中遠海運控股股份有限公司

COSCO SHIPPING Holdings Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1919)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The "Summary of the Material Asset Acquisition Report (Draft) (Revised Version)" as published in Chinese on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 25 July 2017 is enclosed hereto as overseas regulatory announcement in English and Chinese.

By Order of the Board
COSCO SHIPPING Holdings Co., Ltd.*
Guo Huawei
Company Secretary

Shanghai, the People's Republic of China
25 July 2017

As at the date of this announcement, the directors of the Company are Mr. WAN Min[2] (Chairman), Mr. HUANG Xiaowen[1] (Vice Chairman), Mr. XU Zunwu[1], Mr. MA Jianhua[2], Mr. WANG Haimin[1], Mr. ZHANG Wei (張為)[1], Mr. FENG Boming[2], Mr. ZHANG Wei (張煒)[2], Mr. CHEN Dong[2], Mr. YANG, Liang Yee Philip[3], Mr. WU Dawei[3], Mr. ZHOU Zhonghui[3], Mr. TEO Siong Seng[3] and Mr. KOO, Chee Kong Kenneth[3].

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent non-executive Director*

* *For identification purpose only*

Place of listing of A shares：Shanghai Stock Exchange Stock code: 601919 Stock short name: COSCO SHIP HOLD

Place of listing of H shares：Hong Kong Stock Exchange Stock code:01919 Stock short name: COSCO SHIP HOLD

COSCO SHIPPING Holdings Co., Ltd.

SUMMARY OF THE MATERIAL ASSET ACQUISITION REPORT (Draft)

(Revised Version)

Possible Transaction Counterparty	Domicile and mailing address
All the shareholders of Orient Overseas (International) Limited	-

Independent Financial Adviser

UBS 瑞银

UBSS

12th&15th Floors, Winland International Financial Center, No. 7 Financial Street, Xicheng District, Beijing

July 2017

Declaration

The Company and all of its directors, supervisors and senior management hereby guarantee the truthfulness, accuracy and completeness of the contents of this Report, and jointly accept responsibility for the false representations, misleading statements or material omissions in this Report.

The responsible person of the Company and the chief accountant and head of the accounting department of the Company hereby guarantee the truthfulness, accuracy and completeness of the financial statements contained in this Report.

Any decisions or opinions of the China Securities Regulatory Commission and other government bodies regarding the Material Asset Acquisition are not expression of substantive judgment or warrant of the value of the shares of the Company or investors' gain. Any declaration to the contrary is false and is a misrepresentation.

After the Material Asset Restructuring is completed, the Company shall be responsible for the changes in the operation and revenue of the Company; investors are responsible for any investment risk caused by the Material Asset Restructuring.

What described in this Report does not represent any substantial judgment, confirmation or approval by any examining and approving authority in respect of matters involved in the Material Asset Restructuring. Matters relating to the Material Asset Restructuring set out in this Report are subject to permit or approval from relevant regulating and approving authorities before such matters become effective and be completed.

If investors have any doubt on this Report, they should consult their own stock brokers, lawyers, professional accountants and other professional consultants.

Revision Note

According to the Ex-post Enquiry Letter Regarding the Information Disclosure on the Draft of the Material Asset Restructuring of COSCO SHIPPING Holdings Co., Ltd. (Shang Zheng Gong Han No. [2017] 0841) (《關於中遠海運控股股份有限公司重大資產重組草案信息披露的事後問詢函》（上證公函【2017】0841 號）), the Company has revised and supplemented the Summary. The major additions and amendments are described as follows:

Under "(I) Risk relating to the approval of the Transaction" in "I. Risks relating to the Transaction" of "Warning on Major Risks" as set out in the revised version of the Summary, the risk warning on risk relating to anti-monopoly approval and other approval inside and outside the PRC has been revised and improved.

The Company has added "(III) Overseas approval and risk disclosure required for the implementation of the Transaction" to "IX. Procedures Performed and to be Performed for the Transaction" under "Notes on Material Events" and "IX. Procedures Performed and to be Performed for the Transaction" under "Chapter 1 Overview of the Transaction" in the revised version of the Summary, in order to elaborate the required overseas approval and risks in relation to the Transaction.

The Company has added "X. The Transaction's Influence on the Listing Status of the Target Company" to "Chapter 1 Overview of the Transaction" in the revised version of the Summary, in order to analyze the Transaction's influence on the listing status of the Target Company.

Notes on Material Events

The Company strongly recommends the investors to carefully read the full text of the Summary and pay special attention to the following matters:

The terms or abbreviations contained in this part shall have the same meanings as those defined in "Definitions" of the Summary.

I. Overview of this Proposal

(I) Method of the Transaction

COSCO SHIPPING Holdings Co., Ltd. has jointly made a cash offer through its overseas wholly-owned subsidiary, Faulkner Global, with Shanghai Port (BVI), to all the shareholders of OOIL, a company listed on the Main Board of the Hong Kong Stock Exchange, to acquire all issued shares of the Target Company held by them. The Offer is a pre-conditional voluntary general cash offer. Faulkner Global and Shanghai Port (BVI) will jointly acquire not less than 429,950,088 shares, representing 68.7% of the entire issued shares of OOIL and not more than 625,793,297 shares, being the entire issued shares of OOIL.

The shares of the Target Company to be acquired from the Offer by Faulkner Global and Shanghai Port (BVI) will be allocated as follows:

(1) In respect of 429,950,088 shares of the Target Company, representing approximately 68.7% of the entire issued shares of the Target Company, provided under the *Irrevocable Undertaking*: of which, 61,953,536 shares of the Target Company, representing approximately 9.9% of the entire issued shares of the Target Company, will be acquired by Shanghai Port (BVI); and 367,996,552 shares of the Target Company, representing approximately 58.8% of the entire issued shares of the Target Company, will be acquired by Faulkner Global;

(2) All the other shares that are not provided under the Irrevocable Undertaking and will be sold by the shareholders of the Target Company proposing to

accept the Offer will be acquired by Faulkner Global.

(II) Target of the Transaction

The target assets of the Offer are not more than 100% shares of OOIL held by all its shareholders who intend to accept the Offer.

(III) Counterparty of the Transaction

The offerors of the Offer are Faulkner Global and Shanghai Port (BVI), the Joint Offeror.

The potential counterparty of the Offer shall be all shareholders of OOIL, subject to the final acceptance of the Offer. Among these shareholders, Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, have provided an irrevocable undertaking to Faulkner Global that, subject to fulfillment of the conditions, including (1) offer price shall not be less than HK$78.67 per share; (2) Faulkner Global shall make an formal offer within seven days after the satisfaction or waiver of the pre-conditions to the Offer, which date shall not be later than 30 June 2018, Fortune Crest Inc. and Gala Way Company Inc. shall irrevocably accept or procure to accept the Offer. The irrevocable undertaking involves 429,950,088 shares in total, which represent 68.70% of the entire issued shares of the Target Company. Save for the above, there are no other certain counterparties to the Transaction at present.

(IV) Consideration of the Transaction

The Consideration of the Offer shall be paid in cash, amounting to HK$78.67 per share.

(V) Number of Shares in the Transaction

Prior to the Transaction, the Company did not hold any shares in OOIL. The number of shares in OOIL to be acquired by the Company and the Joint Offeror through the Offer will be not less than 429,950,088 shares, representing 68.7% of the entire issued shares in OOIL and not more than 625,793,297shares, being the total issued shares of OOIL.

(VI) Source of Funding for the Transaction

The Offer will be funded by Faulkner Global’s own funds and self-raised funds.

As at the issue date of the Summary, according to the term sheet entered into between Faulkner Global and Bank of China and the Undertaking Letter for the confirmation of the bridge loan issued by Bank of China to Faulkner Global, Bank of China shall arrange its oversea branches to provide a bank bridge loan in an aggregate amount of up to US$6.5 billion to Faulkner Global. After pre-conditions are fulfilled, the relevant parties shall execute a formal loan agreement in respect of such bridge loan.

(VII) Pre-Conditions to the Transaction

In accordance with the irrevocable undertaking entered into by Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, together with Faulkner Global, the Company and COSCO SHIPPING Group on 7 July 2017, the pre-conditions to the Acquisition are as follows:

(1) approval or authorization having been obtained from NDRC, SASAC (if necessary), and the SAFE (if necessary), and filing, registration and notification having been made to or with such authorities in relation to the Acquisition;

(2) the Acquisition having passed the anti-monopoly review by the Ministry of Commerce, European Union and United States of America; and

(3) the shareholders of COSCO SHIPPING Holdings having passed resolutions at the general meeting according to the Restructuring Measures to approve the Acquisition.

(VIII) Valid Period of Resolution on the Transaction

The resolution on the Transaction shall be valid for a 12-month period commencing from the date on which the resolution on the Transaction is passed at the general meeting of the Company.

(IX) Authorization Matters in relation to the Transaction

In respect of the specific matters in relation to the Transaction, the Company proposes to authorise the Board and its authorized persons at the general meeting to handle matters in relation to the Transaction in their sole discretion. The valid period of such authorization is 12 months.

(X) Relevant Undertakings Executed in respect of the Transaction

Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, executed an irrevocable undertaking with Faulkner Global, the Company and COSCO SHIPPING Group on 7 July 2017 to undertake that once the Offer is made and the following conditions are fulfilled, Fortune Crest Inc. and Gala Way Company Inc. shall irrevocably accept or procure to accept the Offer within seven days from the date of the Offer:

1. the offer price is not less than HK$78.67 per share;
2. Faulkner Global shall make a formal offer within seven days from the date on which the pre-conditions to the Offer are fulfilled or waived, and such pre-conditions shall be fulfilled or waived no later than 30 June 2018.

At the same time, Faulkner Global and COSCO SHIPPING Group respectively undertake that:

(1) Faulkner Global shall take all necessary actions, including any reconciliation and mediation actions, to procure CFIUS to approve and permit the completion of the Offer;

(2) Faulkner Global shall take all necessary actions to complete all approvals from the PRC required for the Offer, including but not limited to, any approvals and authorizations, filings and registrations from the MOC, NDRC, SAFE (if required), SASAC (if required) and the Shanghai Stock Exchange;

(3) COSCO SHIPPING Group shall procure COSCO Group to vote for the matters in respect of the Offer and the Acquisition in the general meeting for the Transaction. Faulkner Global shall, and COSCO SHIPPING Group and COSCO SHIPPING Holdings shall procure Faulkner Global to fullfil and implement Faulkner Global's obligations under the *Irrevocable Undertaking* and the terms, commitments, intentions thereunder as well as the obligations under Announcement 3.5.

Faulkner Global agrees that, in the event Faulkner Global fails to make an offer or fails to complete for any reason, it shall pay a reverse termination fee for an amount of US$ 253 million, exclusive of related tax withholding and relief, to the Target Company, except in the following circumstances:

(1) Fortune Crest Inc. and Gala Way Company Inc. having substantially breached the undertakings under the Irrevocable Undertaking;

(2) the Transaction having failed to pass the anti-monopoly review of the PRC, the United States or European Union before 30 June 2018 or other dates otherwise agreed by parties; or

(3) the Transaction having failed to meet the requirements of CFIUS.

II. The Transaction Constitutes Material Asset Restructuring

Assuming all the shareholders of the Target Company accept the Offer under the Transaction in respect of their shares, the total cash consideration payable would be approximately HK$49.23 billion (equivalent to RMB42.87 billion, calculated by using the central parity rate of HK$1 to RMB0.8708 on 5 July 2017).

Based on the financial data of the Listed Company and the Target Company for 2016 as well as the pricing of this Transaction, the relevant financial ratios are calculated as follows:

Unit: RMB ’0,000

Item	Target Company	COSCO SHIPPING Holdings	Transaction price	Carrying value and transaction price, whichever is higher	Percentage
Total assets	6,523,964	11,965,273	3,862,631	6,523,964	54.52%
Net assets attributable to the Listed Company	3,135,029	1,832,330	3,862,631	3,862,631	210.80%
Revenue	3,675,010	7,116,018	-	-	51.64%

Note 1: The financial data of the Listed Company is the audited financial data for 2016, and the financial data of the Target Company is the audited financial data for 2016 prepared under the Hong Kong Accounting Standards.

Note 2: The financial data of the Target Company in the Offer is denominated in US dollars, which have been translated into RMB in the above table by using the central parity rate of US$1 to RMB6.937 of Bank of China as at 31 December 2016.

The proportion of the revenue of the Target Company for 2016 to that of the Listed Company during the same period was approximately 51.64%. As at 31 December 2016, based on the higher amount of the carrying amount and the transaction price of the target assets, total assets of the Target Company accounted for 54.52% of total assets of the Listed Company, while the transaction price of the target assets accounted for 210.80% of the net assets attributable to the Listed Company. Therefore, the Transaction constitutes material asset restructuring pursuant to the Restructuring Measures.

III. The Transaction does not constitute a Related-Party Transaction

The potential counterparty in the Offer shall be all shareholders of OOIL, subject to the final acceptance of the Offer. Prior to the Transaction, the Listed Company did not have any related relationship with counterparties who had confirmed acceptance of the Offer or the Joint Offeror. Therefore, the Transaction does not constitute a related-party transaction.

IV. The Transaction does not Constitute a Reverse Takeover

Upon completion of the Transaction, the Controlling Shareholder of the Listed Company remains to be China Ocean Shipping (Group) Company, and its actual controller is SASAC of the State Council. The Transaction will not result in change to the actual controller of the Listed Company. Therefore, the Transaction does not constitute a reverse takeover pursuant to the relevant requirements under the Restructuring Measures.

V. Payment Method of the Transaction

The Transaction shall be paid in cash and does not involve any share issuance.

VI. Valuation of the Target Company

The Transaction involves the acquisition of OOIL by the Listed Company by way of a conditional voluntary general cash offer at a consideration of HK$78.67 per share, and the value of the 100% equity interests in the Target Company is HK$49.231 billion. Since the Target Company is a company listed on the Hong Kong Stock Exchange, the transaction price for the Offer is not based on the valuation report and no assets appraisal has been made for the Offer. The offer price is determined by the Listed Company after comprehensive consideration of factors such as the asset quality, profitability, brand influence, capacity scale and market capitalization of the Target Company as well as the synergy between the Listed Company and OOIL in areas such as region, brand and business following completion of the Offer.

The Company has engaged UBSS as its valuation agency to evaluate the target of the Transaction by using 30 June 2017 as the Valuation Base Date and issue the Valuation Report in relation thereto, which shall analyze the rationality and fairness of the transaction price from the prospective of an independent valuation agency. The valuation agency has evaluated the 100% equity interests in OOIL as at 30 June 2017 (i.e. the Valuation Base Date) by adopting the comparable company approach and the comparable transaction approach, respectively. According to the Valuation Report, the transaction price is reasonable and fair.

VII. Audit Details of The Target Company

The Target Company under the Transaction is an overseas independent legal entity incorporated in Bermuda, without any shareholding relationship with the Company. In addition, the Offer is an acquisition of a company listed on Hong Kong Stock Exchange by an overseas subsidiary of COSCO SHIPPING Holdings , the Target Company is not allowed to provide much detailed financial data prior the completion of the Acquisition due to commercial confidential restrictions and market regulations, etc., which makes it difficult to obtain detailed financial information prepared in accordance with the PRC Enterprise Accounting Standards and to conduct auditing thereof. Accordingly, neither financial report of the Target Company prepared under the PRC Enterprise Accounting Standards applicable to the Company nor its relevant audit report is available.

According to the regular reports disclosed in public by the Target Company, the Target Company's financial statements for years of 2015 and 2016 were prepared under Hong Kong Financial Reporting Standards and had been audited by PricewaterhouseCoopers who issued a standard audit report with unqualified opinions.

The Company has read the financial statements of the Target Company for the relevant periods and fully understood the accounting policies as disclosed. It also compared the accounting policies related to the Target Company with those requirements under the PRC Accounting Standards and analyzed the discrepancies between them. PwC Zhong Tian was also appointed by the Company to issue *Discrepancies Assurance Report* on the particulars of such discrepancies. PwC Zhong Tian has reached an conclusive opinion: based on the limited assurance engagement performed by us, nothing has come to our attention that causes us to believe that "Statements of Standard Discrepancies Reconciliation" are not, in all material respects, reflective of matters regarding standard discrepancies reconciliation between "Financial Information under Hong Kong Standards" and "Financial Information under the PRC Standards" of OOIL for years of 2015 and 2016.

The Company undertakes that it will complete and disclose to investors the Target Company's financial reports and relevant audit reports prepared under the PRC Enterprise Accounting Standards as well as Listed Company's pro forma financial statements prepared under the PRC Enterprise Accounting Standards within three months upon formal completion of the transaction in relation to the Target Company.

VIII. Effects of the Transaction on the Listed Company

The Transaction involves the acquisition of assets by the Listed Company by way of payment in cash and does not involve any share issuance. Upon completion of the Transaction, the shareholding structure of the Listed Company will remain unchanged.

The Transaction aims to enlarge and strengthen Listed Company by seizing the historic opportunities presented by China's "Belt and Road" initiative and through merge and acquisition overseas. It also seeks to shift from "product-based thinking" to "user-oriented thinking", thereby promoting Listed Company's overall optimization and innovation in business patterns and increasing its international competitiveness. Additionally, in pursuit of the synergy effects amongst container transportation and terminal business in terms of investment and operation, the Transaction will increase Listed Company's profitability and generate more returns for the shareholders.

This acquisition is expected to bring significant synergy effect for the container and terminal business of the Listed Company in the optimization of route network and capacity layout, optimization of supplier related costs, integration of container fleet, improvement of revenue management, operation standardization and cost reduction.

The Transaction will enable the Listed Company to utilize more globalized resources to facilitate the implementation of the Listed Company's global strategy and accelerate its global penetration. For container transportation business, the Transaction will help strengthen the global operation and integrated service of the container transportation network. For terminal business, the Transaction will help promote its global penetration, optimize terminal portfolio and significantly improve its risk resistance capacity.

The Company will complete the financial report and pro forma financial statements of the target of the Transaction prepared under the Chinese Enterprise Accounting Standards and disclose the same to investors and conduct audit on the same as soon as possible within three months upon completion of the Transaction. Although the Transaction will cause certain capital pressure on the Company, the Company as a leading enterprise in the shipping industry in the PRC has leading and stable market position, profound brand influence, sound business operations, sufficient operating cash flow and smooth financing channel. So far, the Company has established strategic partnership with various financial institutions and the financial safety of the Company will not adversely affected by the Transaction.

IX. Procedures Performed and to be Performed for the Transaction

(I) Authorization, permit and approval obtained for the Transaction

As at the date of the Summary, the following authorization, permit and approval has been obtained for the Transaction:

1. Approval and authorization of COSCO SHIPPING Holdings

On 7 July 2017, COSCO SHIPPING Holdings convened the third meeting of the fifth session of the Board, considered and passed the following resolutions in relation to the Transaction:

(1) resolution on COSCO SHIPPING Holdings's eligibility for Material Asset Restructuring;

(2) resolution on the proposal by the Company to acquire OOIL by way of a tender offer;

(3) resolution on the Material Asset Acquisition Report (Draft) of COSCO SHIPPING Holdings Co., Ltd. and its Summary;

(4) resolution on the compliance of the Material Asset Restructuring with Rule 4 of the Provisions on Certain Issues Concerning the Regulating of Material Asset Restructuring of Listed Companies (《关于规范上市公司重大资产重组若干问题的规定》);

(5) resolution on complete and compliant performance of legal procedures for the Transaction and the validity of legitimate documents submitted;

(6) resolution on approval of the valuation report relevant to the Company's Material Asset Restructuring;

(7) resolution on the independence of valuers, reasonability of valuation assumptions, relevance between valuation methods and valuation purpose and the fairness of pricing for the Transaction;

(8) resolution on assurance report on differences of accounting standards in relation to the Transaction;

(9) resolution on relevant issues for potential dilution of earnings per share of the Company for the current period by the Transaction;

(10) resolution on requesting the general meeting to authorize the Board and its authorized persons with sole discretion to address matters related to the Material Asset Restructuring;

(11) resolution on request for convening of an extraordinary general meeting recently.

On 7 July 2017, the independent directors of COSCO SHIPPING Holdings gave independent opinions affirming related matters considered at the aforesaid meeting of the Board.

On 7 July 2017, COSCO SHIPPING Holdings convened the second meeting of the fifth session of the Supervisory Committee, considered and passed the resolutions related to the Transaction.

2. Other approval and authorization

On 28 June 2017, the Department of Foreign Investment and Outbound Investment Utilization of NDRC issued a Confirmation Letter in Relation to Information Report on Acquisition of Orient Overseas (International) Limited's Equity Project by COSCO SHIPPING Holdings Co., Ltd. (Fa Gai Wai Zi Jing Wai Que Zi No. [2017]403) (《關於中遠海運控股股份有限公司收購東方海外（國際）有限公司股權項目信息報告的確認函》（發改外資境外確字[2017]403 號）) in order to confirm the report on the project information of the Transaction.

On 6 July 2017, Shanghai International Port (Group) Co., Ltd. convened the 56th meeting of the second session of the board of directors, which reviewed and passed resolutions relating to the Transaction and approved the participation of Shanghai Port (BVI) in the Transaction.

(II) Approval procedures required for the implementation of the Transaction

Approval/Filing procedures required for the implementation of the Transaction are as follows:

1. To file the offshore investment matters with the NDRC;

2. To obtain the approval of the SASAC of the State Council on the Transaction, if necessary;

3. To pass the review of the SSE on the Restructuring Report and other disclosure documents in respect of the Transaction;

4. Pursuant to the Restructuring Measures promulgated by the CSRC, the Transaction shall be approved by more than two thirds of the voting rights held by shareholders present at the general meeting of COSCO SHIPPING Holdings;

5. To pass the review of the Ministry of Commerce, the European Union and the competent authorities of the United States of America in respect of the anti-monopoly matters involved in the Transaction;

6. To obtain the approval of the CFIUS in respect of the Transaction;

7. To be approved by/ filed with/ consented by other competent authorities or the relevant parties, if necessary.

(III) **Overseas approval and risk disclosure required for the implementation of the Transaction**

The Transaction is required to pass the overseas anti-monopoly review in the United States and the European Union. In accordance with the inquiry over the publicly disclosed information, merger and acquisition transactions in the container transportation industry which have passed the anti-monopoly review in the European Union during recent years consist of Maersk's acquisition of Hamburg Sud transaction, Hapag-Lloyd's acquisition of UASC transaction, CMA-CGM's acquisition of the Neptune Orient Lines transaction, Hapag-Lloyd's acquisition of CSAV transaction.

As advised by the foreign lawyer, although the anti-monopoly review authority in the European Union has disclosed the results and contents of the review within its scope of application for review on the merger and acquisition transactions in the container transportation industry during recent years, substantial confidential information thereof shall be deleted upon the requirement of the trading parties, therefore the review contents disclosed are incomplete. In addition, the anti-monopoly review authority in the United States has not published the results and specific contents of the review within its scope of application for review on the merger and acquisition transactions in the container transportation industry during recent years.

Based on the above, although the review results from the European Union on the similar cases in the industry have reference value for the Acquisition, the Acquisition shall be evaluated by taking consideration of its specific condition due to the uncertainty of the anti-monopoly review and regulation.

As advised by the foreign lawyer, COSCO SHIPPING Holdings and the Target Company, at the present stage, hold a positive attitude of the anti-monopoly review from the United States and the European Union over the Transaction based on the preliminary judgements in terms of the corporate business and operation, however, these judgments need verification in accordance with the specific legal evaluation over the anti-monopoly regulation from the United States and the European Union. COSCO SHIPPING Holdings and the Target Company are currently collecting the relevant information based on the specific requirement on the anti-monopoly review from the United States and the European Union and plan to keep good and close communication with the regulatory authorities to facilitate the Transaction to pass the anti-monopoly review as expected.

There is a certain degree of uncertainty for the Company to pass the relevant anti-monopoly review at present.

Pursuant to the joint announcement issued by Faulkner Global, Shanghai Port (BVI), COSCO SHIPPING Holdings and the Target Company on 9 July 2017 and as advised by the foreign lawyer, the overseas review involved in the Transaction also includes the CFIUS' review. Except for the abovementioned overseas institutional review, the Parties to the Transaction do not consider that there is any other overseas review which would have material effects on the completion of the Transaction.

For risk relating to the approval of the Transaction, the Summary has included the relevant risk warning, as described under "(I) Risk relating to the approval of the Transaction" in "I. Risks relating to the Transaction" of "Warning on Major Risks" as set out in the Summary.

X. Important undertakings made by the parties involved in the Restructuring

No.	Subject of undertaking	Name of undertaking	Content of undertaking
1.	COSCO SHIPPING Group	Undertaking in relation to non-competition	I. During the period that COSCO SHIPPING Holdings was indirectly controlled by the Group, the Group and its subsidiaries will not take any action or measure to engage in business activities that constitute or may constitute substantial competition for the principle businesses of COSCO SHIPPING Holdings and its subsidiaries and will not infringe lawful interests of COSCO SHIPPING Holdings and its subsidiaries, including but not limited to the future establishment of other subsidiaries, joint ventures or associates to engage in any business with COSCO Marine and its subsidiaries that constitute substantial competition in the current principle businesses of COSCO SHIPPING Holdings and its subsidiaries, or directly or indirectly involvement in existing principle businesses of COSCO SHIPPING Holdings and its subsidiaries. II. If the Offer is successfully implemented, OOIL will become a holding subsidiary of COSCO SHIPPING Holdings, and as OOIL and COSCO Shipping Lines North America, Inc., a wholly-owned subsidiary of the Group, both operate terminal operations in Long Beach, California, the USA, and they may have certain competitive relationship in the above business. In the case of the above-mentioned competitive businesses, within

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			five years after completion of the Transaction, the Group will solve the relevant competition in an effective way such as asset restructuring and business integration under the conditions recognized by the domestic and foreign regulatory authorities. In addition to the above, if there is substantial competition between the Group (and its subsidiaries) and COSCO SHIPPING Holdings in the principle businesses or substantial conflicts of interest against COSCO SHIPPING Holdings in the future, the Group will waive or procure companies under the Group's control to waiver business opportunities that may constitute substantial competition, or solve the relevant competition problems in an effective way such as asset restructuring and business integration under the conditions recognized by the domestic and foreign regulatory authorities in due course. III. The Group will not use any information known from or informed by COSCO SHIPPING Holdings to assist any third party to engage in or to participate in any business activity that constitute substantial competition or potential competition with existing businesses of COSCO SHIPPING Holdings. IV. If the Group and companies controlled

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			by the Group violate the above undertakings and cause damage to COSCO SHIPPING Holdings' interests, the Group will bear the corresponding compensation liability by law.
		Undertaking in relation to regulating and minimizing connected transactions	In accordance with the relevant national laws and regulations , in order to standardize connected transactions and safeguard the lawful interests of the Listed Company and other shareholders, the Group hereby solemnly undertakes that, during the period that the Group holds controlling interests in COSCO SHIPPING Holdings: 1. The Group and other companies under its control will endeavor to avoid and minimize future possible connected transactions with COSCO SHIPPING Holdings. As for the connected transactions that cannot be avoided or take place with reasonable reasons, the Group will enter into connected transaction agreements with COSCO SHIPPING Holdings in accordance with requirements of the relevant laws, regulations and normative documents, and the provisions of the articles of association and connected transaction management measures of COSCO SHIPPING Holdings and complying with the ordinary business principle of

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			openness, fairness and impartiality in the market; and ensure fairness and compliance of connected transactions; and perform transaction procedures and information disclosure obligations in accordance with requirements of the relevant laws, regulations and normative documents. 2. The Group's undertaking in relation to standardization of connected transactions will also apply to controlled subsidiaries of the Group; the Group will, within the scope of its legal authority, procure the performance of obligations for standardizing connected transactions that have existed or may occur between the Company's controlled subsidiaries and COSCO SHIPPING Holdings.
2.	COSCO Group	Undertaking in relation to non-competition	I. During the period that the Group is a controlling shareholder of COSCO SHIPPING Holdings, the Group and its subsidiaries will not take any action or measure to engage in business activities that constitute or may constitute substantial competition for the principle businesses of COSCO SHIPPING Holdings and its subsidiaries, and will not infringe lawful interests of COSCO SHIPPING Holdings and its subsidiaries, including but not limited to the future establishment of other subsidiaries, joint ventures or associates to engage in any business with COSCO

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			SHIPPING Holdings and its subsidiaries that constitute substantial competition for the principle businesses of COSCO SHIPPING Holdings and its subsidiaries, or direct or indirect involvement in existing principle businesses of COSCO SHIPPING Holdings and its subsidiaries. II. If there is substantial competition between the Group (and its subsidiaries) may constitute substantial competition for of and COSCO SHIPPING Holdings in the principle businesses or substantial conflicts of interest with COSCO SHIPPING Holdings in the future, the Group will waive or procure companies under the Group's control to waiver business opportunities that may constitute substantial competition, or solve the relevant competition in an effective way such as asset restructuring and business integration under the conditions recognized by the domestic and foreign regulatory authorities. III. The Group will not use any information known from or informed by COSCO SHIPPING Holdings to assist any third party in engaging in or participating in any business activity that constitute substantial competition or potential competition with existing businesses of COSCO SHIPPING Holdings.

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			IV. If the Group and companies controlled by the Group violate the above undertakings and cause damage to COSCO SHIPPING Holdings' interests, the Group will bear the corresponding compensation liability by law.
		Undertaking in relation to regulating and minimizing connected transactions	In accordance with the relevant national laws and regulations, in order to standardize connected transactions and safeguard the lawful interests of the Listed Company and other shareholders, the Group hereby solemnly undertakes that, during the period that the Group holds controlling shares of COSCO SHIPPING Holdings: 1. The Group and other companies under its control will endeavor to avoid and minimize future possible connected transactions with COSCO SHIPPING Holdings. As for the connected transactions that cannot be avoided or take place with reasonable reasons, the Group will enter into connected transaction agreements with COSCO SHIPPING Holdings in accordance with requirements of the relevant laws, regulations and normative documents, and the provisions of the articles of association and connected transaction systems of COSCO SHIPPING Holdings and complying with the

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			ordinary business principle of openness, fairness and impartiality in the market; and ensure fairness and compliance of connected transactions; and perform transaction procedures and information disclosure obligations in accordance with requirements of the relevant laws, regulations and normative documents. 2. The Group's undertaking in relation to standardization of connected transactions will also apply to controlled subsidiaries of the Group; the Group will, within the scope of its legal authority, procure the performance of obligations for standardizing connected transactions that have existed or may occur between the Company's controlled subsidiaries and COSCO SHIPPING Holdings.
3.	The Listed Company	Truthfulness, accuracy and completeness of the information provided	To ensure that the information provided for the Transaction is true, accurate and complete, that there are no false representations, misleading statements or material omissions, and severally and jointly accept responsibility for the authenticity, accuracy and completeness of the information provided.
4.	Directors, supervisors and senior management of	Truthfulness, accuracy and completeness of the information provided	To severally and jointly accept responsibilities to ensure that the information provided for the Transaction is true, accurate and complete, that there are

No.	Subject of undertaking	Name of undertaking	Content of undertaking
	COSCO SHIPPING Holdings		no false representations, misleading statements or material omissions, and that the authenticity, accuracy and completeness of the information provided.
	Directors and senior management of COSCO SHIPPING Holdings	Remedial measures for dilution of current return and undertakings	1. I undertake to perform my duties honestly and diligently, safeguard the lawful interests of the Company and all shareholders. 2. I undertake not to transfer any benefits to other entities or individuals at nil consideration or on unfair terms, and not to damage the interest of the Company by other means. 3. I undertake to restrain the duty-related consumption behavior of the directors and senior management of the Company. 4. I undertake not to appropriate any assets of the Company for investments and consumption activities unrelated to the performance of my duties. 5. I undertake, within the scope of my duties and permitted authorities, to endeavor to procure a linkage between the remuneration system established by the Board or the Remuneration and Appraisal Committee of the Company and the implementation of the return

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			remedial measures, and to vote (if having voting right) in favour of the relevant resolutions to be considered by the Board and the general meeting of the Company. 6. If the Company intends to implement equity incentives, I undertake, within the scope of my duties and permitted authorities, to endeavor to procure a linkage between the exercise right conditions of equity incentives issued by the Company and the implementation of return remedial measures of the Company, and to vote (if having voting right) in favour of the relevant resolutions considered by the Board and the General Meeting of the Company. 7. Since the issue date of these undertakings to the completion of the Transaction, if the CSRC issues other new regulatory requirements on remedial measures for dilution of current return and its undertakings, and that the above undertakings fails to satisfy such requirements of the CSRC, I undertake to make undertakings by then in accordance with the latest requirements of the CSRC. Being one of the relevant liable entities in the

No.	Subject of undertaking	Name of undertaking	Content of undertaking
			remedial measures for dilution of current return, if I have violated the above undertakings or refuse to perform the above undertakings, I have agreed to be subjected to relevant punishment or relevant disciplinary measures in accordance with the relevant requirements and rules specified or announced by the securities regulatory authorities, including the CSRC and the Shanghai Stock Exchange.

XI. Arrangement to protect the rights and interests of medium and small investors in the Restructuring

(I) To ensure the Transaction being priced reasonably

Pursuant to the Restructuring Measures, to verify the fairness and reasonableness of the consideration of the material asset acquisition transaction, the Company has engaged UBS Securities Co. Limited as its valuer to conduct a valuation on the Target Company and issue the Valuation Report, thereby analyzing the fairness of the consideration of the Transaction from the perspective of an independent valuation institution.

The Target Company under the Transaction is a foreign separate legal entity incorporated in Bermuda, without any shareholding relationship with the Company. In addition, as the Acquisition represents an acquisition offer by an overseas subsidiary under COSCO SHIPPING Holdings to acquire a company listed on Hong Kong Stock Exchange, the Target Company should not provide much detailed financial data prior to the completion of the Acquisition due to the fact that it is subject to commercial confidential restrictions and reasons such as market regulations, causing difficulties in obtaining to obtain detailed financial information prepared in accordance with the PRC Enterprise Accounting Standards and to conduct auditing thereof. Accordingly, neither financial report of the Target Company prepared under the PRC Enterprise Accounting Standards applicable to the Company nor its relevant audit report is available to the Company.

According to the regular reports disclosed in public by the Target Company, the Target Company's financial statements for years of 2015 and 2016 were prepared under Hong Kong Financial Reporting Standards and had been audited by PricewaterhouseCoopers who issued a standard audit report with unqualified opinions. The Company has read the financial statements of the Target Company for the relevant periods and fully understood its accounting policies under which the disclosure was made. It also compared the accounting policies related to the Target Company with those requirements provided under the PRC Accounting Standards and analyzed the discrepancies between them. PwC Zhong Tian was also appointed by the Company to issue Discrepancies Assurance Report on the particulars of such discrepancies.

The Company undertakes that it will complete and disclose to investors the Target Company's financial reports and relevant audit reports prepared under the PRC Enterprise Accounting Standards as well as Listed Company's pro forma financial statements prepared under the PRC Enterprise Accounting Standards within three months upon due settlement of the Target Company.

The independent directors of the Company have expressed their independent opinions on the fairness of the Transaction's price. The independent financial advisers engaged by the Company also expressed its review opinions on the fairness and reasonableness of the Transaction's price.

(II) To strictly perform information disclosure obligations as a

listed company

The Company and the related information disclosure obligors have fulfilled earnestly their information disclosure obligations and fairly disclosed major matters to all investors that might have a significant impact on the trading price of Listed Company's shares in strict compliance with the Securities Law, the Administrative Measures for the Disclosure of Information of Listed Companies, the Restructuring Measures and the relevant provisions.

(III) To engage an intermediary agency with the related qualifications

Pursuant to the Restructuring Measures, the Company has engaged independent financial adviser and legal adviser to verify the Transaction. Given the fact that the Target Company's financial statements were prepared under Hong Kong Financial Reporting Standards, the Company has read the financial statements of the Target Company for the relevant periods and fully understood its accounting policies under which the disclosure was made. It also compared the accounting policies related to the Target Company with those requirements provided under the PRC Accounting Standards and analyzed the discrepancies between them. PwC Zhong Tian was also appointed by the Company to issue Discrepancies Assurance Report on the particulars of such discrepancies.

The Company has engaged UBSS as its valuer to conduct a valuation on the Target Company and issue the Valuation Report, thereby analyzing the fairness of the consideration of the Transaction from the perspective of an independent valuation institution.

The independent financial adviser and legal adviser engaged by the Company have issued independent financial adviser's report and legal opinion letter in respect of the Transaction in accordance with the relevant laws and regulations, respectively.

The Company will engage an accountant firm with relevant securities qualifications to complete the compilation of the Target Company's financial reports and relevant audit reports prepared under the PRC Enterprise Accounting Standards as well as Listed

Company's pro forma financial statements prepared under the PRC Enterprise Accounting Standards within three months upon due settlement of the Target Company, and will disclose the same to investors.

(IV) Providing an online voting platform of the general meeting

In accordance with the relevant requirements of Provisions on Strengthening the Protection of the Rights and Interests of the General Public Shareholders issued by the CSRC, the Company carried out the spirit of Opinions on Further Strengthening the Protection of Lawful Rights and Interests of Small and Medium Investors in Capital Markets. In order to expand the ratio of the shareholders' participation in the general meeting, and effectively protect shareholders' rights, especially the right to know and the right to participate of small and medium shareholders, the Company will adopt the combination of scene vote and online vote at this general meeting. The Company will provide an online voting platform to holders of A shares of the Company through the trading system of the Shanghai Stock Exchange and the internet voting system. Holders of A shares of the Company may exercise their voting rights through the trading system of the Shanghai Stock Exchange or the internet voting system during the online voting time.

(V) Remedial arrangement for dilution of the current earnings per share after the Merge & Acquisition

The Transaction is paid in cash and does not involve issue of new shares. Prior to the completion of the Acquisition, the Target Company is unable to provide more detailed financial data due to commercial confidentiality restrictions and reasons such as market supervision. It is difficult to conduct audit as a result of failure to obtain the detailed financial information of the Target Company which is prepared under the PRC Accounting Standards for Business Enterprises, therefore financial statements and their related audit reports of the Target Company applicable to the Company cannot be prepared under the PRC Accounting Standards for Business Enterprises and it is also difficult to prepare the Listed Company's pro forma statements in accordance with the

PRC Accounting Standards for Business Enterprises. Therefore, it is currently impossible to accurately predict the actual situation of the current diluted earnings per share after the Merge & Acquisition.

The growth of capacity expansion in the global container transport market reached its peak in 2015 with more idle capacity emerging in the market. Meanwhile, the weak freight demand led to price competition among various container transport companies in order to fight for market shares. Affected by factors such as the increase in container idle capacity and the lower of transportation prices, several leading container transport companies in the industry recorded losses and many container transport companies began to adjust their long-term business strategies to cope with the market environment in 2016. According to its publicly disclosed operation condition, the Target Company recorded negative net profit in 2016. Although the industry prosperity has improved since the fourth quarter of 2016, there is still great uncertainty in the market trend. Therefore there may be a dilution of the current earnings per share if the loss of Target Company continues.

In order to reduce the risk exposure to the dilution of its current return due to the Transaction, the Company intends to adopt the following specific measures to mitigate the effects of the Transaction on the dilution of its current return.

1. Taking full advantage of synergies among different businesses of Listed Company to enhance the competitiveness of the Listed Company

The Transaction aims to enlarge and strengthen Listed Company by seizing the historic opportunities presented by China's "Belt and Road" initiative and through overseas merger and acquisition. It also seeks to shift from "product-based thinking" to "user-oriented thinking", thereby promoting Listed Company's overall optimization in business patterns and innovation and increasing its international competitiveness. Additionally, in pursuit of the synergy effects amongst container transportation and terminal business in terms of investment and operation, the Transaction will increase Listed Company's profitability and generate more returns for the Shareholders.

The Acquisition is expected to bring significant synergy effect for the container and terminal business of the Listed Company on the optimization of route network and capacity layout, optimization of supplier related costs, integration of container fleet, improvement of revenue management, operation standardization and cost reduction.

The Transaction will enable the Listed Company to utilize more globalized resources to facilitate the implementation of the Listed Company's global strategy and accelerate its global penetration. For container transportation business, the Transaction will help strengthen the globalization of operation and integration of services of the container transportation network. For terminal business, the Transaction will help promote its global penetration, optimize terminal portfolio and significantly improve its risk resistance capacity.

2. Constantly improving the corporate governance to provide system protection for the Company's development

The Company will strictly comply with the requirement of the laws, regulations and regulatory documents such as the Company Law and the Securities Law, and constantly improve the corporate governance structure so as to ensure that the shareholders can fully exercise their rights, that the board of directors can exercise its functions in accordance with laws, regulations and articles of association to make scientific decisions, that the independent directors can earnestly perform their duties and safeguard the legitimate interests of the Company as a whole, especially the small and medium shareholders, and that the board of supervisors can independently and effectively exercise its right to supervision and inspection over the directors, senior management and corporate finance so as to provide system protection for the Company's development.

3. Implementing active profit distribution policies

Upon the completion of the Transaction, the Company will continue to implement its continual, stable and active profit distribution policies and constantly strengthen its operation performance, improve its dividend distribution policies, enhance the transparency of the implementation of distribution policies based on the Company's actual conditions, policy orientation and will of the market to better protect and enhance the interests of the Company's shareholders.

4. Undertaking of the directors and senior management on remedial measures for dilution of current return due to Material Asset Restructuring of the Company

(1) I undertake to perform my duties honestly and diligently, safeguard the lawful interests of the Company and all the shareholders.

(2) I undertake not to transfer any benefits to other entities or individuals at nil consideration or on unfair terms, and not to damage the interest of the Company by other means.

(3) I undertake to restrain the duty-related consumption behavior of the directors and senior management of the Company.

(4) I undertake not to appropriate any assets of the Company for investments and consumption activities unrelated to the performance of my duties.

(5) I undertake, within the scope of my duties and permitted authorities, to endeavor to procure a linkage between the remuneration system established by the Board or the Remuneration and Appraisal Committee of the Company and the implementation of the return remedial measures, and to vote (if having voting right) in favour of the relevant resolutions considered by the Board and the General Meeting of the Company.

(6) If the Company intends to implement equity incentives, I undertake, within the scope of my duties and permitted authorities, to endeavor to procure a linkage between the exercise right conditions of equity incentives issued by the Company and the implementation of return remedial measures of the Company, and to vote (if having voting right) in favour of the relevant resolutions considered by the Board and the General Meeting of the Company.

(7) Since the issue date of these undertakings to the completion of the Transaction, if the CSRC issues other new regulatory requirements on remedial measures for dilution of current return and its undertakings, and that the above undertakings fails to satisfy such requirements of the CSRC, I undertake to make undertakings by then in accordance with the latest requirements of the CSRC. Being one of the relevant liable

entities in the remedial measures for dilution of current return, if I have violated the above undertakings or refuse to perform the above undertakings, I have agreed to be subjected to relevant punishment or relevant disciplinary measures in accordance with the relevant requirements and rules specified or announced by the securities regulatory authorities, including the CSRC and the Shanghai Stock Exchange.

Regarding the dilution of immediate returns by the Material Asset Restructuring and the relevant measures taken by the Listed Company, after verification, the independent financial advisor is of the opinion that the analysis of dilution of immediate returns conducted by the Listed Company is in line with industrial practice and actual operation of the Listed Company; the remedial measures for the immediate returns taken by the issuer and the undertakings made by the relevant undertaking parties are feasible and in compliance with the main focus in respect of the protection of small investors as set out in the Opinions of the General Office of the State Council on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Small Investors in the Capital Markets (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》（國辦發[2013]110 號）).

Warning on Major Risks

The terms or abbreviations contained in this part shall have the same meanings as those defined in "Definitions" of the Summary. Investors should carefully consider the following risk factors when assessing the Transaction:

I. Risks relating to the Transaction

(I) Risk relating to the approval of the Transaction

A number of approval procedures in connection with the Transaction remain to be fulfilled. The Offer is subject to the satisfaction or waiver (if applicable) of pre-conditions. Please refer to "(VII) Conditions precedent to the Transaction" under "III. Detailed Plan of the Transaction" of "Chapter 1 Overview of the Transaction" in the Summary for the pre-conditions to the Offer. The pre-conditions must be satisfied or waived before the making of the Offer. The making of the Offer is therefore a possibility only and all references to the Offer in the Summary are references to the possible Offer which will be implemented if and only if the pre-conditions are satisfied or waived. The transactions contemplated by the Offer may or may not proceed.

The Target Company and the Listed Company are both mainly engaged in container transportation and related business, thus the Transaction will involve anti-monopoly approval from some countries and regions. From the regulatory environment perspective, as the large-scale mergers and acquisitions in the container transportation industry continue to occur recently, operators trend to concentrate obviously, and attitudes of the regulatory authorities in different countries towards such mergers and acquisitions are not yet clear. COSCO SHIPPING Holdings and the Target Company are in the process of collecting relevant information in accordance with the specific requirements of the anti-monopoly reviews in China, the United States and the EU, and will maintain good and close communication with the regulatory bodies, in order to facilitate the completion of the anti-monopoly review of the Transaction successfully. However, there are uncertainties as to whether they can pass the relevant anti-monopoly reviews successfully. In addition to the anti-monopoly reviews, the overseas reviews involved in the Transaction also include review from the Committee on Foreign Investment in the United

States.

In addition, as the Transaction involves acquisition of overseas assets, it needs to go through approval procedures by the SASAC and the approval or filing procedures related to foreign investment.

There are uncertainties as to whether the above relevant approvals for the Transaction can be successfully obtained and the timing for final approval, which in turn may cause uncertainties as to whether the Transaction can be completed and implemented before the deadline as specified by the Offer. If the above approvals are unable to be obtained for the Transaction, and as a result of which the Offer is not able to be made before the deadline or the Offer becomes invalid, the Transaction may be suspended, terminated or canceled, and investors should be reminded of such risk.

(II) Risk relating to possible termination of the Transaction

Although the Company has established confidentiality measures in accordance with relevant requirements, and tried to keep the inside information to as few people as possible during the negotiation process of the Transaction so as to minimize the transmission of inside information and reduce the possibility of inside information transmission, the Company cannot rule out the possibility that the relevant institutions or individuals may conduct insider dealing by making use of the inside information about the Transaction. There is a risk that the Company may have to cancel the Transaction due to unusual movement in share prices or unusual trading which may be associated with insider dealings.

In addition, as the Transaction is subject to approval from relevant regulatory authorities and the time required for approval is uncertain and unexpected matters which have material impact may occur during the Transaction, Transaction Parties may be required to adjust and refine this Proposal according to the actual situation or the latest regulatory requirements, and if Transaction Parties fail to reach any consensus on the measures for adjusting and refining this Proposal, Transaction Parties may choose to terminate the Transaction. Investors should be reminded of the risk relating to possible termination of the Transaction.

(III) Legal and policy risk

In the Transaction, as COSCO SHIPPING Holdings is a company listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange and the Target Company OOIL is a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange, the Transaction is subject to relevant regulations and policies on the overseas mergers and acquisitions as well as acquisition of listed companies in Mainland China and Hong Kong, and there is a risk that local governments and relevant regulatory authorities introduce laws and policies or investigations which are unfavorable to the Transaction. COSCO SHIPPING Holdings has appointed experienced domestic and foreign financial advisers and legal advisers to assist in the completion of the Transaction, which will try to minimize the legal risk exposure.

(IV) Risk relating to the increasing size of liabilities

The Offer will be funded by internal resources and self-financing of the Faulkner Global, among which the self-financing may be loans borrowed from banks by the Company. After completion of the Transaction, the size of liabilities of the Listed Company will increase, and the Company intends to repay the liabilities through cash flows generated from operating activities. If the Transaction fails to achieve synergy in a short time and the operating cash inflows of the Company are lower than expected, there is a risk that the short-term solvency and subsequent debt financing capacity of the Company will be adversely affected.

(V) Risk arising from the limited due diligence of the Target Company

The Acquisition is made by way of offer. The management of the Target Company was unable to provide the Offeror with detailed information, and most of the information was derived from the public disclosures of the Target Company. Therefore, it may not be able to understand and investigate all significant risks exposed to the Target Company, and there is a risk relating to insufficient due diligence.

On the other hand, as the due diligence cannot be fully conducted, the Transaction cannot be fully disclosed in accordance with Standard No. 26, which may lead to the risk that information that has a significant impact on investment decisions fails to be disclosed.

According to the publicly available information, OOIL has many years of experience in container transportation and related logistics areas. It has a stable customer base with strength in maintaining customers. Under the current complex and changeable industry background, OOIL remains an influential shipping company in the world, and it is expected that the Transaction will bring greater synergy. The Listed Company fully supports the current business strategy, human resources foundation and brand development of OOIL.

(VI) Risk relating to the audit and valuation of the Target Company

As the Company has not yet finished the acquisition of the Target Company, it is difficult to obtain the detailed financial information of Target Company prepared under the Chinese Enterprise Accounting Standards and conduct audit on the same. Therefore, the Company is unable to provide the financial statements of the Target Company prepared in accordance with the Chinese Enterprise Accounting Standards applicable to the Company and its related audit report. The Company undertakes that it will complete the compilation of the Target Company's financial reports under the Chinese Enterprise Accounting Standards and its relevant audit report as well as Listed Company's pro forma financial statements prepared under the Chinese Enterprise Accounting Standards within three months upon due settlement of the Target Company, and will disclose the same to investors.

Pursuant to the Restructuring Measures, to verify the fairness and reasonableness of the consideration of the material asset acquisition transaction, the Company has engaged UBSS as its valuer to conduct a valuation on the subject and issue the Valuation Report, thereby analyzing the fairness of the consideration of the Transaction from the perspective of an independent valuation institution. The valuer has evaluated the 100% equity interests in the Target Company as at 30 June 2017 (i.e. the Valuation Base Date) by adopting the comparable company approach and the comparable transaction approach, respectively. According to the Valuation Report, the transaction price is reasonable and fair. Although the valuer has strictly complied with relevant provisions during the valuation and performed its duties honestly and diligently, any significant unexpected changes in the future may lead to the risk that the valuation of the Target Company differs from the actual situation. Investors should be reminded of such risk.

II. Risk factors relating to the ongoing operations of the Listed Company after the Transaction

(I) Business integration risk

In the Transaction, the Listed Company intends to retain the brand and the listing status of the Target Company and maintain the stability of its existing management, in order to ensure the operational stability and sustainability of the Target Company. At the same time, the Listed Company also intends to further enhance its refined management and competitiveness by leveraging the advanced management mechanism and international talent team of OOIL. After acquisition of the Target Company, the Listed Company will promote the cooperation in brand, route and channel resources between these two companies and greatly enhance its competitive position in the industry by virtue of global market, its diversified business system and an international management team.

At the same time, although the Target Company and the Listed Company are both principally engaged in container transportation, the assets and businesses of the Target Company are mainly spread in Asia, Europe and America, etc. There are differences in laws and regulations, accounting and tax system, business practices, Company's management system, corporate culture and other operational and management environment between the Target Company and the Listed Company, which may increase the communication and management cost of both parties.

After completion of the Transaction, it is still uncertain whether the integration will be completed successfully by these two parties and achieve synergy. If the business integration between these two parties after completion of the Transaction fails to meet its expected effects or fails to fully achieve synergy, it may cause a certain degree of uncertainty and adverse effects on the future results of operations of the Listed Company. Investors should be reminded of such risk.

(II) Operational risks arising from industry changes and market competition

The growth in shipping capacity of the global container transportation market reached its peak in 2015, and there is much idle shipping capacity in the market since then. At the same time, weak freight demand resulted in various container transportation companies lowering their prices to battle for market resources. In face of the pressures such as the decrease in container transportation prices and the occurrence of idle shipping capacity, several leading container transportation companies in the industry recorded a loss in 2016; therefore, many container transportation companies began to adjust their long-term business strategies to respond to the market environment.

In such environment, the Listed Company and the Target Company are also materially affected. Their net profit turned from profit to loss in 2016, and they suffered greater operating pressure. Although the container transportation market has apparently recovered since the second half of 2016 and the competitiveness of the Listed Company and the Target Company in the container transportation market will increase significantly after the Transaction, if the market and competitive trend in the future further deteriorates, the Listed Company will be exposed to a certain degree of operational risk.

(III) Risk of goodwill impairment

Pursuant to Application Guidance of Accounting Standards for Business Enterprises No. 20 - Business Combination, for business combination not under common control, the book value of the identifiable assets and liabilities of the acquiree which are acquired from the combination shall be measured at the fair value of the relevant acquired assets and liabilities by the acquirer on the date of acquisition. The difference between the cost of business combination recognized and the fair value of the acquiree's identifiable net assets acquired shall be recognized as goodwill or included in the current profit or loss.

Pursuant to this Proposal disclosed, the offer price of entire issued share capital of the Target Company is HK$78.67 per share, representing 1.40 times of the book value of assets published in the latest public financial statement of the Target Company and the Target Company will be included in the scope of the Listed Company's merger. For strategic value and synergy consideration, the price to book value ratio of the Transaction is slightly higher than the industry average level. Therefore, the Listed Company expects that the consolidated statements of the Listed Company may record a larger amount of goodwill after completion of the Transaction, thus if the performance of the Target

Company is not up to expectation, the Listed Company is likely to expose to impairment risk.

(IV) Tax risk of the Target Company

The Target Company conducts business in many countries and regions, and is subject to tax liabilities pursuant to the laws of the relevant jurisdictions. Its actual tax rates in the future may be affected by changes in tax policies and their application rules in different jurisdictions, and such changes may lead to heavier corporate tax burden, and have adverse impact on the financial position, results of operation or cash flow.

(V) Share price risk

Market price volatility of the shares of the Company not only depends on the operating results of the Company, but also macroeconomic cycle, interest rate, exchange rate, the supply and demand of funds as well as changes in international and domestic political and economic conditions and psychological factors of investors. Investors should be aware of risks to make the right investment decisions. The Company will standardize operation in strict compliance with laws and regulations including the Company Law and the Securities Law, and perform its information disclosure obligations in a timely manner, to safeguard the interests of various investors. Investors are advised to be aware of the investment risks involved.

(VI) Foreign exchange risk

Since the Target Company is listed on the Hong Kong Stock Exchange, there are foreign loans and US dollar bonds during the daily course of business. In addition, according to the information disclosed in the annual report, as at 31 December 2016, total foreign currency denominated assets/liabilities of the Target Company amounted approximately to US$182 million, and foreign currencies used for settlement include Euro, Japanese Yen, RMB and so on. The Target Company does not currently hold any foreign exchange forward contracts to hedge its foreign exchange risk, and there are certain risk exposures.

At the same time, the consideration of the Transaction will be paid in Hong Kong dollars, while the consolidated statements of the Listed Company are prepared in RMB.

As exchange rates between different foreign currencies change, the Transaction will face certain risks of exchange rate fluctuations.

Contents

Definitions

In the Summary, the terms below shall have the following specific meanings unless otherwise specified.

I. General Definitions		
COSCO SHIPPING Holdings, the Listed Company, the Company, Company		COSCO SHIPPING Holdings Co., Ltd.
OOIL, Target Company		Orient Overseas (International) Limited
Faulkner Global		Faulkner Global Holdings Limited
Ocean Shipping Holdings		Ocean Shipping Holdings (Hong Kong) Limited
COSCO Group, the Controlling Shareholder		China Ocean Shipping (Group) Company
COSCO SHIPPING, COSCO SHIPPING Group, the Indirect Controlling Shareholder, Group		China COSCO Shipping Corporation Limited
China Shipping Group		China Shipping (Group) Company
Maersk		Maersk Line A/S
Mitsui O.S.K. Lines		Mitsui O.S.K. Lines, Ltd

APL		American President Lines
CMA CGM		CMA CGM Group
Hapag-Lloyd		Hapag-Lloyd
Hamburg Süd		Hamburg Süd Liner Shipping
Hanjin Shipping		Hanjin Shipping Co.,Ltd
K-LINE		Kawasaki Kisen Kaisha, Ltd.
Transaction Parties		Faulkner Global, Joint Offeror and all shareholders of the Target Company that intend to accept the Offer
Transaction Counterparty		The potential counterparty of the Acquisition is all shareholders of OOIL that intend to accept the Offer
Shanghai Port (BVI), Joint Offeror		Shanghai Port Group (BVI) Development Co., Limited
Shanghai International Port Group (HK)		Shanghai International Port Group (HK) Co., Limited
BVI		British Virgin Islands
BOC		Bank of China Limited
PricewaterhouseCoopers		PricewaterhouseCoopers LLP (Special General Partnership)

PwC Zhong Tian		PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)
The Discrepancy Assurance Report		the Discrepancy Table Assurance Report (PwC Zhong Tian Te Shen Zi (2017) No. 2108) issued by PwC Zhong Tian
Valuation Report		The Valuation Report by UBS Securities Co. Limited in respect of the Material Asset Acquisition by COSCO SHIPPING Holdings Co., Ltd.
UBSS		UBS Securities Co. Limited
Ruihua		Ruihua Certified Public Accountants (Special General Partnership)
Offer, Acquisition, Material Asset Restructuring, Restructuring, Transaction		The transaction whereby Faulkner Global and Joint Offeror made a conditional voluntary general cash offer to acquire OOIL
Report		the Report on Material Asset Acquisition by COSCO SHIPPING Holdings Co., Ltd.(Draft)
Summary		The Offer Letter which is signed and jointly issued to the Target Company by Faulkner Global, the Joint Offeror and the Target Company for the Acquisition
Offer Letter		the Offer Letter signed by Faulkner Global, COSCO SHIPPING Holdings, Joint Offeror and the Target Company in relation to the

		Acquisition and jointly issued to the Target Company
Consortium Agreement		the consortium agreement entered into by Faulkner Global and Joint Offeror in relation to the Acquisition
Takeovers Code		the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
Announcement 3.5		The Joint Announcement issued by the Company and the Target Company on 9 July 2017 according to Rule 3.5 of the Takeovers Code
Valuation Base Date		The base date of valuing the assets to be acquired for the Material Asset Restructuring, i.e. 30 June 2017
A Share		Shares which have been approved to be listed on stock exchanges in China, the par value of which is denominated in Renminbi and which are subscribed for and traded in Renminbi
H Share		Shares which are issued to foreign investors with the approval of CSRC, which are approved to be listed by Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars
State Council		The State Council of the People's Republic of

		China
SASAC		The State-owned Assets Supervision and Administration Commission of the State Council
CSRC		China Securities Regulatory Commission
MOC		The Ministry of Commerce of the People's Republic of China
Competent Regulatory Authority		The relevant competent government authorities of the State and the domestic and international regulatory authorities which have the authorities to review and approve this merger, including but not limited to the SASAC, the MOC, the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange etc.
Shanghai Stock Exchange		Shanghai Stock Exchange
Hong Kong Stock Exchange		The Stock Exchange of Hong Kong Limited
Clearing Company		The Shanghai Branch of China Securities Depository and Clearing Corporation Limited and/or Hong Kong Securities Clearing Company Limited (as the case may be)
CFIUS		The Committee on Foreign Investment in the United States
Securities Law		The Securities Law of the People's Republic of China

Company Law		The Company Law of the People's Republic of China
Restructuring Measures		Administrative Measures for the Material Asset Restructuring of Listed Companies (No.109 Order of China Securities Regulatory Commission)
Standard No. 26		Standard No. 26 for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public - the Material Asset Restructuring of Listed Companies (2014 Revision)
SSE Listing Rules		The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Hong Kong Listing Rules		The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Yuan		RMB, the lawful currency of the PRC
II. Technical Glossary		
container(s)		a large-sized receptacle with considerable strength and rigidity and designated specification for recurrent cargo shipments
TEU, Twenty-foot Equivalent Unit		twenty-foot equivalent unit, a standard measurement unit of a container, usually refer to a 20' standard container at the dimensions of a container 20 feet long by 8 feet wide by 8 feet

		and 6 inches high (1 foot = 0.3048 meter, 1 inch = 2.54 centimeters)
Yard(s)		Container yards for stacking of containers
Loading Rate(s)		In relation to container shipping, this is a percentage calculated by dividing the total number of loaded containers in terms of TEU shipped or delivered by the usable capacity (which is generally smaller than the design capacity because not all of the design capacity can actually be used to carry containers) of the Company's container vessel fleet operating on that particular route. Since containers can be off-loaded and reloaded or replaced by new containers at each port of call of the trade lane or feeder route and each container is counted once whenever it is loaded on a vessel at each port, the loading rate can exceed 100%.

Chapter 1 Overview of the Transaction

I. Background of the Transaction

(I) Global container transportation industry is facing major transformation and large-scale operation is becoming the general trend

With the slowdown in global container transportation demand in recent years, the imbalanced supply and demand of international container transportation industry continued for a long time and the shipping capacity supply remained in surplus. Since 2015, a wave of mergers and acquisitions hit the industry. In 2016, COSCO Group integrated with China Shipping Group and the container shipping capacity of COSCO SHIPPING Holdings reached 1.6 million TEUs, jumping to rank the fourth globally; Hanjin Shipping, the seventh big liner company in the world, went into bankruptcy; CMA CGM acquired APL. In 2017, Hapag-Lloyd completed the acquisition of UASC; Maersk will complete the acquisition of Hamburg Süd. The container business consolidation of three Japanese liner companies, NYK, Mitsui O.S.K. Lines and K-LINE, is expected to operate officially in 2018.

The international container transportation industry is transforming from the traditional operating model of "high risk, high input, low return and strong cycle" to the model of "large-scale, federalization and low-cost". Container transportation companies are striving to achieve economies of scale and cost synergies to consolidate the competitiveness by way of M&A and reorganization and formingan alliance.

The Transaction is a strategic initiative for COSCO SHIPPING Holdings to respond to market changes, achieve economies of scale and enhance competitiveness. Upon completion of the Transaction, COSCO SHIPPING Holdings will rank among the world's leading container transportation companies.

(II) Historical development opportunities of China’s “ Belt and Road” Initiative

The "Government Work Report of State Council in 2013" proposed: to speed up the implementation of "going out" strategy and encourage all types of enterprises to carry out foreign investment and multinational operation. "The Vision and Action of Promoting the Silk Road Economic Belt and the 21st Century Maritime Silk Road" jointly issued by National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce proposed: to speed up the construction of "the Belt and Road". "The Belt and Road" initiative proposed the cooperation framework of “six corridors and six channels serving multiple countries and ports”, among which “six channels” included shipping, and “multiple ports” will promote the construction of ports in the countries along "the Belt and Road" to further strengthen the maritime cooperation. China is a country with the largest total shipping demand and container shipping capacity in the world. The "Belt and Road" initiative has brought great historical opportunities for the development of COSCO SHIPPING Holdings.

Hong Kong is one of the most competitive cities in the world, one of the most important international shipping centers in the world and an important fulcrum of "the Belt and Road". Despite the fierce competition from ports of the Mainland and Southeast Asia, Hong Kong still has an irreplaceable position and role in international shipping by virtue of its rich shipping and port resources, highly developed soft and hard conditions and relaxed governance environment, as well as the aggregation of high-quality talents.

The shipping capacity allocated by OOIL along "the Belt and Road" exceeds 50% of its total shipping capacity, which has an important position in Southeast Asia, South Asia, India and Pakistan, the Middle East and the European regions.

(III) The Listed Company actively implemented large-scale development strategy

Through the reorganization and integration of COSCO Group and China Shipping Group in 2016, the operation scale, industry status and market competitiveness of the Listed Company, COSCO SHIPPING Holdings have improved substantially. After the reorganization, the development strategy of the Listed Company is committed to becoming the most competitive comprehensive first tier transnational shipping enterprise in the global container transportation and terminal industry, and profits and operation and management abilities will improve significantly in both container transportation and terminal industry. Reflected by high quality governance structure and based on good business performance, the Listed Company will gradually transfer the development mode from performance-driven growth to brand value-driven growth and will transfer from port and shipping service provider to integrated logistics provider.

The Listed Company achieved the development strategy through connotative development and epitaxial mergers and acquisitions. The epitaxial mergers and acquisitions were crucial to achieving the Company's development strategy under the industry background of continuous surplus of shipping capacity supply in global container industry.

II. Purpose of the Transaction

(I) To improve the market position and expand the scale of business

Upon completion of the Transaction, the shipping capacity of the Listed Company will reach about 2.9 million TEUs (including orders), ranking among the world's leading container transportation companies in terms of scale, and further consolidating the industry competitiveness of the Company. The Transaction is expected to bring significant synergies for the Listed Company in terms of layout of route network and shipping capacity, optimization of supplier-related cost, improvement of revenue management capability, integration of fleet of containers and standardized and low-cost operation. For the container transportation business, the Company can better provide comprehensive container transportation services to global customers by virtue of more sufficient deployment of overall shipping capacity, more reasonable construction of operational network, more comprehensive geographical coverage and more flexible regulation of global shipping capacity. At the same time, for the terminal business, the Company can promote the growth of terminal business with larger scale fleet strength and achieve strategic echo between the transportation routes and the terminal layout, to effectively enhance the overall strength of the Company in large shipping services.

(II) Optimizing operational efficiency and enhancing profitability

The successful merger and reorganization of COSCO SHIPPING Group in 2016 has accumulated valuable experience for the container transportation enterprises to realize the development strategies through large-scale mergers and acquisitions.

For the container transportation business, during the restructuring process, the Company has successfully increased its asset utilization and achieved substantial operating revenue growth through the continuous optimization of its fleet and business layout, and has successfully reduced its operating costs through the scale operation and lean management measures.

For the terminal business, the Company also optimizes operations and management through a large-scale and globalized terminal network layout, significantly enhancing the profitability of the business.

The Transaction is another large-scale acquisition made by the Listed Company in the industry. Combined with the valuable experience of the last successful merger, the Listed Company and the Target Company will be able to achieve synergies in revenue and cost sooner upon the completion of the Transaction, thereby achieving a greater degree of optimization of operational efficiency and higher profitability.

In addition, one of the long-term core competitiveness of the Target Company comes from its information technology advantages, through which it improves operational efficiency and reduces operating costs. COSCO Container, one of the predecessors of COSCO SHIPPING Holdings, had introduced then core Iris2 system of the Target Company in 2002, which is of the same origin as the Iris4 system currently used by the Target Company, and such system is now still widely used in the shipping field worldwide. This will help COSCO SHIPPING Holdings connect and unify the information system, so as to realize the globalization of its information system service capability faster.

Meanwhile, the Target Company's operating profit margin is leading the industry. It has upheld the prudent financial operating model and advanced management concepts, which is prominently reflected by its advanced container transportation management system in the industry and is of great referential significance for the business operations of the companies in the industry. The Acquisition of the Target Company will be beneficial to COSCO SHIPPING Holdings through adopting the most advanced container transportation management system, continuously promote the revenue management level as well as enhance the core competitiveness of the Company.

III. Detailed Plan of the Transaction

(I) Method of the Transaction

The Company has made a cash offer through its overseas wholly-owned subsidiary, i.e.Faulkner Global, together with Shanghai Port (BVI) , to all the shareholders of OOIL, a company listed on the Main Board of the Hong Kong Stock Exchange, to acquire shares of the Target Company held by them. The Offer is a conditional voluntary general cash offer. Faulkner Global and Shanghai Port (BVI) shall jointly acquire not less than 429,950,088 shares, representing 68.7% of the entire issued shares of OOIL and not more than 625,793,297 shares, being entire issued shares of OOIL.

The shares of the Target Company to be acquired from the Offer by Faulkner Global and Shanghai Port (BVI) will be allocated as follows:

(1) In respect of 429,950,088 shares of the Target Company, representing approximately 68.7% of the entire issued shares of the Target Company, involved in the *Irrevocable Undertaking*: of which, 61,953,536 shares of the Target Company, representing approximately 9.9% of the entire issued shares of the Target Company, shall be acquired by Shanghai Port (BVI); and 367,996,552 shares of the Target Company, representing approximately 58.8% of the entire issued shares of the Target Company, shall be acquired by Faulkner Global;

(2) All the other shares that not involved in the *Irrevocable Undertaking* and will be sold by the shareholders of the Target Company proposing to accept the Offer shall be acquired by Faulkner Global.

(II) Target of the Transaction

The target assets of the Offer are not more than 100% shares of OOIL held by all its shareholders who intend to accept the Offer.

(III) Transaction Parties to the Transaction

The offerors of the Offer are Faulkner Global and Shanghai Port (BVI), the Joint

Offeror.

The potential counterparty of the Offer shall be all shareholders of OOIL, subject to the final acceptance of the Offer. Among these shareholders, Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, have made an irrevocable undertaking to Faulkner Global that, subject to fulfillment of the conditions, including (1) offer price shall not be less than HK$78.67 per share; (2) Faulkner Global shall make an formal offer within seven days after the satisfaction or waiver of the pre-conditions to the Offer, which shall not be later than 30 June 2018, Fortune Crest Inc. and Gala Way Company Inc. shall irrevocably accept or procure to accept the Offer. The irrevocable undertaking involves 429,950,088 shares in total, which represent 68.70% of the entire issued shares of the Target Company. Beyond that, there are no other certain transaction counterparties at present.

(IV) Consideration of the Transaction

The Consideration of the Offer shall be paid in cash, amounting to HK$78.67 per share.

(V) Number of shares in the Transaction

Prior to the Transaction, the Company did not hold any shares in OOIL. The number of shares in OOIL to be acquired by the Company and the Joint Offeror through the Offer shall be not less than 429,950,088 shares, representing 68.7% of the entire issued shares in OOIL and not more than 625,793,297 shares, being the total issued shares of OOIL.

(VI) Source of funding for the Transaction

The funding sources of the Offer are Faulkner Global’s own funds and self-raised funds.

As at the date of the Summary, in accordance with the term sheet entered into between Faulkner Global and Bank of China, and the Undertaking Letter for the confirmation of the bridge loan issued by the Bank of China to Faulkner Global, the Bank of China will arrange its overseas branches to extend bank bridge loans with a total amount of not more than USD6.5 billion to Faulkner Global; upon the fulfillment of each of the conditions precedent, formal loan agreements will be signed by the parities in respect of these bridge loans.

(VII) Conditions precedent to the Transaction

In accordance with the irrevocable undertaking made by Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, together with Faulkner Global, the Company and COSCO SHIPPING Group on 7 July 2017, the conditions precedent to the Offer are set out as follows:

(1) approval or authorization having been obtained from NDRC, SASAC (if necessary), and the SAFE (if necessary), and filing, registration and notification having been made to or with such authorities in relation to the Acquisition;

(2) the Acquisition having passed the anti-monopoly review by the Ministry of Commerce, European Union and United States of America; and

(3) the shareholders of COSCO SHIPPING Holdings having passed resolutions at the general meeting according to the Restructuring Measures to approve the Acquisition.

(VIII) Valid Period of Resolution on the Transaction

The resolution on the Transaction shall be valid for a 12-month period commencing from the date on which the resolution on the Transaction is passed at the general meeting of the Company.

(IX) Authorization Matters in relation to the Transaction

In respect of the specific matters in relation to the Transaction, the Company proposes to authorise the Board and its authorized persons at the general meeting to handle matters in relation to the Transaction in their sole discretion. The valid period of such authorization is 12 months.

(X) Relevant Undertakings Executed in respect of the Transaction

Fortune Crest Inc. and Gala Way Company Inc., the controlling shareholders of the Target Company, have executed an irrevocable undertaking with Faulkner Global, the

Company and COSCO SHIPPING Group on 7 July 2017 to undertake that once the Offer is made and the following conditions are fulfilled, Fortune Crest Inc. and Gala Way Company Inc. shall irrevocably accept or procure to accept the Offer within seven days from the date of the Offer:

1. the offer price is not less than HK$78.67 per share;

2.Faulkner Global shall make an formal offer within seven days from the date on which the pre-conditions to the Acquisition are fulfilled or waived, and such pre-conditions shall be fulfilled or waived no later than 30 June 2018.

At the same time, Faulkner Global and COSCO SHIPPING Group respectively undertake that:

(1) Faulkner Global shall take all necessary actions, including any reconciliation and mediation actions, to procure CFIUS to approve and permit the completion of the Offer;

(2) Faulkner Global shall take all necessary actions to complete all approvals from the PRC required for the Offer, including but not limited to, any approvals and authorizations, filings and registrations from the MOC, NDRC, SAFE (if required), SASAC (if required) and the Shanghai Stock Exchange;

(3) COSCO SHIPPING Group shall procure COSCO Group to vote for the matters in respect of the Offer and the Acquisition in the general meeting for the Transaction. Faulkner Global shall, and COSCO SHIPPING Group and COSCO SHIPPING Holdings shall procure Faulkner Global to fullfil and implement Faulkner Global's obligations under the *Irrevocable Undertaking* and the terms, commitments, intentions thereunder as well as the obligations under Announcement 3.5.

Faulkner Global agrees that, in the event Faulkner Global fails to make an offer or fails to complete for any reason, it shall pay a reverse termination fee for an amount of US$ 253 million, exclusive of related tax withholding and relief, to the Target Company, except in the following circumstances:

(1) Fortune Crest Inc. and Gala Way Company Inc.having substantially breached the undertakings under the Irrevocable Undertaking;

(2) the Transaction having failed to pass the anti-monopoly review of the PRC, the United States or European Union before 30 June 2018 or other dates otherwise agreed by parties; or

(3) the Transaction having failed to meet the requirements of CFIUS.

IV. Procedures Performed and to be Performed for the Transaction

(I) Authorization, permit and approval obtained for the Transaction

As at the date of the Summary, the following authorization, permit and approval has been obtained for the Transaction:

1. Approval and authorization of COSCO SHIPPING Holdings

On 7 July 2017, COSCO SHIPPING Holdings convened the third meeting of the fifth session of the Board, considered and passed the following resolutions related to the Transaction:

(1) resolution on COSCO SHIPPING Holding's eligibility for Material Asset Restructuring;

(2) resolution on the proposal by the Company to acquire OOIL by way of an offer;

(3) resolution on the Material Asset Acquisition Report (Draft) of COSCO SHIPPING Holdings Co., Ltd. and its Summary;

(4) resolution on the compliance of the Material Asset Restructuring with Rule 4 of the Provisions on Certain Issues Concerning the Regulating of Material Asset Restructuring of Listed Companies (《關於規範上市公司重大資產重組若干問題的規定》);

(5) resolution on complete and compliant fulfillment of legal procedures for the Transaction and the validity of legal documents submitted;

(6) resolution on approving the valuation report relevant to the Company's Material Asset Restructuring ;

(7) resolution on the independence of valuers, reasonability of valuation

assumptions, relevance between valuation methods and valuation purpose and the fairness of pricing for the Transaction;

(8) resolution on assurance report on differences of accounting standards in the Transaction;

(9) resolution on relevant issues for potential dilution by the Transaction of earnings per share of the Company for the current period;

(10) resolution on requesting the general meeting to authorize the Board and its authorized persons with sole discretion to address matters related to the Material Asset Restructuring;

(11) resolution on request for convening of an extraordinary general meeting recently.

On 7 July 2017, the independent directors of COSCO SHIPPING Holdings gave independent opinions affirming related matters considered at the aforesaid meeting of the Board.

On 7 July 2017, COSCO SHIPPING Holdings convened the second meeting of the fifth session of the Supervisory Committee, considered and passed the resolutions related to the Transaction.

2. Other approval and authorization

On 28 June 2017, the NDRC issued the Confirmation Letter in Relation to Information Report on Acquisition of Orient Overseas (International) Limited's Equity Project by COSCO SHIPPING Holdings Co., Ltd. (Fa Gai Wai Zi Jing Wai Que zi No. [2017]403) (《關於中遠海運控股股份有限公司收購東方海外（國際）有限公司股權項目信息報告的確認函》（發改外資境外確字[2017]403 號）) through foreign-invested and overseas investment company in order to confirm the report on the project information of the Transaction.

On 6 July 2017, Shanghai International Port (Group) Co., Ltd. convened the 56th meeting of the second session of the board of directors, which reviewed and passed resolutions relating to the Transaction and approved the participation of Shanghai Port

(BVI) in the Transaction.

(II) Approval procedures required for the implementation of the Transaction

Approval/Filing procedures required for the implementation of the Transaction are as follows:

1. To file the offshore investment matters with the NDRC;

2. To obtain the approval of the SASAC of the State Council on the Transaction, if necessary;

3. To pass the review of the SSE on the Restructuring Report and other disclosure documents in respect of the Transaction;

4. Pursuant to the Restructuring Measures promulgated by the CSRC, the Transaction shall be approved by more than two thirds of the votes of shareholders present at the general meeting of COSCO SHIPPING Holdings;

5. To pass the review of the Ministry of Commerce, the European Union and the competent authorites in the United States of America in respect of the anti-monopoly matters involved in the Transaction;

6. To obtain the approval of the CFIUS in respect of the Acquisition;

7. To be approved by/ filed with/ consented by other competent authorities or relevant parties, if necessary.

(III) Overseas approval and risk disclosure required for the implementation of the Transaction

The Transaction is required to pass the overseas anti-monopoly review in the United States and the European Union. In accordance with the inquiry over the publicly disclosed information, merger and acquisition transactions in the container transportation industry which have passed the anti-monopoly review in the European Union during recent years consist of Maersk's acquisition of Hamburg Sud transaction, Hapag-Lloyd's acquisition of UASC transaction, CMA-CGM's acquisition of the Neptune Orient Lines transaction, Hapag-Lloyd's acquisition of CSAV transaction.

As advised by the foreign lawyer, although the anti-monopoly review authority in the European Union has disclosed the results and contents of the review within its scope of application for review on the merger and acquisition transactions in the container transportation industry during recent years, substantial confidential information thereof shall be deleted upon the requirement of the trading parties, therefore the review contents disclosed are incomplete. In addition, the anti-monopoly review authority in the United States has not published the results and specific contents of the review within its scope of application for review on the merger and acquisition transactions in the container transportation industry during recent years.

Based on the above, although the review results from the European Union on the similar cases in the industry have reference value for the Acquisition, the Acquisition shall be evaluated by taking consideration of its specific condition due to the uncertainty of the anti-monopoly review and regulation.

As advised by the foreign lawyer, COSCO SHIPPING Holdings and the Target Company, at the present stage, hold a positive attitude of the anti-monopoly review from the United States and the European Union over the Transaction based on the preliminary judgements in terms of the corporate business and operation, however, these judgments need verification in accordance with the specific legal evaluation over the anti-monopoly regulation from the United States and the European Union. COSCO SHIPPING Holdings and the Target Company are currently collecting the relevant information based on the specific requirement on the anti-monopoly review from the United States and the European Union and plan to keep good and close communication with the regulatory authorities to facilitate the Transaction to pass the anti-monopoly review as expected.

There is a certain degree of uncertainty for the Company to pass the relevant anti-monopoly review at present.

Pursuant to the joint announcement issued by Faulkner Global, Shanghai Port (BVI), COSCO SHIPPING Holdings and the Target Company on 9 July 2017 and as advised by the foreign lawyer, the overseas review involved in the Transaction also includes the CFIUS' review. Except for the abovementioned overseas institutional review, the Parties to the Transaction do not consider that there is any other overseas review which would have material effects on the completion of the Transaction.

For risk relating to the approval of the Transaction, the Summary has included the relevant risk warning, as described under "(I) Risk relating to the approval of the Transaction" in "I. Risks relating to the Transaction" of "Warning on Major Risks" as set out in the Summary.

V. The Transaction Constitutes a Material Asset Restructuring

The Offer under the Transaction is made based on the assumption that all shareholders of the Target Company accept the Offer in respect of their shares, the total cash consideration payable would be approximately HK$49,231,158,675 (equivalent to RMB42,870,492,974, calculated by using the central parity rate of HK$1 to RMB0.8708 as at 5 July 2017).

Based on the financial data of the Listed Company and the Target Company for 2016 as well as the pricing of the Transaction, the relevant financial ratios are calculated as follows:

Unit: RMB '0,000

Item	Target Company	COSCO SHIPPING Holdings	Transaction price	Carrying value and	Percentage ratio

				transaction price, whichever is higher	
Total assets	6,523,964	11,965,273	3,862,631	6,523,964	54.52%
Net assets attributable to the Listed Company	3,135,029	1,832,330	3,862,631	3,862,631	210.80%
Revenue	3,675,010	7,116,018	-	-	51.64%

Note 1: the financials of the Listed Company are the audited financial data for 2016, and the financials of the Target Company is the audited financial data for 2016 prepared under the Hong Kong Accounting Standards.

Note 2: The financial data of the Target Company in the Offer is denominated in US dollars, which have been translated into RMB in the above table by using the central parity rate of US$1 to RMB6.937 of Bank of China as at 31 December 2016.

The ratio between the revenue of the Target Company for 2016 to that of the Listed Company during the same period was approximately 51.64%. As at 31 December 2016, based on the higher amount of the carrying amount and the transaction price of the target assets, total assets of the Target Company accounted for 54.52% of total assets attributable to the Listed Company, while the transaction price of the target assets accounted for 210.80% of the net assets of the Listed Company. Therefore, the Transaction constitutes a material asset restructuring pursuant to the Restructuring Measures.

VI. The Transaction does not Constitute a Connected Transaction

Prior to the Transaction, the Listed Company has no connected relationship with the Transaction Counterparty who has currently confirmed to accept the Offer and the Joint Offeror.

Therefore, the Transaction does not constitute a connected transaction.

VII. The Payment Method of the Transaction

The Transaction shall be paid in cash and does not involve any share issuance.

VIII. The Transaction does not Constitute a Reverse Takeover

Upon the completion of the Transaction, the Controlling Shareholder of the Listed Company is China Ocean Shipping (Group) Company, and its actual controller is the State-owned Assets Supervision and Administration Commission of the State Council. The Transaction will not lead to a change to the actual controller of the Listed Company. Therefore, the Transaction does not constitute a reverse takeover pursuant to the relevant requirements under the Restructuring Measures.

IX. The Transaction's Influence on the Listed Company

(I) Analysis of the Transaction's influence on the continuing operation of the Listed Company

1. The Transaction will reinforce the overall competitiveness of the Listed Company through the resulted synergy and greatly enhance the influence of the Listed Company in the shipping industry

The Transaction represents an initiative of the Listed Company to make innovation and increase its international competitiveness against the background where the global economy experiences slowdown in growth, the economy of China is under structural adjustment and the competition landscape of the shipping industry is changing. The Transaction aims to enlarge and strengthen Listed Company by seizing the historic opportunities presented by China's "Belt and Road Initiative" and through Merge & Acquisition overseas. It also seeks to shift from "product-based thinking" to "user-oriented thinking", thereby promoting Listed Company's overall optimization and innovation in business patterns and increasing its international competitiveness.

Additionally, in pursuit of the synergy effects amongst container transportation and terminal business in terms of investment and operation, the Transaction will increase Listed Company's profitability and generate more returns for the Shareholders.

The Acquisition is expected to bring significant synergy effects for the container and terminal business of the Listed Company in the optimization of route network and capacity layout, optimization of supplier related costs, integration of container fleet, improvement of revenue management capabilities, operation standardization and cost reduction.

The Transaction will enable the Listed Company to utilize more globalized resources to facilitate the implementation of the Listed Company's global strategy and accelerate its global penetration. For container transportation business, the Transaction will help strengthen the global operation and integrated service of the container transportation network. For terminal business, the Transaction will help promote its global penetration, optimize risk terminal portfolio and significantly improve its risk resistance capacity.

2. Analysis of the strengths and weaknesses of the Listed Company in its future operation upon completion of the Transaction

(1) Strengths

Upon completion of the Transaction, the Listed Company will promote the cooperation between both parties in respect of brands, routes and channel resources, greatly improve its competitive status in the industry and promote the rapid enhancement of business scale by virtue of globalized market, diversified business system and internationalized management team; increase capitalized expense strengths, develop its talents, achieve complementary effects and synergistic effects with excellent management abilities, advanced cost control abilities and strong capital strengths; enhance core competence by increasing market scale and profitability.

(2) Weaknesses

There are differences in laws and regulations, accounting and tax system, business practices, corporate management system, corporate culture and other operation and management environment between Target Company and the Listed Company, which may increase the communication and management cost of both parties.

(II) The Transaction's influence on the Listed Company's future development prospect

1. The Listed Company's development strategies upon completion of the Transaction

The implementation of the Material Asset Acquisition by COSCO SHIPPING Holdings aims to comply with the global development trends of container transportation business, and the trends towards large-scale, globalization, consolidated shipment/terminal linkage and mega-vessels, and provides integrated solutions to customers by mutual supporting and joint developing container transportation and terminal business of COSCO SHIPPING Holdings and OOIL and constantly refining the global network layout, in order to strongly increase COSCO SHIPPING Holdings' comprehensive competitiveness in the shipping industry, optimize industry and capital allocation, improve the Company's profit performance and create a long-term and greater return for shareholders.

In the long run, the Listed Company will endeavor to become the most competitive comprehensive first tier transnational shipping enterprise in the global container transportation and terminal industry, and profits and operation and management abilities will improve significantly in both container transportation and terminal industry. Reflected by high quality governance structure and based on good business performance, the Listed Company will gradually transfer the development mode from performance-driven growth to brand value-driven growth and will transfer from port and shipping service provider to integrated logistics provider.

2. Specific development plan

The specific development strategic plans of the Listed Company in respect of its two future principal businesses, container transportation and terminal are as follows:

(1) Container transportation business

The Company will continue to cling to strategic opportunities, such initiatives as the

"Belt and Road" and "Yangtze River Economic Belt", increase the investment in the emerging markets and regional markets to improve the global layout, and enhance customer servicing capabilities.

First, it will establish a global network layout and an alliance operation system that adapt with the shipping capacity so as to achieve the OCEAN Alliance's service advantages in the eastern and western major routes and provide new momentum for global trading.

Secondly, it will insist on being customer-oriented, demand-oriented, reliant on global resources in providing customers with customized services in order to meet their diverse demands.

Thirdly, it will strengthen cost control and explore in depth the potential synergy of the optimization of shipping route network layout, container management, and supplier procurement.

Fourthly, it will strengthen the capabilities in comprehensive transportation solutions and the seamless articulation with highways and railways so as to further enrich and improve the service model and provide customers with more choices and convenience.

Fifthly, it will continuously improve the application standard of digitalization, consolidate and expand the advantages of direct operation and brand influence of Epanasia platform (泛亞電商平台).

(2) Terminal business

Adhering to the new development strategy, the Group will comprehensively increase the competitiveness of the terminal business from three main directions:

The first is to put forward the globalized terminal layout;

The second is to achieve the synergy effect with COSCO SHIPPING Holdings' container fleets and the OCEAN Alliance;

The third is to strengthen the control over and management of ports and terminals. Through the effective implementation of the strategy, the asset quality of terminals will be enhanced and management efficiency will be further optimized, so as to offer shipping companies and shipping alliances value-adding services of higher quality and wider coverage, continuously promote the sustainable development of the main business, and comprehensively increase profitability.

(III) The Transaction's influence on the Listed Company's financial indicators and non- financial indicators

1. Influence on financial indicators

Upon completion of the Transaction, Target Company will be included in the scope of the Listed Company's consolidated financial statements, and have certain impact on the existing assets and liabilities structure, revenue scale, profitability and each financial indicator of the Listed Company. However, the Company has not currently finished the acquisition against Target Company, and it is difficult to obtain the detailed financial information of Target Company prepared under the Chinese Enterprise Accounting Standards and conduct audit on the same, and cannot prepare pro forma consolidated combined financial report, therefore, the Transaction's accurate influence on the Company's finance cannot be analyzed.

The Company will complete the financial report and pro forma financial statements of the subject of the transaction prepared under the Chinese Enterprise Accounting Standards and disclose the same to investors and conduct audit on the same as soon as possible within three months upon completion of the Transaction. Although the Transaction will cause certain capital pressure on the Company, the Company as a leading enterprise in the shipping industry in the PRC has leading and stable market position, profound brand influence, sound business operations, sufficient operating cash flow and always smooth access to capital funding. Up to now, the Company has established strategic partnership with various financial institutions and the financial safety of the Company will not adversely affected by the Transaction.

2. Influence on non-financial indicators

Upon completion of the Transaction, the following positive effects will be brought to the Listed Company's non-financial indicators:

(1) Improve the Company's international brand awareness and increase

the Company's bargaining power;

(2) Improve the Company's market share and market ranking in shipping industry;

(3) Introduce the overseas quality management experience, which will be beneficial to cultivate the management team with international sights.

X. The Transaction's Influence on the Listing Status of the Target Company

According to the foreign lawyers, Rule 8.08(1) of the Hong Kong Listing Rules stipulates that there must be an open market in the securities for which listing is sought. This will normally mean that at least 25% of the issuer's total number of issued shares must at all times be held by the public. Therefore, upon completion of the Transaction, at least 25% of the issued shares of the Target Company need to be held by "the public" (the "minimum public float requirement"). Pursuant to Rule 8.24 of the Hong Kong Listing Rules, "the core connected person" of the Target Company will not be regarded as "the public". Given that the Transaction is a conditional voluntary general cash offer, COSCO SHIPPING Holdings will constitute "the substantial shareholder" of the Target Company(i.e., the person whose shareholding reaches 10% or more) upon completion of the Transaction, thus constituting "the core connected person" of the Target Company and its shareholding will not be included as the public float of the Target Company. As such, if the shares of OOIL held by the public is not less than 25% upon completion of the Transaction, in such case, the relevant provisions of the Hong Kong Listing Rules for the listing conditions will not be violated; if the equity of the Target Company held by COSCO SHIPPING Holdings exceeds 75% upon completion of the Transaction, the Target Company will not be able to meet the minimum public float requirement.

According to the relevant disclosure of the Joint Announcement, COSCO SHIPPING Holdings and the Joint Offeror intend to maintain the listing status on the Stock Exchange of the shares of OOIL upon completion of the Offer. COSCO SHIPPING Holdings and the Joint Offeror intend to take appropriate steps to restore the public float in accordance with the Hong Kong Listing Rules.

According to the foreign lawyers, the common measures that the companies listed in Hong Kong take to restore the public float include: issuance of new shares to the independent third-party investors, sale of its existing stocks to the independent third-party investors by the core connected person of the Listed Company, or issuance of bonus shares or permanent convertible securities by the Target Company, etc.

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COSCO SHIPPING Holdings Co., Ltd.

[DATE/MONTH/YEAR]