Group will be able to benefit from competitive quotes and rates offered by COSCO Finance, as well as leverage on the financial strength and credit standing of COSCO Finance.

(ii) Financial Advisory Services

The CCS Group may receive certain financial advisory services ("**Financial Advisory Services**") from COSCO Finance in the areas of advisory for fund settlement with customers in the People's Republic of China, underwriting of debt securities, and granting of corporate guarantees to the CCS Group.

(iii) MIS Services

The CCS Group may from time to time, in the normal course of its business, engage in the Recurrent IPTs with the Interested Persons as specified in Section 3 of this Schedule II for the provision of MIS implementation and enhancement services (including provision of SAP software, end-user IT support services, repair, maintenance and technical services) in relation to CCS Group's operations. This category of transaction also includes provision or obtaining of information technology products and accessories.

The CCS Group will benefit from transacting with the Interested Persons as specified in Section 3 of this Schedule II, in terms of obtaining competitive quotes from the Interested Persons, in addition to quotes from non-Interested Persons. The CCS Group may also derive operational and financial leverage through savings in terms of economies of scale, such as bulk discounts accorded to the CCS Group on a group basis.

(iv) Management Support Services

This relates to corporate management, administrative and support services that the CCS Group may, from time to time, in the normal course of its business, receive from the Interested Persons, as specified in Section 3 of this Schedule II. Such support and services relate to areas of corporate finance, investment review and management, strategic business evaluation, legal/corporate secretarial/administration, corporate communications and investor relations.

2.3 The Shareholders' Mandate will also apply to the provision of shipbuilding services which certain members of the CCS Group are likely to enter into with the Interested Persons set out in Section 3 of this Schedule II, in the normal course of the business of the CCS Group.

2.4 Transactions with interested persons that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9.

3. Classes of Interested Persons

The Shareholders' Mandate will apply to the transactions between any company within the CCS Group and the following class of interested persons ("**Interested Persons**"):

- (a) China Ocean and its associates as described in the 2003 Circular (in respect of transactions described in Section 2.1 of this Schedule II);
- (b) COSCO Finance and China Ocean Shipping and its subsidiaries (in respect of transactions described in Section 2.2 of this Schedule II); and
- (c) China Ocean and its associates as described in the 2003 Circular (in respect of the transactions described in Section 2.3 of this Schedule II).

4. Review Procedures for Recurrent IPTs

Recurrent IPTs described in Section 2.1 of this Schedule II

4.1 The Company has established the following guidelines for the review and approval of Recurrent IPTs under the Shareholders' Mandate:-

The following guidelines will be followed to assess whether the terms of the Recurrent IPTs are carried out at arm's length and on normal commercial terms:

- (a) when purchasing goods and/or obtaining services from an Interested Person, quotations or market rates will be obtained from the Interested Person and at least two other unrelated third parties (where possible or available) in respect of substantially similar types of transactions; and

- (b) when selling goods and/or providing services to an Interested Person, the prices and terms of at least two other recent sales to unrelated third parties or market rates (where possible or available) shall be taken into account.

Recurrent IPTs will not be approved unless they are in accordance with the usual industry practice and business policies of the CCS Group and the pricing and terms of the Recurrent IPTs are not, in transactions where the CCS Group purchases or sells goods and/or obtains or provides services from/to Interested Persons, less favourable to the CCS Group than those available in other substantially similar types of transactions between the CCS Group and unrelated third parties after taking into account factors (where applicable) such as, but not limited to, pricing, quality of goods, standard of services and suitability of time schedules, preferential rates, rebates or discounts accorded for bulk sales or purchases. The approval and review procedures for Recurrent IPTs are set out in Sections 4.3 and 4.6 below.

- 4.2 In the event that it is not possible to obtain market rates or quotations in accordance with the guidelines set out in Section 4.1 above from unrelated third parties (for example, where there are no suppliers for certain goods or for a specified quantity, or type which the CCS Group requires) to determine whether the terms of the Recurrent IPT are more or less favourable than that of the aggregate terms quoted by unrelated third parties, factors such as the quality of goods, standard of services and suitability of time schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk sales or purchases will be taken into and given due and proper consideration and the Recurrent IPT will be subject to the review and approval procedures as stated in Sections 4.3 and 4.6 below.

- 4.3 All Recurrent IPTs are subject to the following approval procedures:-

- (a) Any Recurrent IPT the value of which is less than 1.0% of the Group's latest audited NTA shall be reviewed and approved by the chief executive officer/general manager or the next most senior personnel in the operational hierarchy (the "**Officer-in-Charge**") of the relevant member of the CCS Group involved in the Recurrent IPT (who is not interested in the particular Recurrent IPT) based on the review procedures outlined in Sections 4.1 and 4.2 above. The Officer-in-Charge may at his discretion obtain independent advice or valuations from external or professional sources.

In the event that the Officer-in-Charge is unable to review and approve the Recurrent IPT based on the review procedures outlined in Sections 4.1 and 4.2, he shall refer the approval of such Recurrent IPT to any director of the Company who shall not be interested in the Recurrent IPT. The Officer-in-Charge shall compile and tabulate all the Recurrent IPTs entered into under this approval procedure outlining, amongst others, the basis of determining the transaction prices and the rationale for entering into the Recurrent IPT and submit the same to the Audit Committee for quarterly review.

- (b) Any Recurrent IPT the value of which is equal to or above 1.0% of the Group's latest audited NTA but less than 3.0% of the Group's latest audited NTA shall be reviewed and approved by the President of the Company or, in his absence or if he has an interest in the Recurrent IPT, a director of the Company who shall not be interested in the Recurrent IPT. The President of the Company or such other director of the Company may at his discretion obtain independent advice or valuations from external or professional sources.
- (c) Any Recurrent IPTs with a series of transactions of the same type entered into with the same Interested Person during the same financial year the aggregate value of which is equal to or above 3.0% of the Group's latest audited NTA, the next Recurrent IPT of the same type with the same Interested Person shall be reviewed and approved by the majority of the Audit Committee, other than members of the Audit Committee who have an interest in the Recurrent IPT. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources. Subsequent Recurrent IPTs of the same type with the same Interested Person will revert to the approval procedures outlined in this Section 4.3 and re-commence aggregation of transaction amounts starting from nil for the purpose of this particular approval procedure.

- (d) At each quarterly review of the Recurrent IPTs by the Audit Committee members, should any Recurrent IPTs with a series of transactions of the same type entered into with the same Interested Person during the same financial year, the aggregate value of which is less than 3% of the Group's latest NTA, the Audit Committee members may choose to re-commence aggregation of transaction amounts starting from nil for the purpose of the approval procedure outlined in (c) above.
- (e) Any Recurrent IPT the value of which is equal to or above 3% of the Group's latest audited NTA will be reviewed and approved by the majority of the Audit Committee, other than the members of the Audit Committee who have an interest in the Recurrent IPT, which may at its discretion obtain independent advice or valuations from external or professional sources.

Recurrent IPTs described in Section 2.2 of this Schedule II

4.4 The Company will put in place the following guidelines for the review and approval of the Recurrent IPTs described in Section 2.2 of this Schedule II under the Shareholders' Mandate:-

(i) Treasury Services

Review Procedures

In general, there are procedures established by the CCS Group to ensure that Treasury Services with COSCO Finance are undertaken on an arms' length basis and on normal commercial terms consistent with the CCS Group's usual industry practice and business policies of the CCS Group, which are generally no less favourable than those extended from unrelated third parties.

In particular, the following review procedures have been put in place:-

(a) *Deposits*

In relation to the time deposit with COSCO Finance by the CCS Group of its funds, the Company will require that quotations shall be obtained from COSCO Finance and at least two unrelated banks for rates of time deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the CCS Group. The CCS Group will only place its funds with COSCO Finance, provided that the terms quoted are no less favourable than the terms quoted by such banks for equivalent amounts.

(b) *Borrowings*

In relation to the borrowings of funds from COSCO Finance by the CCS Group, the Company will require that quotations shall be obtained from COSCO Finance and at least two banks for rates for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed. The CCS Group will only borrow funds from COSCO Finance, provided that the terms quoted are no less favourable than those quoted by such banks.

(c) *Debt Securities*

In relation to the subscription of debt securities issued by, or purchase of debt securities from COSCO Finance, the CCS Group will only enter into the subscription or purchase of such debt securities provided that the price(s) at which the CCS Group subscribes for or purchases such debt securities will not be higher than the price(s) at which such debt securities are subscribed for or purchased by third parties.

Threshold Limits

The Company will implement the following threshold limits to ensure that Treasury Services are undertaken with COSCO Finance on an arm's length basis and on normal commercial terms:

<i>Types of Treasury Services</i>	<i>Treasury Limit (\$)</i>
Deposits	25 million
Borrowings	25 million
Subscription or Purchase of Debt Securities	25 million
Issue or Sale of Debt Securities	25 million

Where the CCS Group's proportionate share attributable to its effective interest in a transaction with COSCO Finance exceeds any of the Treasury Limits set out above, such transaction must be approved by the Audit Committee prior to its entry. Where the CCS Group's proportionate share attributable to its effective interest in a transaction is equal to or below any of the Treasury Limits set out above, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

(ii) Financial Advisory Services

Any Recurrent IPT under this category is proposed to be transacted at rates which are in accordance with the prevailing market and/or the quotations from unrelated independent professional service providers for the same or similar terms of service, on terms that are generally no more favourable to COSCO Finance than the usual commercial terms extended by unrelated third parties or otherwise in accordance with applicable industry norms and practices. It is proposed that the CCS Group obtains quotations from COSCO Finance and from at least two other unrelated third-party service providers for the same or substantially the same type of Financial Advisory Services, taking into consideration, *inter alia*, non-price factors, such as quality of work, track record and delivery time-frame, which will ultimately be scrutinised by the Audit Committee. Should the two competitive quotes from unrelated third party service providers be not readily available in cases where the type of Financial Advisory Services sought by the CCS Group are not available from the market, then the CCS Group will satisfy itself that the costs for such type of Financial Advisory Services provided by COSCO Finance shall be on arm's length and on normal commercial basis and in accordance with any formula for such cost recovery agreed with COSCO Finance.

The Audit Committee will satisfy itself that the pricing for such type of Financial Advisory Services had been arrived at on an arm's length basis and normal commercial terms based on the comparison process of the above-mentioned quotations.

(iii) MIS Services

Any Recurrent IPT under this category is proposed to be transacted at rates which are in accordance with the prevailing market and/or the quotations from unrelated independent professional service providers for the same or similar terms of service, on terms that are generally no more favourable to the Interested Persons than the usual commercial terms extended by unrelated third parties or otherwise in accordance with applicable industry norms and practices. It is proposed that the CCS Group obtains quotations from the Interested Persons and from at least two other unrelated third-party service providers for the same or substantially the same type of MIS Services, taking into consideration, *inter alia*, non-price factors, such as quality of work, track record and delivery time-frame, which will ultimately be scrutinised by the Audit Committee. Should the two competitive quotes from unrelated third party service providers be not readily available in cases where the type of MIS Services sought by the CCS Group are not available from the market, then the CCS Group will satisfy itself that the costs for such type of MIS Services provided by any Interested Person shall be on arm's length and on normal commercial basis and in accordance with any formula for such cost recovery agreed with such Interested Person.

The Audit Committee will satisfy itself that the pricing for such MIS Services had been arrived at on an arm's length basis and normal commercial terms based on the comparison process of the above-mentioned quotations.

(iv) Management Support Services

Any Recurrent IPT under this category is proposed to be transacted at rates which are in accordance with the prevailing market and/or the quotations from unrelated independent professional service providers for the same or similar terms of service, on terms that are generally no more favourable to the Interested Persons than the usual commercial terms extended by unrelated third parties or otherwise in accordance with applicable industry norms and practices. It is proposed that the CCS Group obtains quotations from the Interested Persons and from at least two other unrelated third-party service providers for the same or substantially the same type of Management Support Services, taking into consideration, non-price factors, *inter alia*, such as quality of work, track record and delivery time-frame, which will ultimately be scrutinised by the Audit Committee. Should the two competitive quotes from unrelated third party service providers be not readily available in cases where the type of Management Support Services sought by the CCS Group are not available from the market, then the CCS Group will satisfy itself that the costs for such type of Management Support Services provided by any Interested Person shall be on arm's length and on normal commercial basis and in accordance with any formula for such cost recovery agreed with such Interested Person.

The Audit Committee will satisfy itself that the pricing for such type of Management Support Services had been arrived at on an arm's length basis and normal commercial terms based on the comparison process of the above-mentioned quotations.

Recurrent IPTs described in Section 2.3 of this Schedule II

- 4.5 To ensure that the Recurrent IPTs are carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will put in place the following guidelines for the review and approval of the Recurrent IPTs described in Section 2.3 of this Schedule II under the Shareholders' Mandate:

4.5.1 Shipbuilding Services

Review Procedures

In general, there are procedures established by the CCS Group to ensure that Shipbuilding Services with the CCS Interested Person is undertaken on an arms' length basis and on normal commercial terms consistent with the CCS Group's usual industry practice and business policies of the CCS Group, which are generally no less favourable than those extended from unrelated third parties.

In particular, the following review procedures have been put in place:

- (a) all contracts entered into or transactions with the CCS Interested Person are to be carried out at the prevailing market rates or prices of the service or product provided, on terms which are no more favourable to the CCS Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded);
- (b) to corporate customers or for bulk purchases or otherwise in accordance with the applicable industry norms;
- (c) where prevailing market prices or rates are not available due to the nature of the service to be provided or the product to be sold, the CCS Group's pricing for such services to be provided or product to be sold must be determined in accordance to CCS Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the CCS Group for the same or substantially similar type of contract or transaction with unrelated third parties; and

- (d) in evaluating the terms to be offered to the CCS Interested Person for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

4.5.2 In addition, the following approval procedures will be implemented to ensure that the Shipbuilding Services are undertaken with CCS Interested Person on an arm's length basis and on normal commercial terms:

Approval Limits

Any Recurrent IPT the value of which is less than 1.0% of the Group's latest audited consolidated NTA shall be reviewed and approved by the chief executive officer/general manager or the next most senior personnel in the operational hierarchy (the "**Officer-in-Charge**") of the relevant member of the CCS Group involved in the Recurrent IPT (who is not interested in the particular Recurrent IPT) based on the review procedures outlined in Section 4.5.1 above. The Officer-in-Charge may at his discretion obtain independent advice or valuations from external or professional sources.

In the event that the Officer-in-Charge is unable to review and approve the Recurrent IPT based on the review procedures outlined in Section 4.5.1 above, he shall refer the approval of such Recurrent IPT to any director of the Company who shall not be interested in the Recurrent IPT. The Officer-in-Charge shall compile and tabulate all the Recurrent IPT entered into under this approval procedure outlining, amongst others, the basis of determining the transaction prices and the rationale for entering into the Recurrent IPT and submit the same to the Audit Committee for quarterly review.

Any Recurrent IPT the value of which is equal to or above 1.0% of the Group's latest audited consolidated NTA but less than 3.0% of the Group's latest audited consolidated NTA shall be reviewed and approved by the President of the Company or, in his absence or if he has an interest in the Recurrent IPT, a director of the Company who shall not be interested in the Recurrent IPT. The President of the Company or such other director of the Company may at his discretion obtain independent advice or valuations from external or professional sources.

If a series of Recurrent IPTs of the same type entered into with the same Interested Person during the same financial year and have an aggregate value which equals to or above 3.0% of the Group's latest audited consolidated NTA, the next Recurrent IPT of the same type with the same Interested Person shall be reviewed and approved by the majority of the Audit Committee, other than members of the Audit Committee who have an interest in the Recurrent IPT. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources. Subsequent Recurrent IPT of the same type with the same Interested Person will again be subject to the approval procedures outlined in this Section 4.5.2 and the aggregation of transaction amounts for such subsequent Recurrent IPT will re-commence from nil for the purpose of this particular approval procedure.

Any Recurrent IPT the value of which is equal to or above 3% of the Group's latest audited consolidated NTA will be reviewed and approved by the majority of the Audit Committee, other than the members of the Audit Committee who have an interest in the Recurrent IPT, which may at its discretion obtain independent advice or valuations from external or professional sources.

All Recurrent IPTs

- 4.6 All Recurrent IPTs will be duly documented and the records thereof will be reviewed quarterly by or at the direction of the Audit Committee and the Audit Committee will report on the same to the Directors of the Company to ensure that such transactions are carried out at arm's length and on normal commercial terms (the "**Recurrent IPT Register**"). If a member of the Audit Committee has an interest in a Recurrent IPT to be reviewed by the Audit Committee, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

- 4.7 The Recurrent IPT Register shall outline all the Recurrent IPTs entered into by the CCS Group and shall include all information pertinent to the evaluation of such Recurrent IPTs such as, but not limited to, the identity of the Interested Person, the amount of the Recurrent IPT, the basis of determining the transaction prices and supporting evidence (where available) as to whether such Recurrent IPTs are conducted in line with guidelines outlined above.
- 4.8 The Recurrent IPT Register shall be prepared, maintained and monitored by a personnel of the Company (who shall not be interested in any of the Recurrent IPTs) who is duly delegated to do so by the Audit Committee and reviewed by external auditors.
- 4.9 The Group's internal and external auditors shall assist the Audit Committee in the review and carry out such tests as they deem necessary on the Recurrent IPTs entered into pursuant to the Shareholders' Mandate.
- 4.10 Pursuant to Rule 920(1)(a)(i) of the Listing Manual, disclosure will be made in the annual report of the Company of the aggregate value of all Recurrent IPTs conducted with Interested Persons pursuant to the Shareholders' Mandate during the financial year under review, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force, in the form set out in Rule 907 of the Listing Manual.
- 4.11 Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, disclosure will be made of the aggregate value of Recurrent IPTs conducted with Interested Persons pursuant to the Shareholders' Mandate for the financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report, in the form set out in Rule 907 of the Listing Manual.
- 4.12 If, during periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review and approval procedures are inadequate or inappropriate to ensure that the Recurrent IPTs will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will direct the Company to revert to Shareholders for a fresh mandate on new guidelines and procedures for the transactions with the Interested Persons.