THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

(1) 2017 REPORT OF THE BOARD
(2) 2017 REPORT OF THE SUPERVISORY COMMITTEE
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(14) SUPPLEMENTAL NOTICE OF AGM

Independent Financial Adviser to the
Independent Board Committee and Independent Shareholders

MESSIS 大有融資

Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 9 to 41 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 42 to 43 of this circular. A letter from Messis Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 44 to 52 of this circular.

The Original Notice of AGM convening the AGM to be held at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China was despatched to the Shareholders on 16 April 2018, which is reproduced on pages AGM-1 to AGM-4 of this circular. The Supplemental Notice of AGM, which contains additional resolutions to be proposed at the AGM, is set out on pages SAGM-1 to SAGM-3 of this circular.

The notice convening the class meeting of the H Shareholders to be held at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China was despatched to the Shareholders on 16 April 2018, which is reproduced on pages HCM-1 to HCM-3 of this circular.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

10 May 2018

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"A Share(s)"	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shares Issuance Circular"	the circular of the Company dated 19 May 2017 in relation to, among other things, (i) the Revised Proposed Non-public Issuance of A Shares; (ii) the COSCO Subscription; and (iii) the Specific Mandate
"Adjustment Announcement"	the announcement of the Company dated 30 October 2017 in relation to, among other things, the COSCO SHIPPING Undertaking and the adjustment to the Revised Proposed Non-public Issuance of A Shares
"AGM"	the forthcoming annual general meeting of the Company to be convened at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China (or any adjournment thereof) to consider and, if thought fit, approve the resolutions contained in the Original Notice of AGM and the Supplemental Notice of AGM
"Articles of Association"	the articles of association of the Company, as amended and adopted from time to time
"associate"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Authorisation"	the authorisation granted to the Board and any person authorised by the Board to handle all matters in connection with the Revised Proposed Non-public Issuance of A Shares at the Previous EGM and the Previous Class Meetings
"Average Trading Price"	the average trading price of the A Shares during the 20 trading days immediately preceding the Price Determination Date, which is calculated by dividing the total turnover of the A Shares by the total trading volume of the A Shares during the 20 trading days immediately preceding the Price Determination Date

"Benchmark Price"	(i) 90% of the Average Trading Price or (ii) the Floor Price, whichever is higher
"Board"	the board of directors of the Company
"Board Resolutions Date"	20 April 2017
"Cap"	2,336,625,000 A Shares
"China Shipping"	China Shipping Group Company Limited# (中國海運集團有限公司) (formerly known as China Shipping (Group) Company Limited (中國海運(集團)總公司)), a PRC state-owned enterprise and the controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
"CIMC"	China International Marine Containers (Group) Co., Ltd.# (中國國際海運集裝箱(集團)股份有限公司), a joint stock limited company established in the PRC, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2039) and the Shenzhen Stock Exchange (Stock Code: 000039), respectively
"CIMC Group"	CIMC and its subsidiaries
"Company"	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
"Computershare"	Computershare Hong Kong Investor Services Limited, the Company's H Share registrar
"connected person"	has the meaning ascribed to it under the Hong Kong Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules

"COSCO SHIPPING"	China COSCO Shipping Corporation Limited# (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
"COSCO SHIPPING Group"	COSCO SHIPPING and its subsidiaries
"COSCO SHIPPING Holdings"	COSCO SHIPPING Holdings Co., Ltd.# (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1919) and the Shanghai Stock Exchange (Stock Code: 601919), respectively
"COSCO SHIPPING Leasing"	COSCO SHIPPING Leasing Co., Ltd.# (中遠海運租賃有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"COSCO SHIPPING Micro-finance"	Shanghai COSCO SHIPPING Micro-finance Company Limited# (上海中遠海運小額貸款有限公司), a joint venture company established in the PRC, which was owned as to 45% by the Company, 25% by Shanghai Pan Asia and 30% by third parties who are independent of the Company and its connected persons as at the Latest Practicable Date and an associate of COSCO SHIPPING
"COSCO SHIPPING Undertaking"	the undertaking provided by COSCO SHIPPING on 27 October 2017, further details of which are set out in the Adjustment Announcement
"COSCO Subscription"	the proposed subscription of A Shares by COSCO SHIPPING pursuant to the COSCO Subscription Agreement
"COSCO Subscription Agreement"	the subscription agreement dated 20 April 2017 entered into between the Company and COSCO SHIPPING, pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 50% of the number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares

"CS Investment"	China Shipping Investment Co., Ltd.# (中海集團投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"Extension Resolutions"	the proposed resolutions (i) for the Independent Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018; and (ii) for the Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018
"Extension Resolutions Announcement"	the announcement of the Company dated 16 April 2018 in relation to, among other things, the Extension Resolutions
"FIL"	Florens International Limited (佛羅倫國際有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"Floor Price"	the latest audited net asset per Share before the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
"H Shareholder(s)"	holder(s) of H Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Implementation Rules for the Non-public Issuance of Shares by Listed Companies"	the Implementation Rules for the Non-public Issuance of Shares by Listed Companies《上市公司非公開發行股票實施細則》
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Shareholders' Resolutions Extension Resolution in accordance with the Hong Kong Listing Rules
"Independent Financial Adviser"	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of Shareholders' Resolutions Extension Resolution
"Independent Shareholders"	the Shareholders other than (i) COSCO SHIPPING and its associates and (ii) any other Shareholders who have a material interest in the Revised Proposed Non-public Issuance of A Shares, the COSCO Subscription and/or the Specific Mandate
"Latest Practicable Date"	7 May 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"New Class Meetings"	the new class meeting of the A Shareholders and the new class meeting of the H Shareholders to be convened to consider, and if thought fit, approve, among other things, the Extension Resolutions

"New PRC Regulations"	the "Decision in Amending the Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《關於修改《上市公司非公開發行股票實施細則》的決定》) and the "Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies" (《發行監管問答 – 關於引導規範上市公司融資行為的監管要求》) issued by the CSRC on 17 February 2017
"Notice of H Shares Class Meeting"	the notice of the H Shares class meeting of the Company dated 16 April 2018, which was despatched to the Shareholders on 16 April 2018
"Oriental Fleet"	Oriental Fleet International Co., Ltd. (東方富利國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Original Form of Proxy"	the form of proxy of the Company in respect of the resolutions set out in the Original Notice of AGM, which was despatched to the Shareholders on 16 April 2018
"Original Notice of AGM"	the notice of the annual general meeting of the Company dated 16 April 2018, which was despatched to the Shareholders on 16 April 2018
"Poll Results Announcement"	the poll results announcement of the Company dated 5 June 2017
"PRC"	the People's Republic of China which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Legal Advisers"	the PRC legal advisers to the Company
"Previous Class Meetings"	collectively, the previous class meeting of the A Shareholders and the previous class meeting of the H Shareholders held on 5 June 2017 to approve, among other things, (i) the Revised Proposed Non-public Issuance of A Shares, (ii) the COSCO Subscription and (iii) the Specific Mandate

"Previous EGM"	the previous extraordinary general meeting of the Company held on 5 June 2017 to approve, among other things, (i) the Revised Proposed Non-public Issuance of A Shares, (ii) the COSCO Subscription and (iii) the Specific Mandate
"Price Determination Date"	the first day of the offering period of the Revised Proposed Non-public Issuance of A Shares
"Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance"	the proposed provision of guarantee to COSCO SHIPPING Micro-finance by the Company, further details of which are set out in the overseas regulatory announcement of the Company dated 16 April 2018
"Revised Form of Proxy"	the revised form of proxy of the Company in respect of the resolutions set out in the Original Notice of AGM and the Supplemental Notice of AGM
"Revised Proposed Non-public Issuance of A Shares"	the proposed non-public issuance of not more than 2,336,625,000 A Shares (subject to adjustments) by the Company to not more than 10 specific target subscribers, including COSCO SHIPPING
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"Shanghai Pan Asia"	Shanghai Pan Asia Shipping Co., Ltd.# (上海泛亞航運有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING Holdings
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Resolutions"	the resolutions regarding the Revised Proposed Non-public Issuance of A Shares passed at the Previous EGM and the Previous New Class Meetings

"Shareholders' Resolutions Extension Resolution"	the special resolution to be proposed at the AGM and the New Class Meetings to extend the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018
"Specific Mandate"	the specific mandate sought from the Independent Shareholders at the Previous EGM and the Previous Class Meetings to issue the A Shares under the Revised Proposed Non-public Issuance of A Shares
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Supplemental Notice of AGM"	the supplemental notice of the annual general meeting of the Company dated 10 May 2018, which is set out on pages SAGM-1 to SAGM-3 of this circular
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"trading day(s)"	a day on which the Shanghai Stock Exchange or the Hong Kong Stock Exchange (as the case may be) is open for dealing or trading in securities
"US$"	United States dollar, the lawful currency of the United States of America
"%"	per cent

For the purpose of this circular, translations of RMB into HK$ or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK$1.23. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

\# *For identification purpose only.*

中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02866)

Executive Directors:
Ms. Sun Yueying
Mr. Wang Daxiong
Mr. Liu Chong
Mr. Xu Hui

Non-executive Directors:
Mr. Feng Boming
Mr. Huang Jian
Mr. Liang Yanfeng

Independent Non-executive Directors:
Mr. Cai Hongping
Ms. Hai Chi Yuet
Mr. Graeme Jack
Mr. Lu Jianzhong
Mr. Gu Xu
Ms. Zhang Weihua

Legal address in the PRC:
Room A-538
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Shanghai
PRC

Principal place of business in the PRC:
Maritime Research Building
628 Minsheng Road
Pudong New Area
Shanghai
The PRC

Principal place of business in Hong Kong:
50/F, COSCO Tower
183 Queen's Road
Central
Hong Kong

10 May 2018

To the Shareholders

Dear Sir/Madam,

(1) 2017 REPORT OF THE BOARD
(2) 2017 REPORT OF THE SUPERVISORY COMMITTEE
(3) 2017 WORK REPORT OF INDEPENDENT DIRECTORS
(4) 2017 FINANCIAL STATEMENTS AND AUDITORS' REPORT
(5) 2017 ANNUAL REPORT
(6) 2017 PROFIT DISTRIBUTION PLAN
(7) REMUNERATION OF DIRECTORS AND SUPERVISORS FOR THE YEAR 2018
(8) ADJUSTMENT OF ANNUAL CAPS FOR PROVISION OF COMMODITIES BY THE CIMC GROUP
(9) RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2018
(10) EXTENSION OF VALIDITY PERIOD OF RESOLUTIONS REGARDING REVISED PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
(11) EXTENSION OF VALIDITY PERIOD OF AUTHORISATION TO THE BOARD AND ANY PERSON AUTHORISED BY THE BOARD TO HANDLE ALL MATTERS IN CONNECTION WITH THE REVISED PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
(12) PROVISION OF GUARANTEES TO CERTAIN WHOLLY-OWNED SUBSIDIARIES
(13) PROVISION OF GUARANTEE TO COSCO SHIPPING MICRO-FINANCE
AND
(14) SUPPLEMENTAL NOTICE OF AGM

I. INTRODUCTION

Reference is made to (i) the Extension Resolutions Announcement; (ii) the Original Notice of AGM; (iii) the Notice of H Shares Class Meeting; and (iv) the Supplemental Notice of AGM.

The purpose of this circular is to provide you with, among other things:

(i) information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM;

(ii) further details of the Extension Resolutions and information regarding the other resolutions to be proposed at the AGM and the New Class Meetings;

(iii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Shareholders' Resolutions Extension Resolution; and

(iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Shareholders' Resolutions Extension Resolution.

At the AGM, ordinary resolutions will be proposed to approve:

(i) the report of the Board for the year ended 31 December 2017;

(ii) the report of the Supervisory Committee for the year ended 31 December 2017;

(iii) the work report of the independent non-executive Directors for the year ended 31 December 2017;

(iv) the audited financial statements and the auditors' report of the Group for the year ended 31 December 2017;

(v) the annual report of the Company for the year ended 31 December 2017;

(vi) the proposed profit distribution plan of the Company for the year ended 31 December 2017;

(vii) the remuneration of the Directors and the Supervisors for the year 2018;

(viii) the adjustment of annual caps for provision of commodities by the CIMC Group; and

(ix) the re-appointment of the international auditor of the Company.

At the AGM, special resolutions will be proposed to approve:

(i) the Shareholders' Resolutions Extension Resolution;

(ii) the extension of the validity period of Authorisation;

(iii) the proposed provision of guarantees to certain wholly-owned subsidiaries of the Company; and

(iv) the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance.

At the New Class Meetings, special resolutions will be proposed to approve (i) the Shareholders' Resolutions Extension Resolution; and (ii) the extension of the validity period of Authorisation.

II. REPORT OF THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2017

An ordinary resolution will be proposed at the AGM to approve the report of the Board for the year ended 31 December 2017. The full text of the aforesaid report of the Board is set out in the annual report of the Company which has been despatched to the Shareholders on 27 April 2018.

The report of the Board for the year ended 31 December 2017 was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

III. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2017

An ordinary resolution will be proposed at the AGM to approve the report of the Supervisory Committee for the year ended 31 December 2017. The full text of the aforesaid report of the Supervisory Committee is set out in the annual report of the Company which has been despatched to the Shareholders on 27 April 2018.

The report of the Supervisory Committee for the year ended 31 December 2017 was considered and approved by the Supervisory Committee on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

IV. WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017

An ordinary resolution will be proposed at the AGM to approve the work report of the independent Directors for the year ended 31 December 2017. The full text of the English translation of the aforesaid report of the Independent Directors is set out in Appendix I to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The work report of the independent Directors for the year ended 31 December 2017 was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

V. AUDITED FINANCIAL STATEMENTS AND AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

An ordinary resolution will be proposed at the AGM to approve the audited financial statements and the auditors' report of the Group for the year ended 31 December 2017. The full text of the aforesaid financial statements and auditors' report is set out in the annual report of the Company which has been despatched to the Shareholders on 27 April 2018.

The audited financial statements and the auditors' report of the Group for the year ended 31 December 2017 was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

VI. 2017 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year ended 31 December 2017. The aforesaid annual report has been despatched to the Shareholders and also published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://development.coscoshipping.com) on 27 April 2018.

The 2017 annual report was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

VII. 2017 PROFIT DISTRIBUTION PLAN

An ordinary resolution will be proposed at the AGM to approve the proposed profit distribution plan of the Company for the year ended 31 December 2017 in accordance with the Articles of Association.

As at 31 December 2017, the accumulated losses of the Company calculated under the PRC accounting standards was approximately RMB1,321 million and the retained profits of the Group calculated under the PRC accounting standards was approximately RMB4,562 million. It was proposed that no profit distribution would be made and no capitalisation of capital common reserve fund would be made for the year ended 31 December 2017 in accordance with the Articles of Association.

The 2017 profit distribution plan was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

VIII. REMUNERATION OF DIRECTORS AND SUPERVISORS FOR THE YEAR 2018

An ordinary resolution will be proposed at the AGM to approve the remuneration of the Directors and the Supervisors for the year 2018, details of which are as follows:

(i) the Directors and the Supervisors nominated by the controlling shareholders shall receive no remuneration from the Company;

(ii) the Directors and the employee Supervisors who are employed as management or non-management personnel of the Company shall receive remuneration after the remuneration proposal of their position has been approved, and shall receive no additional remuneration as a Director or an employee Supervisor; and

(iii) the remuneration standard for the onshore independent Directors and Supervisors is RMB150,000 per year (before tax). The remuneration standard for the offshore independent Directors is RMB300,000 per year (before tax).

The abovementioned resolution in relation to the remuneration of the Directors and Supervisors was considered and approved by the Board on 29 March 2018 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

IX. ADJUSTMENT OF ANNUAL CAPS FOR PROVISION OF COMMODITIES BY THE CIMC GROUP

As disclosed in the overseas regulatory announcement of the Company dated 29 March 2018, the Board resolved that the annual caps for the provision of commodities by the CIMC Group to the Group for each year ending 31 December 2017, 2018 and 2019 shall be adjusted as follows:

	For the year ending 31 December		
	2017	**2018**	**2019**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Existing annual caps:	450,000	550,000	600,000
Proposed adjusted annual caps:	800,000	4,600,000	5,000,000

Pursuant to the Shanghai Listing Rules, transaction amounts under all types of related party transactions entered into in the ordinary and usual course of business of the Company and entered into between the Company and the same related party within a 12-month period should be aggregated (save for those which have complied with the relevant approval and/or disclosure procedures), and if the total aggregated transaction amount exceeds 5% of the net asset value of the Company and its subsidiaries as at the end of the preceding financial year, such related party transactions should be presented to a general meeting for independent shareholders' approval.

As the provision of commodities by the CIMC Group to the Group constituted related party transactions entered into in the ordinary and usual course of business of the Company under the Shanghai Listing Rules and the proposed adjusted annual caps would exceed 5% of the net asset value of the Company and its subsidiaries as at 31 December 2017, the abovementioned adjustment of the annual caps is subject to the Shareholders' approval requirement under the Shanghai Listing Rules.

As at the Latest Practicable Date, the Company, through its indirect wholly-owned subsidiaries, Long Honour Investments Limited and COSCO Container Industries Limited, holds in aggregate 22.73% of the issued share capital of CIMC. In addition, Mr. Wang Yuhang, a non-executive director and the vice chairman of the board of directors of CIMC, is the deputy general manager of COSCO SHIPPING and Mr. Liu Chong, a non-executive director of CIMC, is an executive Director and the general manager of the Company. While the CIMC Group constituted related party of the Company under the Shanghai Listing Rules, it does not constitute connected person of the Company under the Hong Kong Listing Rules.

The resolution in relation to abovementioned adjustment of the annual caps will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

X. RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2018

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young, Hong Kong Certified Public Accountants as the international auditor of the Company for the year of 2018, and to authorize the audit committee of the Board to determine its remuneration.

The abovementioned resolution in relation to the re-appointment of the international auditor of the Company for the year of 2018 was considered and approved by the Board on 10 May 2018 and will be submitted, by way of ordinary resolutions, for the Shareholders' consideration and approval at the AGM.

XI. EXTENSION RESOLUTIONS IN RELATION TO THE REVISED PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

1. Introduction

Reference is made to (1) the announcement of the Company dated 20 April 2017; (2) the A Shares Issuance Circular; (3) the Poll Results Announcement; (4) the announcements of the Company dated 2 June 2017 and 19 July 2017; (5) the Adjustment Announcement; (6) the overseas regulatory announcements of the Company dated 13 September 2017 and 30 October 2017; and (7) the Extension Resolutions Announcement, in relation to, among other things, (i) the Revised Proposed Non-public Issuance of A Shares; (ii) the COSCO Subscription; and (iii) the Specific Mandate.

As disclosed in the Poll Results Announcement, resolutions were passed at the Previous EGM and the Previous Class Meetings to approve, among other things, the (i) Revised Proposed Non-public Issuance of A Shares; (ii) the COSCO Subscription; and (iii) the Specific Mandate. As disclosed in the A Shares Issuance Circular:

(a) the resolutions regarding the Revised Proposed Non-public Issuance of A Shares shall be valid for 12 months from the date of the passing of the resolutions at the Previous EGM and the Previous Class Meetings; and

(b) the authorisation to the Board and any person authorised by the Board to handle all matters in connection with the Revised Proposed Non-public Issuance of A Shares shall be valid for 12 months from the date of approval by the Shareholders.

2. Extension Resolutions

As at the Latest Practicable Date, the CSRC was still in the process of reviewing the application of the Company for the Revised Proposed Non-public Issuance of A Shares. As the validity periods of (i) the Shareholders' Resolutions and (ii) the Authorisation will expire on 4 June 2018, the Board proposes to convene the New Class Meetings and seek the approval of the Independent Shareholders or the Shareholders (as the case may be) at the AGM for the following Extension Resolutions:

(a) for the Independent Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018; and

(b) for the Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018.

3. Reasons for the Extension Resolutions

Despite the acceptance of the application for the Revised Proposed Non-public Issuance of A Shares by the CSRC on 19 July 2017, as at the Latest Practicable Date, the Company has not yet received the written approval from the CSRC, which is the only outstanding condition precedent of the Revised Proposed Non-public Issuance of A Shares, and it is uncertain whether the written approval from the CSRC will be obtained before the expiry of the validity periods of the Shareholders' Resolutions and the Authorisation. In addition, after the Company has obtained the written approval from the CSRC, it is expected that the Company will need certain amount of time to handle the administrative matters for the implementation of the Revised Proposed Non-public Issuance of A Shares. Based on the above, the Directors considered that it is in the best interests of the Company and the Shareholders as a whole to extend the validity periods of the Shareholders' Resolutions and the Authorisation for a further period of 12 months, commencing from 5 June 2018.

Save as disclosed in this circular, all other terms of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription remain unchanged and in full force and effect.

4. Details of the Revised Proposed Non-public Issuance of A Shares

Class and par value of Shares to be issued:	A Shares with a par value of RMB1.00 each
Method and time of issuance:	The Revised Proposed Non-public Issuance of A Shares will be carried out by way of non-public issue of A Shares to not more than 10 specific target subscribers, including COSCO SHIPPING. The Company will complete the Revised Proposed Non-public Issuance of A Shares within six months after obtaining the approval from the CSRC.
Number of A Shares to be issued:	A maximum of 2,336,625,000 A Shares will be issued under the Revised Proposed Non-public Issuance of A Shares, which represents: (i) approximately 29.46% of the existing issued A Shares and 20% of the existing total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 22.75% of the enlarged issued A Shares and approximately 16.67% of the enlarged total issued share capital of the Company upon completion of the Revised Proposed Non-public Issuance of A Shares.

The Cap will be adjusted if there occurs any ex-right event (such as bonus issue, capitalisation of capital reserves, additional issuance or placing of new Shares) between the Board Resolutions Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares. The formula for the adjustment is set out below:

$Q = Q_0 \times (1 + N_1)$

where,

(i) Q is the Cap after adjustment for any ex-right event between the Board Resolutions Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares;

(ii) Q_0 is the Cap; and

(iii) N_1 is the number of (a) Shares being issued upon capitalisation of capital reserves for each Share, and/or (b) Shares being issued upon distribution of share dividend for each Share by the Company between the Board Resolutions Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares.

Pursuant to the Implementation Rules for the Non-public Issuance of Shares by Listed Companies, where the board of a listed company resolves to issue shares by way of non-public issuance, the board resolution shall specify, among other things, the maximum proceeds to be raised from the non-public issuance, the specific use of the proceeds and whether the number of shares to be issued shall be adjusted if there occurs any ex-right or ex-dividend event between the date of the board resolution and the date of issue of the shares.

On 20 April 2017, the Board approved the Revised Proposed Non-public Issuance of A Shares and passed resolutions that the gross proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares shall be not more than RMB8.6 billion. Notwithstanding any adjustment to the Cap and/or the Benchmark Price:

(i) the maximum gross proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares as approved by the Board will in any event not exceed RMB8.6 billion; and

(ii) pursuant to the New PRC Regulations, the Cap will in any event not exceed 20% of the total number of total issued share capital of the Company prior to the issuance of the A Shares under the Revised Proposed Non-public Issuance of A Shares.

As disclosed in the Poll Results Announcement, subject to the Cap, the Shareholders at the Previous EGM and the Previous Class Meetings granted to the Board and its authorised person(s) such authority as necessary for determining the final number of A Shares to be issued based on the negotiations with the sponsor (the lead underwriter) with reference to the amount of proceeds to be raised and the actual amount of subscription received. COSCO SHIPPING undertakes to subscribe for 50% of the total number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares. China Shipping will not participate in the Revised Proposed Non-public Issuance of A Shares.

The Revised Proposed Non-public Issuance of A Shares is not underwritten.

Target subscribers: The target subscribers for the Revised Proposed Non-public Issuance of A Shares will be not more than 10 specific subscribers (including COSCO SHIPPING). The target subscribers other than COSCO SHIPPING include securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other qualified investors in compliance with applicable laws and regulations. Securities investment fund management companies, which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust companies may only subscribe for the A Shares with their own funds.

Pursuant to Rules 23 and 24 of the Rules for the Implementation Rules for the Non-public Issuance of Shares by Listed Companies, where the board resolution of the company has not identified specific target subscribers for the non-public issuance of shares, the sponsor shall issue invitation for subscription to eligible specific target subscribers after obtaining approval documents from the CSRC. The list of eligible specific target subscribers shall include: (i) investors who have submitted a letter of intent after the announcement of the board resolution by the company; (ii) the top 20 shareholders of the company; and (iii) not less than 20 securities investment fund management companies, 10 securities companies and five insurance institutional investors, which are eligible under the "Measures for the Administration of Securities Offering and Underwriting" (《證券發行與承銷管理辦法》).

According to the applicable PRC laws, regulations and regulatory requirements, foreign investors cannot subscribe in non-public issue of A shares of listed companies by way of cash unless they are approved qualified foreign institutional investors or foreign strategic investors. In order to ensure the independence of the H Shareholders, and after considering the applicable PRC laws, regulations and regulatory requirements, the scope of targeted subscribers (other than COSCO SHIPPING and its associates) under the Revised Proposed Non-public Issuance of A Shares will exclude all the H Shareholders (including approved qualified foreign institutional investors, foreign strategic investors and approved PRC investors which could invest in H Shares, including the qualified domestic institutional investors and the southbound trading investors under the Shanghai-Hong Kong Stock Connect). According to the PRC Legal Advisers, the aforementioned scope of targeted subscribers is in compliance with the applicable PRC laws, regulations and regulatory requirements.

The final list of subscribers (other than COSCO SHIPPING) will be determined by the Board and its authorised person(s) with the authorisation by the Shareholders at the Previous EGM and the Previous Class Meetings and the sponsor (the lead underwriter) based on the price inquiry results in accordance with the price priority principle and applicable laws and regulations, after obtaining the approval documents issued by the CSRC in respect of the Revised Proposed Non-public Issuance of A Shares.

As at the Latest Practicable Date, apart from the COSCO Subscription Agreement, the Company has not entered into any agreement with any potential subscribers in respect of the Revised Proposed Non-public Issuance of A Shares. The Company currently expects that, with the exception of COSCO SHIPPING: (i) the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares will only be issued to subscribers who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them will become substantial shareholders of the Company nor, together with parties acting in concert with it, would trigger mandatory general offer obligation under the Takeovers Code, upon completion of their respective subscriptions of the A Shares under the Revised Proposed Non-public Issuance of A Shares; and (ii) the subscribers will not be parties acting in concert with COSCO SHIPPING. The Company will comply with all the relevant requirements of the Hong Kong Listing Rules and the Takeovers Code should there be any changes or if otherwise necessary.

Price Determination Date, issue price and pricing principles:

The Price Determination Date of the Revised Proposed Non-public Issuance of A Shares is the first day of the offering period of the Revised Proposed Non-public Issuance of A Shares.

The issue price shall not be lower than the Benchmark Price, being (i) 90% of the Average Trading Price, or (ii) the Floor Price, whichever is higher. The final issue price will be determined by the Board and its authorised person(s) with the authorisation by the Shareholders at the Previous EGM and the Previous Class Meetings and the sponsor (the lead underwriter) based on the price inquiry results in accordance with the price priority principle and applicable laws and regulations, after obtaining the approval documents issued by the CSRC in respect of the Revised Proposed Non-public Issuance of A Shares.

Based on the annual report of the Company for the year ended 31 December 2017, the audited net asset value per Share of the Company as at 31 December 2017 was RMB1.44, which represents:

(i) a discount of approximately 51.68% to the closing price of RMB2.98 per A Share as quoted on the Shanghai Stock Exchange as at the Latest Practicable Date;

(ii) a premium of approximately 24.14% to the closing price of HK$1.43 per H Share (equivalent to approximately RMB1.16) as quoted on the Hong Kong Stock Exchange as at the Latest Practicable Date;

(iii) a discount of approximately 51.19% to the average closing price of approximately RMB2.95 per A Share as quoted on the Shanghai Stock Exchange for the last five trading days up to and including the Latest Practicable Date;

(iv) a premium of approximately 23.08% to the average closing price of approximately HK$1.44 per H Share (equivalent to approximately RMB1.17) as quoted on the Hong Kong Stock Exchange for the last five trading days up to and including the Latest Practicable Date;

(v) a discount of approximately 51.35% to the average closing price of approximately RMB2.96 per A Share as quoted on the Shanghai Stock Exchange for the last 10 trading days up to and including the Latest Practicable Date; and

(vi) a premium of approximately 23.08% to the average closing price of approximately HK$1.45 per H Share (equivalent to approximately RMB1.17) as quoted on the Hong Kong Stock Exchange for the last 10 trading days up to and including the Latest Practicable Date.

In the event that the issue price is expected to fall below the audited net asset value per Share of the Company as at 31 December 2017, being RMB1.44, the Company will re-comply with the necessary approval requirements, including, among other things, the Independent Shareholders' approval under the Hong Kong Listing Rules.

The Benchmark Price will be adjusted if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue, capitalisation of capital reserves, additional issuance or placing of new Shares) between the Price Determination Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of the A Shares. The formula for the adjustment is set out below:

$P = (P_0 - Div)/(1 + N_2)$

where,

(i) P is the Benchmark Price after adjustment for any ex-right or ex-dividend event between the Price Determination Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares;

(ii) P_0 is the Benchmark Price before adjustment;

(iii) Div is the amount of cash dividend per Share in RMB distributed by the Company between the Price Determination Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of the A Shares; and

(iv) N_2 is the number of (a) Shares being issued upon capitalisation of capital reserves for each Share, and/or (b) Shares being issued upon distribution of share dividend for each Share by the Company between the Price Determination Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of the A Shares.

According to the Company Law of the PRC and the Articles of Association, the Company may only distribute dividends out of its distributable profits, being the Company's profit after income tax after offsetting (i) the accumulated losses brought forward from the previous years and (ii) the allocations to the statutory surplus reserve fund and, if any, the discretionary common reserve (in such order of priorities) before payment of any dividend on shares.

As disclosed in the audited financial statements of the Company for the year ended 31 December 2017 prepared under the Generally Accepted Accounting Principles in the PRC as set out in the overseas regulatory announcement published by the Company on 29 March 2018, the Company had accumulated losses as at 31 December 2017. In addition, as disclosed in the annual results announcement for the year ended 31 December 2017 published by the Company on 29 March 2018, the Board did not recommend the payment of any dividend for the year ended 31 December 2017. As such, the Company is of the view that the possibility of adjusting the Benchmark Price as a result of ex-right or ex-dividend events for the Revised Proposed Non-public Issuance of A Shares is relatively low.

All the target subscribers will subscribe for the A Shares under the Revised Proposed Non-public Issuance of A Shares at the same issue price in cash. COSCO SHIPPING will not participate in the price inquiry exercise for the Revised Proposed Non-public Issuance of A Shares, and will accept the price inquiry results and subscribe for the A Shares at the same issue price as other target subscribers.

As disclosed in the Adjustment Announcement, on 27 October 2017, COSCO SHIPPING has provided an undertaking that in the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise, COSCO SHIPPING will subscribe for the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares at the Benchmark Price and will complete the relevant internal and external approval procedures in compliance with the relevant onshore and offshore regulatory requirements. Please refer to the section headed "XI. Extension Resolutions in relation to the Revised Proposed Non-public Issuance of A Shares – 6. The COSCO SHIPPING Undertaking" for further details of the COSCO SHIPPING Undertaking.

Conditions precedent of the Revised Proposed Non-public Issuance of A Shares:

The Revised Proposed Non-public Issuance of A Shares is conditional upon:

(i) the obtaining of the approval from the Board and the Shareholders at the Previous EGM and the Previous Class Meetings;

(ii) the obtaining of the approval from the SASAC; and

(iii) the obtaining of the approval from the CSRC.

According to the PRC Legal Advisers, none of the conditions above may be waived by any party to the Revised Proposed Non-public Issuance of A Shares and therefore, if any of the conditions above is not satisfied, the Company will not proceed with the Revised Proposed Non-public Issuance of A Shares.

The Revised Proposed Non-public Issuance of A Shares has been approved by the Board on 20 April 2017 and by the Shareholders at the Previous EGM and the Previous Classing Meetings on 5 June 2017.

An application for the approval of the Revised Proposed Non-public Issuance of A Shares has been submitted to the SASAC on 5 May 2017 by COSCO SHIPPING. On 2 June 2017, the Company was notified by COSCO SHIPPING that it has received the approval from the SASAC dated 1 June 2017 for the Revised Proposed Non-public Issuance of A Shares.

An application for the approval of the Revised Proposed Non-public Issuance of A Shares has been submitted to the CSRC by the Company on 12 July 2017. On 19 July 2017, the Company received the "Acceptance Notice of the Application for Administrative Permission from the CSRC (No. 171433) (《中國證監會行政許可申請受理書》 (171433號))" issued by the CSRC. As at the Latest Practicable Date, the approval from the CSRC has not been obtained.

Lock-up period: COSCO SHIPPING shall not transfer the A Shares subscribed under the Revised Proposed Non-public Issuance of A Shares within 36 months from the date of completion of the Revised Proposed Non-public Issuance of A Shares. All other target subscribers shall not transfer the A Shares subscribed under the Revised Proposed Non-public Issuance of A Shares within 12 months from the date of completion of the Revised Proposed Non-public Issuance of A Shares.

Place of listing of the A Shares to be issued: The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares. The A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares can be traded on the Shanghai Stock Exchange upon the expiration of the lock-up period.

Use of proceeds: The gross proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares will be not more than RMB8.6 billion (inclusive of the subscription by COSCO SHIPPING pursuant to the COSCO Subscription Agreement). The net proceeds from the Revised Proposed Non-public Issuance of A Shares (after deducting all applicable costs and expenses incurred in connection with the Revised Proposed Non-public Issuance of A Shares) are intended to be used in the following manner:

(i) as to approximately RMB6.8 billion to be used for the capital injection in FIL, which in turn will be used by FIL to purchase containers during the period of 2017 to 2019 for the purpose of maintaining and expanding container scale and securing competitive position in the market; and

(ii) as to approximately RMB1.8 billion to be used for repayment of corporate bonds (which are held by persons other than the existing Shareholders), the principal terms of which are as follows:

Issuer:	The Company
Date of first issuance:	12 June 2007
Maturity date:	On the date falling upon the expiry of 10 years after the date of first issuance (i.e. 12 June 2017)
Principal amount:	RMB1.8 billion
Interest:	4.51% per annum

The Company repaid the aforementioned corporate bonds upon maturity by its internal resources, which will be substituted and replenished by the proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares in accordance with relevant procedures as required by applicable laws and regulations.

If the actual proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares are less than the aggregate amount of the proceeds as per the above allocation, the Company will make up for the shortfall by utilising its internal resources or other means of financing. The Board may make adjustments as to the specific projects, the order of priority and the specific amount allocated for each project based on the net proceeds actually raised. Before the receipt of the proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares, the Company will, depending on the status of the projects, finance these projects by funds raised through other means of financing, which will be substituted by the proceeds raised from the Revised Proposed Non-public Issuance of A Shares in accordance with relevant procedures as required by applicable laws and regulations once the same becomes available.

Specific Mandate to issue A Shares: The Company will issue the A Shares under the Specific Mandate sought from the Independent Shareholders at the Previous EGM and the Previous Class Meetings.

Distribution of profit: Upon completion of the Revised Proposed Non-public Issuance of A Shares, the existing and new Shareholders will be entitled to share the Company's cumulative undistributed profits at the time of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares.

Rights of the A Shares to be issued: The A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the A Shares in issue at the time of the issuance of such A Shares.

For further details of the Revised Proposed Non-public Issuance of A Shares, please refer to the A Shares Issuance Circular.

5. Principal terms of the COSCO Subscription Agreement

Date:	20 April 2017
Parties:	(1) The Company, as the issuer; and (2) COSCO SHIPPING, as the subscriber.
Number of A Shares to be issued:	The number of A Shares to be issued to COSCO SHIPPING under the COSCO Subscription Agreement shall be 50% of the total number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares.
Subscription price and pricing principles:	The subscription price shall not be lower than the Benchmark Price (subject to adjustments). The final subscription price will be determined by the Board and its authorised person(s) with the authorisation by the Shareholders at the Previous EGM and the Previous Class Meetings and the sponsor (the lead underwriter) based on the price inquiry results in accordance with the price priority principle and applicable laws and regulations, after obtaining the approval documents issued by the CSRC in respect of the Revised Proposed Non-public Issuance of A Shares. COSCO SHIPPING (including the senior management who are also Directors) will not participate in the pricing exercise for the Revised Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same subscription price as other target subscribers. In the event that the issue price is expected to fall below the audited net asset value per Share of the Company as at 31 December 2017, being RMB1.44, the Company will re-comply with the necessary approval requirements, including, among other things, the Independent Shareholders' approval under the Hong Kong Listing Rules. The Benchmark Price will be adjusted if there occurs any ex-right or ex-dividend event (such as distribution of dividend, bonus issue, capitalization of capital reserves, additional issuance or placing of new Shares) between the Price Determination Date and the date of the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares. Please refer to the section headed "XI. Extension Resolutions in relation to the Revised Proposed Non-public Issuance of A Shares – 4. Details of the Revised Proposed Non-public Issuance of A Shares – Price Determination Date, issue price and pricing principles" for further details of the adjustment.

The aggregate subscription price under the COSCO Subscription Agreement will be paid by COSCO SHIPPING to the Company in cash by bank transfer on the specific payment date as confirmed by the sponsor (the lead underwriter) in the notice of payment.

Conditions precedent of the COSCO Subscription:

The COSCO SHIPPING Subscription is conditional upon:

(i) the obtaining of the approval from the Board and the Shareholders at the Previous EGM and the Previous Class Meetings;

(ii) the obtaining of the approval from the SASAC; and

(iii) the obtaining of the approval from the CSRC.

According to the PRC Legal Advisers, none of the conditions above may be waived by either party to the COSCO Subscription Agreement and therefore, if any of the conditions above is not satisfied, the Company will not proceed with the COSCO Subscription.

The COSCO Subscription has been approved by the Board on 20 April 2017 and by the Shareholders at the Previous EGM and the Previous Classing Meetings on 5 June 2017.

An application for the approval of the COSCO Subscription has been submitted to the SASAC on 5 May 2017 by COSCO SHIPPING. On 2 June 2017, the Company was notified by COSCO SHIPPING that it has received the approval from the SASAC dated 1 June 2017 for the COSCO Subscription.

An application for the approval of the COSCO Subscription has been submitted to the CSRC by the Company on 12 July 2017. On 19 July 2017, the Company received the "Acceptance Notice of the Application for Administrative Permission from the CSRC (No. 171433) (《中國證監會行政許可申請受理書》 (171433號))" issued by the CSRC. As at the Latest Practicable Date, the approval from the CSRC has not been obtained.

Lock-up period:	Pursuant to the COSCO Subscription Agreement, COSCO SHIPPING shall not transfer the A Shares subscribed by it under the Revised Proposed Non-public Issuance of A Shares within 36 months from the date of completion of the Revised Proposed Non-public Issuance of A Shares.
Distribution of profit:	Upon the completion of the COSCO Subscription, the existing Shareholders and COSCO SHIPPING will be entitled to share the Company's cumulative undistributed profits at the time of the issuance of the A Shares under the COSCO Subscription Agreement.

For further details of the COSCO Subscription, please refer to the A Shares Issuance Circular.

6. The COSCO SHIPPING Undertaking

As disclosed in the Adjustment Announcement, on 27 October 2017, COSCO SHIPPING has provided an undertaking that in the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise, COSCO SHIPPING will subscribe for the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares at the Benchmark Price and will complete the relevant internal and external approval procedures in compliance with the relevant onshore and offshore regulatory requirements.

On 30 October 2017, in accordance with the authority granted to the Board by the Shareholders at the Previous EGM and the Previous Class Meetings, the Board has approved the following adjustment to the Revised Proposed Non-public Issuance of A Shares in light of the aforementioned COSCO SHIPPING Undertaking:

In the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise, COSCO SHIPPING will subscribe for the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares at the Benchmark Price and will complete the relevant internal and external approval procedures in compliance with the relevant onshore and offshore regulatory requirements.

The abovementioned adjustment to the Revised Proposed Non-public Issuance of A Shares is reflected in the "Proposal in respect of the Non-public Issuance of A Shares (Second Revision)", the full text of which is set out in the overseas regulatory announcement of the Company dated 30 October 2017.

In the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise and the Company proceeds with the Revised Proposed Non-public Issuance of A Shares, the Company will determine the number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares and will comply with all the relevant requirements of all applicable laws and regulations, including the Hong Kong Listing Rules and the Takeovers Code.

7. Effects on the shareholding structure of the Company

As at the Latest Practicable Date, the total issued share capital of the Company is 11,683,125,000 Shares, which comprises 7,932,125,000 A Shares and 3,751,000,000 H Shares.

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Revised Proposed Non-public Issuance of A Shares (assuming that (a) the maximum number of A Shares up to the Cap is being issued under the Revised Proposed Non-public Issuance of A Shares; (b) COSCO SHIPPING subscribes for 50% of the maximum number of A Shares being issued; and (c) there is no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Revised Proposed Non-public Issuance of A Shares) is as set out below;

		Shareholding as at the Latest Practicable Date			**Shareholding immediately after completion of the Revised Proposed Non-public Issuance of A Shares**		
Name of Shareholder	**Class of Shares**	*Number of Shares*	*Approximate percentage of the issued A Share capital (%)*	*Approximate percentage of the total issued share capital (%)*	*Number of Shares*	*Approximate percentage of the issued A Share capital (%)*	*Approximate percentage of the total issued share capital (%)*
COSCO SHIPPING and its associates *(Note)*	A	4,458,195,175	56.20	38.16	5,626,507,675	54.79	40.13
	H	100,944,000	–	0.86	100,944,000	–	0.72
Sub-total		4,559,139,175	–	39.02	5,727,451,675	–	40.85
Public A Shareholders	A	3,473,929,825	43.80	29.73	4,642,242,325	45.21	33.11
Public H Shareholders	H	3,650,056,000	–	31.24	3,650,056,000	–	26.04
Total		11,683,125,000	100.00	100.00	14,019,750,000	100.00	100.00

Note: As at the Latest Practicable Date, COSCO SHIPPING does not directly hold any Shares. An aggregate of 4,458,195,175 A Shares is held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and an aggregate of 100,944,000 H Shares is held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of COSCO SHIPPING.

8. Equity fund raising activities in the past twelve months

The Company has not conducted any equity fund raising exercises during the 12 months immediately preceding the Latest Practicable Date.

9. Reasons for and benefits of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription

(a) The Revised Proposed Non-public Issuance of A Shares

The Board considers that the Revised Proposed Non-public Issuance of A Shares is conducive to the comprehensive and sustainable development of the Company's business and would lay a strong foundation for the Company's transformation from a container liner operator into an integrated financial services platform with leasing businesses such as vessel leasing, container leasing and non-shipping leasing as core and shipping financing as feature.

Pursuant to the Implementation Rules for the Non-public Issuance of Shares by Listed Companies, where the board of a listed company resolves to issue shares by way of non-public issuance, the board resolution shall specify, among other things, the maximum proceeds to be raised from the non-public issuance and the specific use of the proceeds. Accordingly, on 20 April 2017, the Board has approved the Revised Proposed Non-public Issuance of A Shares and passed resolutions that the gross proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares shall be not more than RMB8.6 billion and that the net proceeds from the Revised Proposed Non-public Issuance of A Shares (after deducting all applicable costs and expenses incurred in connection with the Revised Proposed Non-public Issuance of A Shares) are intended to be used (i) as to approximately RMB6.8 billion for the capital injection in FIL; and (ii) as to approximately RMB1.8 billion for the repayment of the Company's corporate bonds (which were held by persons other than the existing Shareholders). Please refer to the section headed "XI. Extension Resolutions in relation to the Revised Proposed Non-public Issuance of A Shares – 4. Details of the Revised Proposed Non-public Issuance of A Shares – Use of Proceeds" for further details of the use of proceeds.

The capital injection of approximately RMB6.8 billion in FIL will be used by FIL to purchase containers during the period of 2017 to 2019 for the purpose of maintaining and expanding container scale and securing competitive position in the market. The aforementioned capital injection in COSCO Shipping Leasing and FIL is in line with the business strategy of the Company and would facilitate the transformation of the business and future development of the Company as an integrated financial services platform with diversified leasing businesses.

The long term capital raised from the Revised Proposed Non-public Issuance of A Shares would also optimize the Company's capital structure and reduce the Company's debt-to-asset ratio, which enables the Company to obtain further debt financing and lower the costs of its debt financing.

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2017 as set out in the annual results announcement of the Group for the year ended 31 December 2017, the debt-to-asset ratio and the liquid ratio of the Company as at 31 December 2017 was 87.86% and 0.69, respectively. Upon completion of the Revised Proposed Non-public Issuance of A Shares and taking into account the repayment of maturing corporate bonds of approximately RMB1.8 billion, which will be accounted as current assets of the Company, the debt-to-asset ratio of the Company will be decreased from 87.86% to 82.53% and the liquid ratio will be increased from 0.69 to 0.85 (without taking into account the costs of Revised Proposed Non-public Issuance of A Shares).

Apart from the Revised Proposed Non-public Issuance of A Shares, as disclosed in the circular of the Company dated 10 June 2016 and as approved by the Shareholders at the annual general meeting of the Company held on 30 June 2016, the Company intends to apply to the National Association of Financial Market Institutional Investors for registering mid-term notes of not exceeding RMB5 billion and super short-term financing bills of not exceeding RMB10 billion. The mid-term notes and the super short-term financing bills are intended to be used for repayment of bank loans, optimizing debt financing structure and/or replenish the liquidity for the needs of daily production and operation of the Company. In addition, as disclosed in the announcement of the Company dated 12 February 2018, COSCO SHIPPING Leasing proposes to issue asset-backed securities in the aggregate principal amount of not more than RMB2,022 million, the proceeds of which will be used for the business development and the repayment of loans of COSCO SHIPPING Leasing.

As at the Latest Practicable Date, save for (i) the Revised Proposed Non-public Issuance of A Shares, the proceeds of which will be used for the specific purposes of the capital injection in FIL and the repayment of the corporate bonds; (ii) the mid-term notes and the super short-term financing bills as approved by the Shareholders; and (iii) the asset-backed securities proposed to be issued by COSCO SHIPPING Leasing, the Company does not have any other specific fund raising plans for the next 12 months from the Latest Practicable Date.

(b) The COSCO Subscription

As disclosed in the section headed "XI. Extension Resolutions in relation to the Revised Proposed Non-public Issuance of A Shares – 5. Principal terms of the COSCO Subscription Agreement", COSCO SHIPPING has undertaken to subscribe for 50% of the total number of A Shares to be issued under the Revised Proposed Non-public Issuance. The COSCO Subscription demonstrates the confidence COSCO SHIPPING places in the Company and COSCO SHIPPING's support to the development and transformation of the business of the Company.

(c) Alternative financing

The Company has considered other fund raising methods such as obtaining debt financing and conducting rights issue or public offering to satisfy the funding needs of the Group.

As disclosed in the annual report of the Group for the year ended 31 December 2017, the Group's gearing ratio, being the ratio of net debts over Shareholders' equity, was 535% as at 31 December 2017. The Directors considered that taking into account the current gearing level of the Group, raising funds by equity financing with interest-free nature could reduce the gearing ratio of the Group. The Directors therefore concluded that equity financing can improve the leverage position of the Group as compared to debt financing.

Given that the issued H Share capital of the Company is significantly lower than the issued A Share capital of the Company, the expected size of the funds to be raised by rights issue, open offer or placement of H Shares will be less than approximately RMB8.6 billion. Based on the closing prices of the H Shares and the A Shares on the Latest Practicable Date, the market capitalisation of H Shares and A Shares was approximately HK$5.36 billion (equivalent to approximately RMB4.35 billion) and RMB23.64 billion, representing approximately 15.54% and 84.46% of the total market capitalisation of the Company of approximately RMB27.99 billion, respectively.

In addition, as there is a significant premium of the price of A Shares trading on the Shanghai Stock Exchange over the price of H Shares trading on the Hong Kong Stock Exchange, if the Company were to conduct a fund raising exercise by issuance of new H Shares with a proceed of RMB8.6 billion, assuming that an equivalent pricing basis is adopted to determine the benchmark price for the H Share issuance (that is, being (i) not lower than 90% of the average trading price of the H Shares during the 20 trading days immediately preceding the Price Determination Date or (ii) the Floor Price, whichever is higher), the number of H Shares to be issued will be substantially more than that required for the Revised Proposed Non-public Issuance of A Shares. This would lead to a greater dilution effect on the shareholding of the existing Shareholders and would not be in the interests of the Independent Shareholders.

Having considered that (i) equity financing can improve the leverage position of the Group as compared to debt financing; (ii) the issued H Share capital of the Company is significantly lower than the issued A Share capital of the Company; and (iii) the greater dilution effect on the shareholding of the existing Shareholders if the Company were to conduct a fund raising exercise by issuance of new H Shares with a proceed of RMB8.6 billion with the same pricing basis as the Revised Proposed Non-public Issuance of A Shares, the Directors considered that it is in the interests of the Company and the Shareholders as a whole to raise funds by the Revised Proposed Non-public Issuance of A Shares (including the subscription of A Shares by COSCO SHIPPING).

10. Authorisation granted to the Board to handle all matters in connections with the Revised Proposed Non-public Issuance of A Shares

The original validity period of the Authorisation will expire on 4 June 2018. In order to ensure effective and efficient implementation of the Revised Proposed Non-public Issuance of A Shares, the Board proposes to extend the validity period of the authorisation to the Board and any person authorised by the Board to handle all matters in connection with the Revised Proposed Non-public Issuance of A Shares set out below for a further period of 12 months, commencing from 5 June 2018:

(i) authorise the Board to formulate and implement specific proposals for the Revised Proposed Non-public Issuance of A Shares in accordance with the proposals as approved by the Shareholders and specific circumstances at the time of issuance, including but not limited to the target subscribers, timing of the issuance, number of A Shares to be issued, the commencement date and end date of the issuance, the subscription price, method of subscription and other matters relating to determination of the subscription price;

(ii) authorise the Board to supplement, review and adjust the specific proposals for the Revised Proposed Non-public Issuance of A Shares in accordance with the requirements of relevant laws and regulations, changes in polices, changes in market conditions and requirements of relevant authorities;

(iii) authorise the Board to handle the filing and registration matters relating to the Revised Proposed Non-public Issuance of A Shares, prepare, revise and submit the application materials for to the Revised Proposed Non-public Issuance of A Shares in accordance with the requirements of the relevant securities regulatory authorities;

(iv) authorise the Board to determine and engage intermediaries such as the sponsor (lead underwriter), revise, supplement, sign, submit, report and execute all agreements and documents relating to the Revised Proposed Non-public Issuance of A Shares, including without limited to, underwriting and sponsoring agreement, subscription agreement, material contracts involved in implementing the investment projects with the proceeds raised;

(v) authorise the Board to set up a designated account for the Revised Proposed Non-public Issuance of A Shares which shall be used solely for depositing, management and use of the proceeds raised (and for no other purposes), and execute tripartite custodian agreement with the sponsor and the relevant commercial bank within one month after the proceeds become available;

(vi) authorise the Board to increase the registered capital of the Company, amend the Articles of Association and handle relevant registration and filing procedures in accordance with the results of the Revised Proposed Non-public Issuance of A Shares;

(vii) authorise the Board to handle registration, lock-up and listing of the A Shares with the Shanghai Stock Exchange and the Shanghai branch of China Securities Depository and Clearing Co., Ltd. upon completion of the Revised Proposed Non-public Issuance of A Shares;

(viii) authorise the Board to make adjustments to the specific arrangement on the use of the proceeds raised within the scope permitted in the Shareholders' resolutions;

(ix) if there is any new requirement under the law or by the securities regulatory authorities or if there is any change to the market condition, authorize the Board to adjust the Revised Proposed Non-public Issuance of A Shares and the use of proceeds raised and continue to handle matters relating to the Revised Proposed Non-public Issuance of A Shares (other than those matters requiring Shareholders' approval in accordance with the relevant laws, regulations or Articles of Association or as requested by the regulatory authorities) in accordance with the requirements of relevant laws and regulations, and by relevant governmental authorities and securities regulatory authorities;

(x) authorise the Board to handle the filing, listing and other relevant matters relating to the Revised Proposed Non-public Issuance of A Shares within the scope permitted under the laws, regulations, normative documents and the Articles of Association;

(xi) authorise the Board to determine whether to continue with the Revised Proposed Non-public Issuance of A Shares in the event of material change in market condition, polices or laws;

(xii) authorise the Board to handle all other matters in connection with the Revised Proposed Non-public Issuance of A Shares not listed in (i) to (xi) above; and

(xiii) authorise the Board to authorise the chairman of the Company or any person authorised by him/her to exercise the authority granted to the Board herein (provided that the Board is duly authorised for the above matters), unless otherwise provided under the laws, regulations, normative documents and the Articles of Association.

11. Implications under the Hong Kong Listing Rules

As at the Latest Practicable Date, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.02% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company.

Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, all being executive Directors, hold directorship(s) or act as senior management in China Shipping and its associates, and Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, all being non-executive Directors, were nominated by China Shipping to the Board. Accordingly, Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong, Mr. Xu Hui, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng have therefore abstained from voting on the relevant Board resolutions approving the Extension Resolutions. Save as aforementioned, none of the other Directors has a material interest in any of the Extension Resolutions and hence no other Director has abstained from voting on such Board resolutions.

12. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders on the Shareholders' Resolutions Extension Resolution. In this connection, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Shareholders' Resolutions Extension Resolution.

13. Proposal in relation to the Extension Resolutions

The Extension Resolutions will be submitted, by way of special resolutions, for the Independent Shareholders' or the Shareholders' (as the case maybe) consideration and approval at the AGM and the New Class Meetings.

XII. PROVISION OF GUARANTEES TO CERTAIN WHOLLY-OWNED SUBSIDIARIES

As disclosed in the overseas regulatory announcement of the Company dated 16 April 2018, the Board resolved that the Company and CS Investment shall provide guarantees to certain wholly-owned subsidiaries of the Company in the aggregate amounts of not exceeding RMB23.4 billion and US$3,242 million during the period from 1 July 2018 to 30 June 2019 and the relevant authorisations shall be given to the Board to consider and approve each guarantee within the approved cap, including but not limited to the manner, type, term and amount of the guarantees:

(a) the provision of guarantee for COSCO SHIPPING Development (Hong Kong) Co., Ltd. (中遠海運發展(香港)有限公司) by the Company in the amount of not exceeding US$2.5 billion;

(b) the provision of guarantee for COSCO SHIPPING Leasing by the Company in the amount of not exceeding RMB13 billion;

(c) the provision of guarantee for Haihui Commercial Factoring (Tianjin) Co., Ltd.# (海匯商業保理(天津)有限公司) by the Company in the amount of not exceeding RMB500 million;

(d) the provision of guarantee for COSCO SHIPPING Development (Tianjin) Leasing Co., Ltd.# (中遠海發(天津)租賃有限公司) by the Company in the amount of not exceeding RMB2.5 billion;

(e) the provision of guarantee for FIL by the Company in the amount of not exceeding US$130 million;

(f) the provision of guarantee for Oriental Fleet by the Company in the amount of not exceeding US$300 million;

(g) the provision of guarantee for Dong Fang International Container (Jinzhou) Co., Ltd.# (東方國際集裝箱(錦州)有限公司) by the Company in the amount of not exceeding RMB600 million;

(h) the provision of guarantee for Dong Fang International Container (Guangzhou) Co., Ltd.# (東方國際集裝箱(廣州)有限公司) by the Company in the amount of not exceeding RMB1 billion;

(i) the provision of guarantee for Dong Fang International Container (Lianyungang) Co., Ltd.# (東方國際集裝箱(連雲港)有限公司) by the Company in the amount of not exceeding RMB800 million;

(j) the provision of guarantee for COSCO SHIPPING Leasing by CS Investment in the amount of not exceeding RMB2.5 billion;

(k) the provision of guarantee for Dong Fang International Container (Hong Kong) Co., Ltd. (東方國際集裝箱(香港)有限公司) by CS Investment in the amount of not exceeding US$200 million;

(l) the provision of guarantee for Oriental Fleet LNG 01 Limited (東方富利LNG01有限公司) by Oriental Fleet in the amount of not exceeding US$112 million; and

(m) the provision of guarantee for Shanghai Universal Logistics Equipment Co., Ltd.# (上海寰宇物流裝備有限公司) by the Company in the amount of not exceeding RMB2.5 billion.

Pursuant to the relevant requirements under relevant PRC laws and regulations and the Articles of Association, the proposed provision of guarantees to the aforementioned wholly-owned subsidiaries of the Company shall be subject to the approval of the Shareholders.

The resolution in relation to the abovementioned proposed provision of guarantees will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the AGM.

XIII. PROVISION OF GUARANTEE TO COSCO SHIPPING MICRO-FINANCE

As disclosed in the overseas regulatory announcement of the Company dated 16 April 2018, the Board resolved that the Company shall provide a guarantee to COSCO SHIPPING Micro-finance in the amount of not exceeding RMB45 million during the period from 1 July 2018 to 30 June 2019, which was determined on a pro-rata basis in accordance with the respective capital contribution made by the shareholders of COSCO SHIPPING Micro-finance. As at the Latest Practicable Date, no agreement has been entered into in respect of the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance.

As at the Latest Practicable Date, COSCO SHIPPING Micro-finance was owned as to 45% by the Company and 25% by Shanghai Pan Asia, which is a non-wholly owned subsidiary of COSCO SHIPPING Holdings. As COSCO SHIPPING is the indirect controlling shareholder of the Company and COSCO SHIPPING Holdings, COSCO SHIPPING is entitled to exercise or control the exercise of 70% of the equity interest in COSCO SHIPPING Micro-finance. Accordingly, COSCO SHIPPING Micro-finance is an associate of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. The Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance, if materialises, will constitute a connected transaction of the Company which will be subject to the relevant requirements under Chapter 14A of the Listing Rules. In the event that the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance materialises and an agreement is being entered into with COSCO SHIPPING Micro-finance, the Company will comply with all the relevant requirements under the Hong Kong Listing Rules.

Pursuant to the requirements under relevant PRC laws and regulations and the Articles of Association, the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance, if materialises, constitutes provision of guarantee to a connected person of the Company and is subject to the Independent Shareholders' approval requirement.

The resolution in relation to the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the AGM.

XIV. THE AGM AND NEW CLASS MEETINGS

The AGM of the Company will be held at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the PRC, for the Shareholders to consider and, if thought fit, approve the aforesaid resolutions. The abovementioned resolutions will be proposed by way of ordinary and special resolutions at the AGM to be approved by the Shareholders. The voting in relation to such resolutions will be conducted by way of poll.

The New Class Meetings will be held at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the PRC, for the Shareholders to consider and, if thought fit, approve the Extension Resolutions. The Extension Resolutions will be proposed by way of special resolutions at the New Class Meetings to be approved by the Shareholders. The voting in relation to such resolutions will be conducted by way of poll.

The Original Notice of AGM and the Notice of H Shares Class Meeting were despatched to the Shareholders on 16 April 2018, which are reproduced on pages AGM-1 to AGM-4 and pages HCM-1 to HCM-3 of this circular, respectively. The Supplemental Notice of AGM, which contains the additional resolutions to be proposed at the AGM, is set out on pages SAGM-1 to SAGM-3 of this circular.

COSCO SHIPPING and its associates and those who are involved or interested in the Revised Proposed Non-public Issuance of A Shares, the COSCO Subscription and the Specific Mandate will be required to abstain from voting on the Shareholders' Resolutions Extension Resolution to be proposed at the AGM and the New Class Meetings. In the event that a Shareholder becomes a subscriber under the Revised Proposed Non-public Issuance of A Shares, such Shareholder will be required to abstain from voting on the Shareholders' Resolutions Extension Resolution. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Revised Proposed Non-public Issuance of A Shares, the COSCO Subscription and the Specific Mandate and therefore no other Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the AGM and the New Class Meetings.

COSCO SHIPPING and its associates will also be required to abstain from voting on the resolution in relation to the Proposed Provision of Guarantee to COSCO SHIPPING Micro-finance to be proposed at the AGM.

A Shareholder who has not yet lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare, is requested to complete and return the Revised Form of Proxy in accordance with the instructions printed thereon to Computershare not less than 24 hours before the time for holding the AGM or any adjournment thereof, if he or she wishes to appoint proxies to attend the AGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged to Computershare.

A Shareholder who has already lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare should note the following:

(i) If no Revised Form of Proxy is lodged with Computershare, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Notice of AGM and the Original Form of Proxy, including the additional resolutions set out in the Supplemental Notice of AGM.

(ii) If the Revised Form of Proxy is lodged with Computershare in accordance with the instructions printed thereon not less than 24 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the Shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed.

(iii) If the Revised Form of Proxy is lodged after 24 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Notice of AGM and the Original Form of Proxy, including the additional resolutions set out in the Supplemental Notice of AGM.

Completion and return of the Original Form of Proxy and/or Revised Form of Proxy will not preclude a Shareholder from attending and voting in person at the AGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Directorate Secretary Office of the Company not later 11 May 2018.

XV. RECOMMENDATION

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Shareholders' Resolutions Extension Resolution.

The Independent Board Committee, after considering the advice from the Independent Financial Adviser, is of the view that while the Shareholders' Resolutions Extension Resolution is not conducted in the ordinary and usual course of business of the Group, the terms of the Shareholders' Resolutions Extension Resolution are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the Shareholders' Resolutions Extension Resolution to be proposed at the AGM.

The Board considers that the other resolutions mentioned above are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of these resolutions to be proposed at the AGM.

XVI. FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 42 to 43 of this circular, containing its recommendation in respect of the Shareholders' Resolutions Extension Resolution and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 44 to 52 of this circular, containing its recommendation in respect of the Shareholders' Resolutions Extension Resolution.

The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions approving the Shareholders' Resolutions Extension Resolution.

By order of the Board of
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Company Secretary

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

\# *For identification purpose only.*

中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

10 May 2018

To the Independent Shareholders

Dear Sir or Madam,

EXTENSION OF VALIDITY PERIOD OF RESOLUTIONS REGARDING REVISED PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

We refer to the circular of the Company dated 10 May 2018 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Shareholders' Resolutions Extension Resolution, details of which are set out in the "Letter from the Board" in the Circular. Messis Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regards.

We wish to draw your attention to the "Letter from the Board" set out on pages 9 to 41 of the Circular and the "Letter from the Independent Financial Adviser" set out on pages 44 to 52 of the Circular and the additional information set out in the appendices of this Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the "Letter from the Independent Financial Adviser" in the Circular, we concur with the view of the Independent Financial Adviser and consider that while the Shareholders' Resolutions Extension Resolution is not conducted in the ordinary and usual course of business of the Group, the terms of the Shareholders' Resolutions Extension Resolution are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the Shareholders' Resolutions Extension Resolution to be proposed at the AGM.

Yours faithfully,
Independent Board Committee
Mr. Cai Hongping **Ms. Hai Chi Yuet** **Mr. Graeme Jack**
Mr. Lu Jianzhong **Mr. Gu Xu** **Ms. Zhang Weihua**
Independent Non-executive Directors

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

The following is the full text of the letter from Messis Capital Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in respect of the Shareholders' Resolutions Extension Resolutions.

MESSIS 大有融資

10 May 2018

*To: The Independent Board Committee and the Independent Shareholders of COSCO SHIPPING Development Co., Ltd.**

Dear Sir or Madam,

EXTENSION OF VALIDITY PERIOD OF RESOLUTIONS REGARDING REVISED PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to advise the Independent Board Committee and the Independent Shareholders in respect of the Shareholders' Resolutions Extension Resolution, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 10 May 2018 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to (i) the announcement of the Company dated 20 April 2017; (ii) the circular of the Company dated 19 May 2017; (iii) the poll results announcement of the Company dated 5 June 2017 (the "**Poll Results Announcement**"); (iv) the announcements of the Company dated 2 June 2017 and 19 July 2017; (v) the Adjustment Announcement; (vi) the overseas regulatory announcements of the Company dated 13 September 2017 and 30 October 2017 and (vii) the Extension Resolutions Announcement in relation to, among other things, (i) the Revised Proposed Non-public Issuance of A Shares; (ii) the COSCO Subscription; and (iii) the Specific Mandate.

As at the Latest Practicable Date, the CSRC is still in the process of reviewing the application of the Company for the Revised Proposed Non-public Issuance of A Shares. As the validity periods of (i) the Shareholders' Resolutions and (ii) the Authorisation will expire on 4 June 2018, the Board proposes to convene the New Class Meetings and the AGM (i) for the Independent Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018; and (ii) for the Shareholders to consider and, if thought fit, approve the special resolution to extend the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018. Save as disclosed above and the COSCO SHIPPING Undertaking, all other terms of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription remain unchanged and in full force and effect.

As disclosed in the circular of the Company dated 19 May 2017, the entering into of the COSCO Subscription Agreement by the Company and COSCO SHIPPING (being a connected person of the Company as at the date of the COSCO Subscription Agreement) constituted a connected transaction under Chapter 14A of the Hong Kong Listing Rules. COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.02% of the total issued share capital of the Company, and therefore, remains a connected person of the Company. Accordingly, the Shareholders' Resolutions Extension Resolutions are also subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, all being executive Directors, hold directorship(s) or act as senior management in China Shipping and its associates, and Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, all being non-executive Directors, were nominated by China Shipping to the Board. Accordingly, Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong, Mr. Xu Hui, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng have therefore abstained from voting on the relevant Board resolutions approving the Extension Resolutions. Save as aforementioned, none of the other Directors has a material interest in any of the Extension Resolutions and hence no other Director has abstained from voting on such Board resolutions.

The Independent Board Committee (comprising all independent non-executive Directors), namely, Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, has been formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders on the Shareholders' Resolutions Extension Resolutions. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in accordance with the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on four occasions, details of which are set out in the Company's circulars dated 10 June 2016, 1 December 2016, 19 May 2017 and 31 May 2017. During the past two years, we were also appointed as an independent financial adviser for COSCO SHIPPING Energy Transportation Co., Ltd., a connected person of the Company, for one occasion, details of which are set out in its circular dated 4 December 2017. Notwithstanding the above, the previous engagements with the Company would not affect our independence from the Company and we are independent from the Company pursuant to Rule 13.84 of the Hong Kong Listing Rules, in particular that we did not serve as a financial adviser to (i) the Company, (ii) COSCO SHIPPING or its subsidiaries, and (ii) any core connected person of the Company within 2 years prior to 23 April 2018, being date of making our independence declaration to the Hong Kong Stock Exchange pursuant to Rule 13.85(1) of the Hong Kong Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Shareholders' Resolutions Extension Resolutions.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Shareholders' Resolutions Extension Resolutions. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. Background and reasons for the Extension Resolutions

The Company is a joint stock company established under the laws of the PRC with limited liability the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group is principally engaged in providing integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing, supply chain finance, shipping insurance, logistic infrastructure investment and other financial assets investment services.

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise wholly-owned and controlled by SASAC. The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

As disclosed in the A Shares Issuance Circular, COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 50% of the total number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares.

We refer to the A Shares Issuance Circular and noted that the conditions precedent to the Revised Proposed Non-public Issuance of A Shares and COSCO Subscription include the obtaining the approval from (i) the Board and the Shareholders at the Previous EGM and the Previous Class Meetings; (ii) the SASAC and (iii) the CSRC. We have (a) made enquiries to the management of the Company and (b) reviewed the announcements made by the Company regarding the progress of fulfilling the abovementioned conditions precedent. We note from the announcement of the Company dated 2 June 2017 that SASAC has approved the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription. As such, one of the conditions precedent for the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription has been fulfilled. Further, according to the Poll Results Announcement, the Revised Proposed Non-public Issuance of A Shares has been approved by the Board on 20 April 2017 and has been approved by the Shareholders at the Previous EGM and the Previous Classing Meetings on 5 June 2017.

On 19 July 2017, the Company announced that it received the "Acceptance Notice of the Application for Administrative Permission from the CSRC (No. 171433) (《中國證監會行政許可申請受理書》(171433號))" issued by the CSRC and pursuant to which, the CSRC considered that the application materials were complete and in compliance with the statutory form and therefore decided to accept the Application for further processing. The Company then made another two announcements on 13 September 2017 and 30 October 2017 which disclosed that CSRC issued "Notice Regarding CSRC's First Feedback on the Review of Administrative Permission Items" (No.171433) (《中國證監會行政許可項目審查一次反饋意見通知書》(171433號)) on 13 September 2017, and in response to the comments raised by the CSRC, on 27 October 2017, COSCO SHIPPING has provided an undertaking that in the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise, COSCO SHIPPING will subscribe for the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares at the Benchmark Price and will complete the relevant internal and external approval procedures in compliance with the relevant onshore and offshore regulatory requirements. As such, on 30 October 2017, the Company in accordance with the authority granted to the Board by the Shareholders at the Previous EGM and the Previous Class Meetings, the Board has approved the above adjustment to the Revised Proposed Non-public Issuance of A Shares in light of the COSCO SHIPPING Undertaking. As advised by the management of the Company, after the replies were submitted, CSRC is currently reviewing the replies and has not issued further written enquires to the Company in relation to the Revised Proposed Non-public Issuance of A Shares at the Latest Practicable Date.

Based on the above, the approval from the CSRC is the only outstanding condition precedent of the Revised Proposed Non-public Issuance of A Shares. Based on our discussion with the management of the Company, it is uncertain whether the written approval from the CSRC will be obtained before the expiry of the validity periods of the Shareholders' Resolutions and the Authorisation. In addition, after the Company has obtained the written approval from the CSRC, it is expected that the Company will take further time to handle the administrative matters for the implementation of the Revised Proposed Non-public Issuance of A Shares.

Based on the aforementioned independent work done and discussion with the management of the Company, we are of the view and concur with the view of the Directors that it is fair and reasonable to extend the validity periods of the Shareholders' Resolutions and the Authorisation for a further 12 months, commencing from 5 June 2018.

2. Reasons for and benefits of the Revised Proposed Non-Public Issuance of A Shares and COSCO Subscription

As disclosed in the A Shares Issuance Circular and the Letter from the Board, the Board considers that the Revised Proposed Non-public Issuance of A Shares is conducive to the comprehensive and sustainable development of the Company's business and would lay a strong foundation for the Company's transformation from a container liner operator into an integrated financial services platform with leasing businesses such as vessel leasing, container leasing and non-shipping leasing as core and shipping financing as feature.

On 20 April 2017, the Board has approved the Revised Proposed Non-public Issuance of A Shares and passed resolutions that the gross proceeds to be raised from the Revised Proposed Non-public Issuance of A Shares shall be not more than RMB8.6 billion and that the net proceeds from the Revised Proposed Non-public Issuance of A Shares (after deducting all applicable costs and expenses incurred in connection with the Revised Proposed Non-public Issuance of A Shares) are intended to be used (i) as to approximately RMB6.8 billion for the capital injection in FIL; and (ii) as to approximately RMB1.8 billion for the repayment of the Company's corporate bonds (which were held by persons other than the existing Shareholders). As disclosed in the A Shares Issuance Circular and the Letter from the Board, the long term capital raised from the Revised Proposed Non-public Issuance of A Shares can allow the Company to implement its business strategy and would facilitate the transformation of the business and future development of the Company as an integrated financial services platform with diversified leasing businesses. It would also optimise the Company's capital structure and reduce the Company's debt-asset ratio, which enables the Company to lower the costs of its debt financing. Based on the audited consolidated financial statements of the Group for the year ended 31 December 2017 as set out in the annual results announcement of the Group for the year ended 31 December 2017, the debt-to-asset ratio and the liquid ratio of the Company as at 31 December 2017 was 87.86% and 0.69, respectively. Upon completion of the Revised Proposed Non-public Issuance of A Shares and taking into account the repayment of maturing corporate bonds of approximately RMB1.8 billion, which will be accounted as current assets of the Company, the debt-to-asset ratio of the Company will be decreased from 87.86% to 82.53% and the liquid ratio will be increased from 0.69 to 0.85 (without taking into account the costs of Revised Proposed Non-public Issuance of A Shares).

Further, raising funds by equity financing from issuance of A Shares could improve the leverage position of the Group, taking into account the high gearing ratio (as calculated by net debt over Shareholders' equity) of approximately 535% as at 31 December 2017. In addition, if the Company were to conduct a fund raising exercise by issuance of new H Shares with a proceeds of RMB8.6 billion, assuming that an equivalent pricing basis is adopted to determine the benchmark price for the H Share issuance (that is, being (i) not lower than 90% of the average trading price of the H Shares during the 20 trading days immediately preceding the Price Determination Date or (ii) the Floor Price, whichever is higher), the number of H Shares to be issued will be substantially more than that required for the Revised Proposed Non-public Issuance of A Shares. This would lead to a greater dilution effect on the shareholding of the existing Shareholders and would not be in the interests of the Independent Shareholders.

Based on the above, we concur the views from the Directors that the Revised Proposed Non-public Issuance of A Shares is in the interests of the Company and the Shareholders as a whole.

3. Other terms of the Revised Proposed Non-Public Issuance of A Shares

Save for the (i) the extension of the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018; (ii) the extension of the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018; and (iii) the COSCO SHIPPING Undertaking as disclosed in the Adjustment Announcement in light of CSRC's comments, all other terms of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription remain unchanged and in full force and effect.

In particular, as disclosed in the A Shares Issuance Circular, the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares shall not be lower than the Benchmark Price, being (i) 90% of the Average Trading Price (being the average trading price of the A Shares during the 20 trading days immediately preceding the Price Determination Date, which is calculated by dividing the total turnover of the A Shares by the total trading volume of the A Shares during the 20 trading days immediately preceding the Price Determination Date) or (ii) the Floor Price (being the latest audited net asset per Share of the Company before the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares), whichever is higher. We noted that the basis of determining subscription price remain unchanged. We obtained and reviewed the aforesaid regulations (including《關於修改<上市公司非公開發行股票實施細則>的決定》(Decision on Amending Implementing Rules on Non-Public Issuance of Shares by Listed Companies*) (the "Non-Public Stock Offerings Amendment Decision") published by CSRC on 17 February 2017 and 《發行監管問答 – 關於引導規範上市公司融資行為的監管要求》(the Issuance Regulatory Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Listed Companies' Financing Activities*) (collectively, the "**New PRC Regulations**") published by the CSRC on 17 February 2017) and the "Measure for Administration of the Issuance of Securities by Listed Companies" (《上市公司證券發行管理辦法》) (the "**Measures**") and acknowledged that the basis of determining the issue price is in compliance with the regulations of the PRC.

Subject to the abovementioned Benchmark Price, the final issue price will be determined by the Board and its authorised person(s) with the authorisation by the Shareholder at the EGM and the Class Meetings and the sponsor (the lead underwriter) based on the price inquiry results in accordance with the price priority principle and applicable laws and regulation, after obtaining the approval documents issued by the CSRC in respect of the Revised Proposed Non-public Issuance of A Shares. All the target subscribers will subscribe for the A Shares under the Revised Proposed Non-public Issuance of A Shares at the same issue price in cash.

COSCO SHIPPING (including the senior management who are also Directors) will not participate in the pricing exercise for the Revised Proposed Non-public Issuance of A Shares, but will accept results of market inquiry and subscribe for the A Shares at the same issue price as other target subscribers.

As disclosed in the Adjustment Announcement, on 27 October 2017, COSCO SHIPPING has provided an undertaking that in the event that the issue price of the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares cannot be determined through the price inquiry exercise, COSCO SHIPPING will subscribe for the A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares at the Benchmark Price and will complete the relevant internal and external approval procedures in compliance with the relevant onshore and offshore regulatory requirements.

Given that (i) the subscription price will reflect the latest market prices of the A Shares; (ii) the basis of the subscription price is in compliance with the New PRC Regulations and the Measures; (iii) all subscribers will subscribe the A Shares at the same subscription price and (iv) save for the Extension Resolutions and the COSCO SHIPPING Undertaking as disclosed in the Adjustment Announcement in light of the CSRC's comments, all other terms of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription remain unchanged and in full force and effect, we concur with the Directors that the terms of the Revised Proposed Non-public Issuance of A Shares and the COSCO Subscription are fair and reasonable so far as the Independent Shareholders are concerned.

Having taking into consideration that (i) there is no change in the proposed use of net proceeds as disclosed in the A Shares Issuance Circular which is in line with the business strategy of the Group; (ii) the Revised Proposed Non-Public Issuance of A Shares will improve the Group's gearing ratio, debt-to-asset ratio and liquid ratio which is in the interests of the Company and the Shareholders as a whole; (iii) save for the Extension Resolutions and the COSCO SHIPPING Undertaking, all other terms of the Revised Proposed Non-public Issuance of A Shares remain unchanged and in full force and effect; (iv) approval from the CSRC is the only outstanding condition precedent of the Revised Proposed Non-public Issuance of A Shares; (v) CSRC has not issued further written enquires to the Company in relation to the Revised Proposed Non-public Issuance of A Shares at the Latest Practicable Date and (vi) it is uncertain whether the written approval from the CSRC will be obtained before the expiry of the validity periods of the Shareholders' Resolutions and the Authorisation, we concur with the Directors' view that the Shareholders' Resolutions Extension Resolution is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION AND CONCLUSION

Having taken into account the above-mentioned principal factors and reasons regarding the Shareholders' Resolutions Extension Resolutions, we are of the opinion that while the Shareholders' Resolutions Extension Resolutions are not conducted in the ordinary and usual course of business of the Group, the terms of the Shareholders Resolutions Extension Resolutions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the Shareholders' Resolutions Extension Resolutions to be proposed at the AGM and the New Class Meetings.

* *For identification purpose only*

Yours faithfully,
For and on behalf of
Messis Capital Limited
Vincent Cheung
Managing Director

Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

The English translation is for reference only. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

COSCO SHIPPING Development Co., Ltd.
2017 Work Report of the Independent Directors

According to the laws and regulations including the Company Law of the PRC ("**Company Law**"), the Securities Law of the PRC ("**Securities Law**"), Guiding Opinions on the Establishment of Independent Directors System in Listed Companies and the relevant provisions of the Articles of Association and the Work System for Independent Directors, and under the Guidelines on the Format of Work Report of Independent Directors issued by the Shanghai Stock Exchange, we, as the independent Directors of COSCO SHIPPING Development Co., Ltd. (the "**Company**"), have prepared the 2017 Work Report of Independent Directors as follows.

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

(1) Personal working experience, professional background and part-time engagement

According to the resolution of the first meeting of the fifth Board of Director of the Company, the independent directors of the Company shall be Mr. Cai Hongping, Mr. Tsang Hing Lun, Ms. Hai Chi Yuet and Mr. Graeme Allan Jack. Because Mr. Tsang Hing Lun, an independent director, passed away in June 2017, the Board elected Mr. Lu Jianzhong as an independent non-executive Director. The current independent directors of the Company include Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Allan Jack and Mr. Lu Jianzhong.

The personal working experience, professional background and part-time engagement of Mr. Cai Hongping, Mr. Tsang Hing Lun, Ms. Hai Chi Yuet, Mr. Graeme Allan Jack and Mr. Lu Jianzhong are as follows:

Mr. Cai Hongping (蔡洪平)

Born in 1954, Mr. Cai is a Hong Kong citizen and graduated from Fudan University in Shanghai with a bachelor's degree in journalism. He is now chairman of AGIC Capital. He served in the Industrial and Transport Management Committee of Shanghai Municipal Government and Sinopec Shanghai (Sinopec Shanghai Petrochemical Company Limited,a company listed on the Hong Kong Stock Exchange with the stock code 338, and listed on Shanghai Stock Exchange with the stock code 600688 and on New York Stock Exchange with the stock code SHI) from 1987 to 1991, during when he participated in the whole process of the listing of the first batch of H shares of Sinopec Shanghai in Hong Kong and the United States. From 1992 to 1996, he was a member of the Steering Group for Overseas Listing of Chinese Enterprises under the State Commission for Restructuring the Economic System under the State Council and chairman of the Joint Conference of Secretaries to the Board of a H shares Company. He served as the general manager of the

Investment Banking Asia Division of Peregrine Investments from 1996 to 1997 and the joint director of the Investment Banking Asia Division of BNP Paribas Peregrine from 1997 to 2006. He was the chairman of the Investment Banking Asia Division of UBS AG from 2006 to 2010 and the executive chairman of Investment Banking Asia Pacific at Deutsche Bank from 2010 to 2015. Mr. Cai served as the independent director of Minmetals Development Co., Ltd. from April 2015 to December 2015 (a company listed on the Shanghai Stock Exchange with the stock code 600058).

Mr. Tsang Hing Lun (曾慶麟)

Born in 1949, Mr. Tsang was an independent non-executive director and chairman of the audit committee of Sino-Ocean Land Holdings Limited (a company listed on the Hong Kong Stock Exchange with the stock code 3377) and Sinotrans Shipping Limited (a company listed on the Hong Kong Stock Exchange with the stock code 0368) and an independent non-executive director and chairman of the remuneration committee and nomination committee of Nexteer Automotive Group Limited (a company listed on the Hong Kong Stock Exchange with the stock code 1316) before his death. He was also chairman of Global Commercial Management Co., Ltd, a member of Hong Kong Independent Non-Executive Director Association (HKINEDA), an honorary award receiver and a member of the International Private Board Meeting, Hong Kong Branch. Mr. Tsang had served as a senior manager in a number of companies listed in Hong Kong and Singapore. He served in Hang Seng Bank Limited (a company listed on the Hong Kong Stock Exchange with the stock code 0011) from 1973 to 1990, during which he was assistant general manager of the planning and development division for the last five years. He also served as an executive director of the Hong Kong Stock Exchange from January 1993 to October 1993, a deputy general manager of China Construction Bank Corporation (a company listed on Shanghai Stock Exchange with the stock code 601939 and the Hong Kong Stock Exchange with the stock code 0939), Hong Kong Branch from December 1995 to April 1998. Mr. Tsang was an independent non-executive director and chairman of the audit committee of China Rongsheng Heavy Industries Group Holdings Limited (now known as "China Huarong Energy Company Limited", a company listed on the Hong Kong Stock Exchange with the stock code 1101) from October 2010 to May 2014, an independent non-executive director and chairman of the audit committee of Beijing Media Corporation Limited (a company listed on the Hong Kong Stock Exchange with the stock code 1000) from November 2004 to May 2013 and an independent non-executive director of First China Financial Network Holdings Limited (a company listed on the Hong Kong Stock Exchange with the stock code 8123) from June 2005 to January 2011. Mr. Tsang became a senior fellow of the Association of Chartered Certified Accountants (UK) in November 1982, a senior fellow of The Hong Kong Institute of Certified Public Accountants in September 1989 and a fellow member of the Hong Kong Institute of Directors in July 2001. He was qualified as a certified financial planner by Guangdong Occupational Skill Testing Authority in July 2006 and qualified as an internationally recognised financial planner in October 2007 by The Institute of Financial Planners of Hong Kong Limited. Mr. Tsang received his bachelor degree (First Class Honours) in business administration from the Chinese University of Hong Kong in June 1973.

Ms. Hai Chi Yuet (奚治月)

Born in 1954, Ms. Hai is an independent non-executive director of the Company. She has over 30 years of working experience in the shipping logistics industry. Since 2016, she has served as the advisor to Hutchison Port Holdings Limited. Ms. Hai served as the managing director of COSCO-HIT Terminals (Hong Kong) Limited, the managing director of Yantian International Container Terminals Limited, the chief executive officer of Hutchison Port Holdings Trust ("HPH Trust") and the advisor to HPH Trust. Ms. Hai also participates in public service organizations, including being the member of the Election Committee for the Chief Executive of Hong Kong Special Administrative Region (Transport Subsector). She also served as the member of Hong Kong Port Development Advisory Group and the president of Shenzhen Ports Association. In 2011, Ms. Hai was awarded as Shenzhen Honorable Citizen. Ms. Hai graduated from York University, Toronto, Canada and the University of Hong Kong, obtaining a bachelor's degree in business administration and a master's degree in Buddhist studies respectively. Ms. Hai was appointed as an independent non-executive director of the Company in May 2015.

Mr. Graeme Jack

Born in 1950, Mr. Jack has served as an independent non-executive director of the Company since July 2015 and a member of the remuneration committee of the Company. He has more than 40 years of experience in finance and auditing. He retired from PricewaterhouseCoopers as a partner in 2006 after working for 33 years in the accounting firm. He is currently an independent non-executive director of The Greenbrier Companies, Inc. and an independent trustee of HPH Trust and Hutchison China MediTech Limited. Mr. Graeme Jack holds a Bachelor of Science in Business and is a senior fellow of The Hong Kong Institute of Certified Public Accountants and a member of the Chartered Accountants Australia and New Zealand.

Mr. Lu Jianzhong (陸建忠)

Born in 1954, Mr. Lu is currently an independent non-executive director of the Company. He graduated from the Department of Accounting of Shanghai University of Finance and Economics with the Bachelor Degree of Economics in January 1983 and started to engage in financial works in the same year. From September 1986 to August 1997, he was a lecturer and associate professor of the Department of Accounting and Finance of Shanghai Maritime University. From September 1997 to June 2012, he was a certified public accountant and Auditing Partner of PriceWaterhouse Coopers. From July 2012 to September 2016, he served as the partner of Shanghai De'an Certified Public Accountants, marketing director of WUYIGE Certified Public Accountants LLP and partner of Zhongxinghua Certified Public Accountants LLP. From October 2016 to the present, he is a certified public accountant of Da Hua Certified Public Accountants. He also serves as an independent director of HIK Vision, an independent director of Changshu Fengfan Power Equipment Co., Ltd, an independent director of Shanghai

Moons Electric Co., Ltd. and an independent director of Ningbo Lehui International Engineering Equipment Co., Ltd. Mr. Lu is also an MPACC/Maud enterprise mentor in Antai College of Economics and Management, Shanghai Jiaotong University, an external expert of the asset securitization research group of Development Research Center of the State Council, and a member of Jiusan Society.

(2) Explanation on circumstances that may affect independence

We, as independent directors of the Company, do not have any of the following situations that may affect our independence:

(1) holding any position in the Company or its subsidiaries other than independent Directors;

(2) having immediate family relationship or key social relationship with the personnel in the Company or its subsidiaries (immediate family relationship means spouse, parents, children and other family relationship; key social relationship means brothers/sisters, parents-in-law, son/daughter in-law, spouses of brothers/sisters or brothers/sisters of spouses);

(3) holding, directly or indirectly, 1% or more of the interests in the issued shares of a listed company or ranking among the top ten shareholders of the Company who are natural persons in terms of shareholdings or having immediate family relationships with them;

(4) working in a corporate shareholder that directly holds 5% or more of the issued shares of a listed company or ranks among top five corporate shareholders of the listed company or having immediate family relationship with them;

(5) having the circumstances as mentioned in the preceding four paragraphs during the last year;

(6) providing financial, legal or consulting services to the Company or its subsidiaries;

(7) having any other relationship with the Company or the substantial shareholders of the Company that could materially interfere with the exercise of our independent and objective judgment;

(8) breaching the Articles of Association in relation to our appointment as independent Directors;

(9) breaching other laws and regulations in relation to our appointment as independent Directors.

II. PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS DURING THE YEAR

(1) Attendance of meetings

1. Audit Committee of the Board

Name of Director	Number of attendance require for the year	Number of meetings attended in person	Number of meeting(s) attended by telecommunication	Number of meetings attended by proxy	Number of meeting(s) absent
Tsang Hing Lun	11	11	10	0	0
Cai Hongping	13	13	12	0	0

2. Nomination Committee of the Board

Name of Director	Number of attendance require for the year	Number of meetings attended in person	Number of meeting(s) attended by telecommunication	Number of meetings attended by proxy	Number of meeting(s) absent
Hai Chi Yuet	1	1	1	0	0
Cai Hongping	1	1	1	0	0
Tsang Hing Lun	1	1	1	0	0

3. Investment Strategy Committee of the Board

Name of Director	Number of attendance require for the year	Number of meetings attended in person	Number of meeting(s) attended by telecommunication	Number of meetings attended by proxy	Number of meeting(s) absent
Cai Hongping	1	1	1	0	0
Hai Chi Yuet	1	1	1	0	0

4. *Remuneration Committee of the Board*

Name of Director	Number of attendance require for the year	Number of meetings attended in person	Number of meeting(s) attended by telecommunication	Number of meetings attended by proxy	Number of meeting(s) absent
Cai Hongping	3	3	3	0	0
Hai Chi Yuet	3	3	3	0	0
Graeme Jack	3	3	3	0	0

5. *Risk Control Committee of the Board*

Name of Director	Number of attendance require for the year	Number of meetings attended in person	Number of meeting(s) attended by telecommunication	Number of meetings attended by proxy	Number of meeting(s) absent
Cai Hongping	5	5	4	0	0
Tsang Hing Lun	3	3	2	0	0

6. *The Board of Directors*

Name of Director	Number of meetings of the Board that should be attended in the year	Number of meetings attended in person	Number of meetings attended by correspondence	Number of meetings attended by proxy	Number of meeting(s) absent	Not attend the meetings in person for consecutive twice or not
Cai Hongping	21	21	18	0	0	No
Tsang Hing Lun	12	12	10	0	0	No
Hai Chi Yuet	21	21	18	0	0	No
Graeme Jack	21	21	18	0	0	No
Lu Jianzhong	0	0	0	0	0	No

Note: Mr. Lu Jianzhong, an independent non-executive director of the Company, started to perform his duty on December 28, 2017.

In addition to the aforementioned Board meetings and special committee meetings of the Board, the independent Directors had attended the 2016 annual general meeting and other general meetings, during which independent Directors considered the resolutions proposed at those meetings with all shareholders (including minority shareholders) of the Company, engaged in interactive communications, and responded to relevant issues of the shareholders' concern.

(2) Voting on proposals at the Board meetings and special committee meetings of the Board

The Company reports the daily operation and production to us on a regular basis. Before the Board meetings and special committee meetings of the Board were held, we reviewed all materials and actively studied the situations for decision-making and communicated with other relevant staff. We considered every proposal conscientiously, making independent judgments and giving reasonable advices in meetings held by ways of telecommunication and on-site meetings. We give independent opinions relating to the proposals in accordance with the relevant requirements under the listing rules of Hong Kong Stock Exchange and Shanghai Stock Exchange. Based on sufficient communication with the Company, we voted for all resolutions proposed at the Board meetings and the special committee meetings of the Board.

(3) Support given by the Company to the Independent Directors

The Company has provided full support and all convenience as possible for our work as well as the investigations and surveys conducted by us as the independent Directors.

(4) On-site investigations and surveys

Within the reporting period, the independent Directors conducted discussion and communication with the management during the general meetings and Board meetings as to the issue of targets and budget for the year, operation of the business segments, plans and capability of financing for the year, plans of long-term and short-term financing of the Company for long-term investments, criteria for selecting investment projects, assessment and incentive mechanism for the management and attracting professionals to the financial platform, in order to obtain a comprehensive understanding of the operation and management of the subsidiaries, the internal control and the relevant regional markets.

III. IMPORTANT CONCERNS OF INDEPENDENT DIRECTORS FOR THE YEAR

(1) Related Transactions

The independent Directors performed their duties strictly in accordance with all rules relating to the control and daily management of the related transactions during the reporting period. All independent Directors expressed the recognitions and independent opinions on all material related transactions in advance. The independent Directors are of the opinion that these related transactions were in the interests of the Company and the shareholders as a whole as the related transactions of the Company were on normal commercial terms, the pricing for these transactions were fair and reasonable and these transactions were in compliance with the principles of fairness, impartiality and openness. The independent Directors are also of the opinion that these transactions were in the interests of the Company and the shareholders as a whole as these transactions were considered to be in accordance with laws and regulations and not prejudicial to the interest of minority shareholders.

(2) External guarantees and appropriation of funds

We believe the Company was able to strictly adhere to the requirements of relevant laws and regulations, and external guarantees have satisfied the procedural requirement for matters such as consideration and approval and information disclosure, and there were no instances where it was discovered that the Company provided illegal guarantees to controlling shareholders and other associates. The flow of funds between the Company and the actual controller was based on normal operation, and there was no instance where it was discovered that the controlling shareholder and other associates had appropriated the funds of the Company.

(3) Use of proceeds

All proceeds from fund raising had been used up before 2013.

(4) Nomination and remuneration of senior management

No new senior executive was hired within the reporting period. To further motivate the management of the Company, accelerate the strategic transformation, realize the multi-industry linkage layout of diversified shipping and finance, and effectively implement the Company's strategy, the Company adopted a more market and industry oriented practice in 2017 and implemented a contract-based professional manager system for the management. Based on the overall design of the professional managers, a remuneration management mechanism based on market benchmark will be adopted for the management. The review process for such proposal was in compliance with relevant laws and regulations, including the Company Law, as well as the Articles of Associations. The 2017 remuneration proposal for the senior management of the Company was accepted and submitted for consideration to the Board in accordance with applicable authority.

(5) Results forecast and disclosure of preliminary results

In accordance with the relevant regulations under the listing rules of the Shanghai Stock Exchange, and after consideration and unanimous approval by the Board, the Company issued a positive profit announcement for 2017 on 30 January 2018. The Company did not issue preliminary results for 2017.

(6) Profit Distribution

In accordance with the productional and operational needs of the Company and other actual situations as well as the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa (2012) No. 037), Listed Companies Regulation Guideline No.3 – Cash Dividend of Listed Companies (CSRC Announcement (2013) No.43) promulgated by the CSRC, Guidelines of Shanghai Stock Exchange on Cash Dividend of Listed Companies and Articles of Association, it was proposed that no profit distribution would be made and no capitalization of capital common reserve fund would be made for the year of 2017. We agree with the annual profit distribution plan for 2017, and we believe the plan complies with the relevant regulations of the Company Law and the Articles of Association.

(7) Performance of undertakings by the Company and Shareholders

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
Undertakings made in the Acquisition Report and Report on Changes in Equity	Other	COSCO SHIPPING Group	Upon completion of the gratuitous transfer, and for the period in which the COSCO SHIPPING Group holds, directly or indirectly, the controlling interests of the Company, the COSCO SHIPPING Group itself, and also through COSCO Group and China Shipping, will remain relatively independent of the Company in terms of personnel, finance, organization, assets and business and strictly comply with the relevant regulations of the China Securities Regulatory Commission ("CSRC") on the independence of the listed companies, and will not take advantage of its position as a controlling shareholder to violate the regular operating procedures for the listed company or intervene in the operating decisions of the listed company and impair the legal interests of the listed company and its shareholders. The COSCO SHIPPING Group and other companies under its control promise that they will not appropriate the funds of the listed company and its subsidiaries by any means.	The undertaking was made on May 5, 2016	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
	Addressing horizontal competition	COSCO SHIPPING Group	1. For the period in which the COSCO SHIPPING Group holds, directly or indirectly, the controlling shareholding of the Company, the COSCO SHIPPING Group and its subsidiaries will not take any actions or measures to be engaged or involved in the activities that constitute or may constitute substantive competition with the principal activities of the Company and its subsidiaries, and will not impair the legal interests of the Company and its subsidiaries, including but not limited to the future establishment of other subsidiaries or joint ventures or associates to be engaged in the businesses that constitute substantive competition with the existing principal activities of the Company and its subsidiaries, or be involved, directly or indirectly, in the existing principal activities of the Company and its subsidiaries by any other means.	The undertaking was made on May 5, 2016	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			2. If there may be substantive competition in principal business or substantive conflicts in the interests between the COSCO SHIPPING Group and the Company and companies under its control, the COSCO SHIPPING Group will give up or procure that the companies under its control will give up such business opportunities that may cause such competition, or transfer the business that may cause such competition in its entirety from the COSCO SHIPPING Group and the companies under its control to the Company at a fair market price at an appropriate time. 3. The COSCO SHIPPING Group will not take advantage of the information obtained from the Company to assist the third parties to be engaged or involved in any business activities that may result in substantive or potential competition with the existing business of the Company. 4. For any breach of the said undertakings on the part of the COSCO SHIPPING Group or companies controlled by it that results in reduced interests of shareholders of the Company and other shareholders, the COSCO SHIPPING Group shall indemnify the loss in accordance with the laws.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
Undertaking regarding the major asset restructuring	Addressing related transactions	COSCO SHIPPING Group	1. The COSCO SHIPPING Group and other companies under its control will do everything they could to avoid unnecessary related transactions with the listed company; for those related transactions necessary for its on-going operations, they should be handled in a mutually-agreed manner, and in compliance with the market-oriented pricing principles, the requirements of the relevant laws, regulations and regulatory documents as well as the articles of association of the Company and the rules regarding related transactions. 2. The COSCO SHIPPING Group and other companies under its control will do everything they could to avoid and reduce potential related transactions with the listed company; for the unavoidable related transactions or those occurring with a valid reason, the COSCO SHIPPING Group will enter into related transaction agreements with the Company in compliance with the relevant laws, regulations and regulatory documents as well as the articles of association of the Company and the rules regarding related transactions and following the general commercial principle of openness, fairness and equitability, ensure the fairness and rule-compliance of the related transactions, and carry out the transaction procedures and perform their information-disclosure obligations in accordance with the requirements of the relevant laws, regulations and regulatory documents.	The undertaking was made on May 5, 2016	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			3. The COSCO SHIPPING Group's undertakings regarding the related transactions will apply to the other companies under its control with equal effect; the COSCO SHIPPING Group will procure, within the range of its legal authority, that the other companies under its control will perform the obligations under the existing or potential related transactions between them and the listed company.			
	Addressing horizontal competition	China Shipping Group	The assets, staff, finance, entities and business of each of China Shipping Group and the Company shall be independent from each other: 1. Independence of assets: China Shipping Group has undertaken that the Company shall have complete and sole ownership of all of its assets, the assets of each of China Shipping Group and the Company shall be totally separated and managed by each of China Shipping Group and the Company. China Shipping Group has undertaken that China Shipping Group and companies under its control shall not appropriate the funds and assets of the Company.	December 11, 2015	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			2. Independence of staff: China Shipping Group has undertaken that the Company shall have independent and complete management systems of labor, human resources and wages, and that these systems shall be absolutely independent from those of China Shipping Group. China Shipping Group shall propose candidates for senior management personnel such as directors, supervisors and managers in accordance with statutory procedures, without interfering decisions regarding exercise of powers by the board and general meeting of the Company in relation to appointment and removal of staff. General managers, deputy general managers, financial controllers, secretary to the board and other senior management personnel of the Company shall solely work for the Company and be entitled to remunerations paid by the Company. They shall not work at China Shipping Group or companies under its control and/or be entitled to any remuneration paid by these companies.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			3. Financial independence: China Shipping Group has undertaken that the Company shall have independent finance department and independent finance auditing systems; the Company shall have standardized and independent financial accounting systems; the Company shall maintain its independent bank account and shall not share any account with China Shipping Group and companies under its control; the finance staff of the Company shall not work at China Shipping Group and companies under its control; the Company shall pay tax as an independent entity; the Company shall make independent financial decisions and China Shipping Group shall not interfere with usage of funds by the Company.			
			4. Independence of entities: China Shipping Group has undertaken that the Company shall maintain a sound structure of corporate governance as a limited company and an independent and complete organization; the general meetings, board meetings, independent directors, board of supervisors and general managers of the Company shall exercise their powers independently in accordance with the laws, regulations and the articles of association of the Company.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			5. Independence of business: China Shipping Group has undertaken that the Company shall have an independent business management system, assets, staff, qualifications and capabilities required for independent operation of business, and the capability of independent operation in the market for sustainable operation. Other than exercise of rights by shareholders in accordance with the laws, China Shipping Group shall not interfere with the normal course of business of the Company. The undertaking shall be effective as long as the relationship of actual control between China Shipping Group and the Company exists.			
			Avoidance of horizontal competition:			
			1. Upon completion of the major asset restructuring, China Shipping Group will not, directly or indirectly, (including but not limited to wholly-owned investment, joint venture, cooperation and association) be engaged in or carry out activities that may result in substantive competition with the business of the Company.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			2. In the event that the products produced or businesses carried out by the companies wholly owned, controlled by China Shipping Group or in which it is interested constitute or may constitute competition with those of the Company, upon request of the Company, China Shipping Group undertakes that it will dispose of all its investments or shares in the above-mentioned companies, and promise to offer preemptive rights to the Company or its wholly-owned subsidiaries for such investments or shares within the range of its legal authority, and use best efforts to ensure the prices for the relevant transactions are fair and reasonable and determined on the basis of normal business transactions with independent third parties. 3. In the event of infringement of the above-mentioned undertakings by China Shipping Group or the other companies under its control that cause harm to the interests of the Company and the other shareholders, China Shipping Group will be liable for compensation.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			Reduction of related transactions: 1. China Shipping Group and the other companies under its control will do everything they could to avoid or reduce related transactions with the Company. For those unavoidable or necessary related transactions, China Shipping Group promises that it will enter into legal agreements following the general commercial principle of openness, fairness and equitability, carry out legal procedures in compliance with the relevant laws, regulations and regulatory documents as well as the articles of association of the Company and the rules regarding related transactions, so as to ensure the fairness and rule-compliance of the related transactions and that no harm is caused to the interests of the Company and the other shareholders as a result of the related transactions, while performing their information-disclosure obligations in accordance with the requirements of the relevant laws, regulations and regulatory documents. 2. China Shipping Group will exercise its rights as a shareholder in strict compliance with the Company Law and articles of association of the Company, and abstain from voting at the general meeting of the Company on the related transactions in relation to China Shipping Group and the other companies under its control.			

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
Undertaking regarding IPO	Addressing horizontal competition	The Company or shareholders holding more than 5% of equity interests	1. China Shipping shall adopt effective steps to ensure that it will not and procure its subsidiaries to adopt effective steps to ensure that they will not engage in any business that may compete with the container transportation business and the related business which the Company and its subsidiaries engage in, or have rights or interests in such business; where China Shipping or its subsidiaries are offered any business opportunity related to container transportation business and the related business that the Company engages or will engage in the future, China Shipping shall and shall procure its subsidiaries to offer the first rights of refusals to such business opportunities to the Company or its subsidiaries with no charge. 2. China Shipping agreed to indemnify the Company and/or its subsidiaries all losses, damages and expenses incurred as a result of any breach of this undertaking by China Shipping and/or its subsidiaries.	August 29, 2007	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
	Other	Undertaking by Directors and senior management of the Company	1. I hereby undertake that I shall not provide benefits to other entities or individuals without consideration or on unfair terms nor conduct in any other way that may impair the interest of the Company. 2. I hereby undertake that I shall incur expenses in performing my duties subject to restrictions. 3. I hereby undertake that I shall not apply the assets of the Company for any investment or expenditure which is unrelated to the performance of my duties. 4. I hereby undertake that the remuneration package formulated by the Board or the Remuneration Committee shall be implemented in accordance with the reimbursement measures of the Company. 5. For any subsequent share incentive plan of the Company, I hereby undertake that the vesting terms to be announced shall be operated in line with the reimbursement system of the Company. 6. For any new regulatory measures issued by CSRC in relation to the reimbursement system and such undertaking during the period from the date of this undertaking to the completion of the non-public issuance of A Shares of the Company that makes the said undertaking fails to meet such requirements by CSRC, I hereby undertake that I shall make further undertaking(s) in accordance with those new requirements issued by CSRC.	October 11, 2016	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
			7. I hereby undertake that I shall strictly adhere to the undertaking and shall indemnify the loss suffered by the Company or the investors in accordance with the laws for any loss caused to the Company or the investors as a result of any breach of these undertakings.			
Undertaking regarding refinancing	Other	China Shipping Group	The Company hereby undertakes that the listed company shall have independence and that it shall not interfere with the normal course of business and management of the listed company and its profits. The Company hereby undertakes that it shall strictly adhere to the undertaking and shall indemnify the loss suffered by the listed company or the investors in accordance with the laws for any loss caused to the listed company or the investors as a result of any breach of these undertakings.	October 11, 2016	No	Yes
	Other	COSCO SHIPPING Group	The Company hereby undertakes that the listed company shall have independence and that it shall not interfere with the normal course of business and management of the listed company and its profits. The Company hereby undertakes that it shall strictly adhere to the undertaking and shall indemnify the loss suffered by the listed company or the investors in accordance with the laws for any loss caused to the listed company or the investors as a result of any breach of these undertakings.	October 11, 2016	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
	Other	COSCO SHIPPING Group	1. COSCO SHIPPING Group and its persons acting in concert did not reduce their holdings of the shares of the issuer from 6 months prior to the pricing ex-date of the non-public offering of the issuer (October 12, 2016) to the issue date of this Letter of Undertaking. 2. COSCO SHIPPING Group and its persons acting in concert did not have any plan to reduce their holdings of the shares of the issuer (including the shares arising from allotment, capitalization of capital common reserve fund and other distribution in the undertaking period) from the issue date of this Letter of Undertaking to the date 6 months after the completion of the non-public offering of the issuer. 3. COSCO SHIPPING Group and its persons acting in concert did not violate Article 47 of the Securities Law of the PRC or item (vii) of Article 39 of Management Measures on Securities Issuance by Listed Companies. 4. In the event of any violation of the aforementioned undertakings, all the proceeds of COSCO SHIPPING Group and its persons acting in concert from the reduction will be attributed to the issuer, and they shall assume all the legal liabilities thus incurred.	October 30, 2017	No	Yes

Background of Undertaking	Types of Undertaking	The Undertaking Party	Details of Undertaking	Date and Deadline of Undertaking	Deadline	Executed or Not
	Other	Company	1. The funding plan for the coming 36 months, such as making additional investment or providing loans for pseudo-banking businesses: As of the issue date of this Letter of Undertaking, according to the current development plan of the Company for pseudo-banking businesses, the parent company of the Company does not have such funding plans making additional investment or providing loans for pseudo-banking businesses in the coming 36 months. 2. Undertaking concerning the funding plan for the coming 36 months, such as making additional investment or providing loans for pseudo-banking businesses: As of the issue date of this Letter of Undertaking, the parent company of the Company does not have such funding plans making additional investment or providing loans for pseudo-banking businesses in the coming 36 months. 3. Undertaking that no investment to pseudo-banking businesses is made directly or indirectly with the proceeds from this non-public offering: When the proceeds from this non-public offering are received, the Company will use and manage the proceeds strictly according to the relevant laws, regulations and proceeds management measures, and it will review the use of the proceeds regularly to ensure the legal and reasonable use of the proceeds. The Company undertakes that it will not make any investment to pseudo-banking businesses directly or indirectly with the proceeds from this non-public offering.	October 30, 2017	No	Yes

In our opinion, the undertakings above have been strictly executed.

(8) Implementation of information disclosure

During the reporting period, the Company was able to disclose information in an "open, fair and just" manner according to the requirements of relevant laws and regulations, and was not criticized or penalized by regulatory authorities.

(9) Implementation of internal control

For the implementation of internal control, please refer to the "Internal Control Evaluation Report for 2017" considered and passed by the Board and the "Internal Control Audit Report for 2017" of the Company issued by Baker Tilley China.

(10) Operations of the Board and its special committees

The Board has set up six special committees, namely the investment strategy committee, nomination committee, remuneration committee, audit committee, risk control committee and execution committee. All special committees considered issues according to their respective specialized fields. The operations of the Board and its special committees were regulated and they carried out their duties according to law. For operating details, please refer to the annual report of the Company for 2017.

(11) Other issues which the Independent Directors think the Company should improve

The Company operated according to relevant laws and regulations as well as regulatory requirements for listed companies, and there is currently no issue which needs improvement.

IV. OVERALL ASSESSMENT

As the independent directors of the Company, we strictly adhered to the requirements of laws and regulations, including the Company Law, Securities Law, Guiding Opinions on the Establishment of Independent Directors System in Listed Companies, the Articles of Association and Working System of Independent Directors, and carried out our duties according to the principles of objectiveness, fairness and independence. We also participated in the decision making of material events of the Company, and remained diligent, fully realizing the purpose of independent Directors, safeguarding the interests of the Company and shareholders (especially minority shareholders) as a whole.

In 2018, we will continue to be prudent, diligent and faithful and be responsible to the Company and all shareholders. We will constantly study and enhance our professional skills and decision making capabilities, and carry out our duties and obligations as independent Directors in a faithful and effective manner so as to better protect the statutory interests of the Company and minority shareholders.

Independent Directors of COSCO SHIPPING Development Co., Ltd.
Cai Hongping, Hai Chi Yuet, Graeme Jack, Lu Jianzhong

29 March 2018

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors, Supervisors and chief executives

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company.

Name	Position	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the relevant class of Shares of the Company *(%)*	Approximate percentage of the total issued share capital of the Company *(%)*
Wang Daxiong	Director	H Shares	Other	834,677 (L) *(Notes 2 and 3)*	0.02	0.01
Liu Chong	Director	H Shares	Other	1,112,903 (L) *(Notes 2 and 4)*	0.03	0.01
Xu Hui	Director	H Shares	Other	945,968 (L) *(Notes 2 and 5)*	0.03	0.01
Fu Yi	Supervisor	H Shares	Other	556,452 (L) *(Notes 2 and 6)*	0.01	0.00

Notes:

1. "L" means long position in the shares.

2. As disclosed in the announcement of the Company dated 24 November 2016, certain executive Directors, Supervisor, senior management and employees of the Company have voluntarily invested, with their own fund, in an asset management plan (the "**Asset Management Plan**"), pursuant to which the executive Directors, Supervisor, senior management and employees of the Company had subscribed to the units of the Asset Management Plan and entrusted the manager of the Asset Management Plan to manage the Asset Management Plan, which would invest in the H Shares. The manager of the Asset Management Plan shall be responsible for, among other things, the investment and re-investment of the assets under the Asset Management Plan and shall be entitled to exercise the voting rights and other relevant rights in respect of the H Shares held under the Asset Management Plan. The Company did not participate in the Asset Management Plan, and the Asset Management Plan does not constitute a share option scheme or any type of employee benefit scheme of the Company.

3. Mr. Wang Daxiong was one of the participants of the Asset Management Plan through which he held approximately 12.10% of the total number of units of the Asset Management Plan as at the Latest Practicable Date. Accordingly, the 834,677 H Shares represent the interests derived from the units subscribed by Mr. Wang Daxiong in the Asset Management Plan as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Wang Daxiong did not hold any Shares.

4. Mr. Liu Chong was one of the participants of the Asset Management Plan through which he held approximately 16.13% of the total number of units of the Asset Management Plan as at the Latest Practicable Date. Accordingly, the 1,112,903 H Shares represent the interests derived from the units subscribed by Mr. Liu Chong in the Asset Management Plan as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Liu Chong did not hold any Shares.

5. Mr. Xu Hui was one of the participants of the Asset Management Plan through which he held approximately 13.71% of the total number of units of the Asset Management Plan as at the Latest Practicable Date. Accordingly, the 945,968 H Shares represent the interests derived from the units subscribed by Mr. Xu Hui in the Asset Management Plan as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Xu Hui did not hold any Shares.

6. Mr. Fu Yi was one of the participants of the Asset Management Plan through which he held approximately 8.06% of the total number of units of the Asset Management Plan as at the Latest Practicable Date. Accordingly, the 556,452 H Shares represent the interests derived from the units subscribed by Mr. Fu Yi in the Asset Management Plan as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Fu Yi did not hold any Shares.

Positions held by Directors and Supervisors in substantial Shareholder(s)

As at the Latest Practicable Date:

(a) Ms. Sun Yueying, an executive Director, was also the chief accountant and member of the party leadership group of COSCO SHIPPING;

(b) Mr. Huang Jian, a non-executive Director, was also a department general manager of COSCO SHIPPING;

(c) Mr. Feng Boming, a non-executive Director, was also a department general manager of COSCO SHIPPING;

(d) Mr. Hao Wenyi, a Supervisor, was also a department general manager of COSCO SHIPPING; and

(e) Mr. Ye Hongjun, a Supervisor, was also the chief legal adviser of COSCO SHIPPING.

Save as disclosed above, none of the Directors or Supervisors was, as at the Latest Practicable Date, a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the Shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the Shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follow:

Name of Shareholder	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
China Shipping	A Shares	Beneficial owner	4,458,195,175 (L) *(Note 2)*	56.20	38.16
	H Shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.69	0.86
COSCO SHIPPING	A Shares	Interest of controlled corporation	4,458,195,175 (L) *(Note 2)*	56.20	38.16
	H Shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.69	0.86
The Northern Trust Company (ALA)	H Shares	Approved lending agent	249,945,900 (P)	6.66	2.14

Notes:

1. "L" means long position in the shares and "P" means shares in the lending pool.

2. Such 4,458,195,175 A Shares represent the same block of Shares.

3. Such 100,944,000 H Shares represent the same block of Shares and is held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interests or short positions in any Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

3. NO MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had entered into or proposed to enter into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL INTERESTS

As at the Latest Practicable Date:

(a) none of the Directors or the Supervisors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) none of the Directors or the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

8. EXPERTS' QUALIFICATIONS AND CONSENT

The following are the qualifications of the experts who have given their opinions or advice which are contained in this circular:

Name	Qualification
Messis Capital Limited	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Grandall Law Firm (Shanghai)	PRC legal advisers to the Company

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and/or the reference to its name and opinions in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited statements of the Group were made up).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 50/F, COSCO Tower, 183 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the AGM:

(a) the COSCO Subscription Agreement;

(b) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(e) the written consents referred to in the paragraph headed "Experts' Qualifications and Consent" in this Appendix;

(f) this circular.

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This notice is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of COSCO SHIPPING Development Co., Ltd.

中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting for the year of 2017 (the "**AGM**") of COSCO SHIPPING Development Co., Ltd. (the "**Company**") will be held at 1:30 p.m. on Thursday, 31 May 2018 (or at any adjournment thereof) at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China to consider and, if thought fit, pass the following resolutions. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the announcement of the Company dated 16 April 2018 (the "**Announcement**").

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board for the year ended 31 December 2017.

2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2017.

3. To consider and approve the work report of the independent non-executive Directors for the year ended 31 December 2017.

4. To consider and approve the audited financial statements and the auditors' report of the Group for the year ended 31 December 2017.

5. To consider and approve the annual report of the Company for the year ended 31 December 2017.

6. To consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2017.

7. To consider and determine the remuneration of the Directors and the supervisors of the Company for the year 2018.

8. To consider and approve the adjustment of the annual caps for each year ending 31 December 2017, 2018 and 2019 for the related party transactions entered into in the ordinary and usual course of business of the Company in respect of the provision of commodities by China International Marine Containers (Group) Co., Ltd. and its subsidiaries to the Group, details of which are set out in the overseas regulatory announcement of the Company dated 29 March 2018.

SPECIAL RESOLUTIONS

9. To consider and approve the extension of the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018, details of which are set out in the Announcement.

10. To consider and approve the extension of the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018, details of which are set out in the Announcement.

11. To consider and approve the proposed provision of guarantees to certain wholly-owned subsidiaries of the Company in the aggregate amounts of not exceeding RMB23.4 billion and USD3,242 million during the period from 1 July 2018 to 30 June 2019, details of which are set out in the overseas regulatory announcement of the Company dated 16 April 2018.

12. To consider and approve the proposed provision of guarantee to Shanghai COSCO SHIPPING Micro-finance Company Limited in the amount of not exceeding RMB45 million during the period from 1 July 2018 to 30 June 2019, details of which are set out in the overseas regulatory announcement of the Company dated 16 April 2018.

By order of the Board of
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Company Secretary

Shanghai, the People's Republic of China

16 April 2018

Notes:

1. For the purpose of holding the AGM, the register of H Shares members of the Company (the "**Register of Members**") will be closed from 30 April 2018 to 31 May 2018 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Holders of the Company's H Shares (the "**H Shareholders**") whose names appear on the Register of Members at the close of business on 27 April 2018 are entitled to attend and vote at the AGM.

2. In order to attend and vote at the AGM, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited ("**Computershare**"), the Company's H Share registrar, not later than 4:30 p.m. on 27 April 2018.

   The address of Computershare is as follows:
   Shops 1712-1716, 17th Floor
   Hopewell Centre
   183 Queen's Road East
   Wanchai, Hong Kong

3. H Shareholders who intend to attend the AGM must complete the reply slips and return them to the Directorate Secretary Office of the Company not later than 20 days before the date of the AGM (i.e. not later than 11 May 2018).

   The address of the Directorate Secretary Office of the Company is as follows:

   23rd Floor, Maritime Research Building
   628 Minsheng Road
   Pudong New Area
   Shanghai 200135
   the People's Republic of China
   Tel: (8621) 6596 7333
   Fax: (8621) 6596 6813

4. Each H Shareholder who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the AGM.

5. The form of proxy must be signed by the Shareholder or his/her attorney duly authorised in writing or, in the case of a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If the form of proxy is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified.

6. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to Computershare at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.

7. If a proxy attends the AGM on behalf of a Shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her legal representative or his/her duly authorised attorney, and specify the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the AGM, such representative should produce his/her identity card and the notarised copy of the resolution passed by the board of directors or other authorities, or other notarised copy of the licence issued by such legal person Shareholder. Completion and return of the form of proxy will not preclude a Shareholder from attending in person and voting at the AGM or any adjournment thereof should he/she so wish.

8. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a general meeting must be taken by way of poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the AGM will be voted on by poll. Results of the poll voting will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk after the AGM.

9. Where there are joint registered holders of any share of the Company, only the person whose name stands first on the Register of Members in respect of such share may vote at the AGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto.

10. The AGM is estimated to last for half a day. Shareholders who attend the AGM in person or by proxy shall bear their own transportation and accommodation expenses.

The Board as at the date of this notice comprises Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, being non-executive Directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Reference is made to the notice of the annual general meeting (the "**Original Notice of AGM**") dated 16 April 2018 which sets out the details of the annual general meeting (the "**AGM**") of COSCO SHIPPING Development Co., Ltd. (the "**Company**") to be held at 1:30 p.m. on Thursday, 31 May 2018 (or at any adjournment thereof) at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China, and the resolutions to be proposed at the AGM for the Shareholders' approval. Unless otherwise defined, capitalised terms used in this supplemental notice shall have the same meanings as those defined in the circular of the Company dated 10 May 2018.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held, as originally scheduled, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company, in addition to the resolutions set out in the Original Notice of AGM:

ORDINARY RESOLUTION

13. To re-appoint Ernst & Young, Hong Kong Certified Public Accountants as the international auditor of the Company for the year of 2018, and to authorise the audit committee of the Board to determine its remuneration.

By order of the Board of
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Company Secretary

Shanghai, the People's Republic of China

10 May 2018

Notes:

1. Save for the inclusion of the additional proposed resolutions as set out in this supplemental notice of AGM, there are no other changes to the resolutions set out in the Original Notice of AGM. For details of the other resolutions to be considered at the AGM, closure of the register of H Shares members of the Company (the "**Register of Members**"), eligibility for attending the AGM, registration procedures for attending the AGM, appointment of proxy, method of voting and other relevant matters, please refer to the Original Notice of AGM.

2. Since the form of proxy dated 16 April 2018 (the "**Original Form of Proxy**") sent together with the Original Notice of AGM does not contain the additional proposed resolutions as set out in this supplemental notice of AGM, a revised form of proxy (the "**Revised Form of Proxy**") has been prepared and is enclosed with this supplemental notice of AGM.

3. A Shareholder who has not yet lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare, the Company's H Share registrar, is requested to complete and return the enclosed Revised Form of Proxy in accordance with the instructions printed thereon to Computershare not less than 24 hours before the time for holding the AGM or any adjournment thereof, if he or she wishes to appoint proxies to attend the AGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged to Computershare.

   The address of Computershare is as follows:
   Shops 1712-1716, 17th Floor
   Hopewell Centre
   183 Queen's Road East
   Wanchai, Hong Kong

4. A Shareholder who has already lodged the Original Form of Proxy in accordance with the instructions printed thereon with Computershare should note the following:

   (i) If no Revised Form of Proxy is lodged with Computershare, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Notice of AGM and the Original Form of Proxy, including the additional resolutions set out in this supplemental notice of AGM.

   (ii) If the Revised Form of Proxy is lodged with Computershare in accordance with the instructions printed thereon not less than 24 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the Shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed.

   (iii) If the Revised Form of Proxy is lodged after 24 hours before the time for holding the AGM or any adjournment thereof, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if correctly completed. The proxy appointed under the Original Form of Proxy will be entitled to vote in his or her discretion or abstain from voting on any resolutions properly put to the AGM, other than those referred to in the Original Notice of AGM and the Original Form of Proxy, including the additional resolutions set out in this supplemental notice of AGM.

5. Completion and return of the Original Form of Proxy and/or Revised Form of Proxy will not preclude a Shareholder from attending in person and voting at the AGM or any adjournment thereof should he/she so wish.

6. The reply slip despatched to the Shareholders on 16 April 2018 will be treated as a valid reply slip for the AGM.

The Board as at the date of this notice comprises Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, being non-executive Directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*

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This notice is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of COSCO SHIPPING Development Co., Ltd.

中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*

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

(Stock Code: 02866)

NOTICE OF H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that a class meeting of H Shareholders (the "**H Shares Class Meeting**") of COSCO SHIPPING Development Co., Ltd. (the "**Company**") will be held at 1:30 p.m. on Thursday, 31 May 2018 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the People's Republic of China to consider and, if thought fit, pass the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the announcement of the Company dated 16 April 2018 in relation to, among other things, the Revised Proposed Non-public Issuance of A Shares (the "**Announcement**").

SPECIAL RESOLUTIONS

1. To consider and approve the extension of the validity period of the Shareholders' Resolutions for a further period of 12 months, commencing from 5 June 2018, details of which are set out in the Announcement.

2. To consider and approve the extension of the validity period of the Authorisation for a further period of 12 months, commencing from 5 June 2018, details of which are set out in the Announcement.

By order of the Board of
COSCO SHIPPING Development Co., Ltd,
Yu Zhen
Company Secretary

Shanghai, the People's Republic of China

16 April 2018

Notes:

1. For the purpose of holding the H Shares Class Meeting, the register of H Shares members of the Company (the "**Register of Members**") will be closed from 30 April 2018 to 31 May 2018 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. H Shareholders whose names appear on the Register of Members at the close of business on 27 April 2018 are entitled to attend and vote at the H Shares Class Meeting.

2. In order to attend and vote at the H Shares Class Meeting, H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited ("**Computershare**"), the Company's H Share registrar, not later than 4:30 p.m. on 27 April 2018.

   The address of Computershare is as follows:
   Shops 1712-1716, 17th Floor
   Hopewell Centre
   183 Queen's Road East
   Wanchai, Hong Kong

3. H Shareholders, who intend to attend the H Shares Class Meeting, must complete the reply slips and return them to the Directorate Secretary Office of the Company not later than 20 days before the date of the H Shares Class Meeting (i.e. not later than 11 May 2018).

   The address of the Directorate Secretary Office of the Company is as follows:

   23rd Floor, Maritime Research Building
   628 Minsheng Road
   Pudong New Area
   Shanghai 200135
   the People's Republic of China
   Tel: (8621) 6596 7333
   Fax: (8621) 6596 6813

4. Each H Shareholder who has the right to attend and vote at the H Shares Class Meeting is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the H Shares Class Meeting.

5. The form of proxy must be signed by the Shareholder or his/her attorney duly authorised in writing or, in the case of a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If the form of proxy is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.

6. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to Computershare at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the H Shares Class Meeting or any adjournment thereof in order for such documents to be valid.

7. If a proxy attends the H Shares Class Meeting on behalf of a Shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her legal representative or his/her duly authorised attorney, and specify the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the H Shares Class Meeting, such representative should produce his/her identity card and the notarised copy of the resolution passed by the Board or other authorities or other notarised copy of the licence issued by such legal person Shareholder. Completion and return of the form of proxy will not preclude a Shareholder from attending in person and voting at the H Shares Class Meeting or any adjournment thereof should he/she so wish.

8. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a general meeting must be taken by way of poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the H Shares Class Meeting will be voted on by poll. Results of the poll voting will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk after the H Shares Class Meeting.

9. here there are joint registered holders of any share of the Company, only the person whose name stands first on the Register of Members in respect of such share may vote at the H Shares Class Meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto.

10. The H Shares Class Meeting is estimated to last for half a day. Shareholders who attend the H Shares Class Meeting in person or by proxy shall bear their own transportation and accommodation expenses.

The Board as at the date of this notice comprises Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, being non-executive Directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd.".*