中远投资（新加坡）有限公司

COSCO CORPORATION (SINGAPORE) LIMITED

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Press Release

3Q 2016 Results: Financial Quarter ended 30 September 2016

	Q3 2016	Q3 2015	Chg	YTD 2016	YTD 2015	Chg
	S$'000	S$'000	%	S$'000	S$'000	%
Sales	**662,342**	949,569	**(30)**	**2,147,552**	2,794,267	**(23)**
Gross Profit/(Loss)	**49,326**	(10,713)	**NM**	**150,137**	121,342	**24**
Loss before Income Tax	**(302,031)**	(168,383)	**79**	**(375,879)**	(172,949)	**117**
Net Loss *(Attributable to equity holders of the Company)*	**(102,339)**	(82,116)	**25**	**(153,539)**	(86,112)	**78**
Diluted EPS*(cents)*	**(4.57)**	(3.67)	**25**	**(6.86)**	(3.85)	**78**

Highlights:

- The Group recorded net loss attributable to equity holders of $102.3 million on turnover of $662.3 million in Q3 2016 as the marine and shipping industry slump shows no signs of relenting.
- Group turnover decreased 30% to $662.3m on continued weaknesses in the shipyard and shipping sectors.
- Turnover from shipyard operations decreased 30% to $654.7m on lower revenue contributions from ship repair, ship building and marine engineering.
- Turnover from dry bulk shipping and other businesses declined 21% to $7.7m due to lower charter rates.
- Gross profit for Q3 2016 was $49.3 million as compared to gross loss of $10.7 million in Q3 2015 due to profits from shipyard operations, partially offset by losses in shipping operations on account of lower charter rates.
- Overall, the Group recorded net loss attributable to equity holders of the Company of $102.3 million in Q3 2016 compared to net loss of $82.1 million in Q3 2015 due to losses in shipyard and shipping operations.

SINGAPORE 11 Nov 2016 – Singapore Exchange ("SGX") mainboard-listed COSCO Corporation (Singapore) Limited ("COSCO" or the "Company"), a leading offshore marine engineering, shipbuilding, ship repair & conversion and dry bulk shipping group, today announced its 3rd quarter financial results for the 3 months ended 30 September 2016.

Group turnover decreased 30.2% to $662.3 million in Q3 2016, from $949.6 million in Q3 2015 owing to decrease in shipyard and shipping revenues.

Turnover from shipyard operations decreased 30.3% to $654.7 million in Q3 2016 from $939.9 million in Q3 2015 due to lower revenue contribution from ship repair, ship building and marine engineering. The Group delivered 1 emergency response rescue vessel, 2 jack up rigs, 1 livestock carrier and 1 platform supply vessel in Q3 2016.

Turnover from dry bulk shipping and other businesses decreased 21.0% from $9.7 million in Q3 2015 to $7.7 million in Q3 2016 on lower charter rates.

Gross profit for Q3 2016 was $49.3 million as compared to gross loss of $10.7 million in Q3 2015 due to profits from shipyard operations, partially offset by losses in shipping operations on account of lower charter rates.

Other income comprising gain from the disposal of scrap metal, interest income and others increased 2.4% to $19.8 million in Q3 2016 mainly due to higher government grants and sundry income partially offset by lower sale value of scrap materials and lower interest income.

Administrative expenses increased by 161.2% to $296.3 million mainly due to higher allowance for impairment of trade and other receivables of $261.7 million in Q3 2016 as compared to $75.9 million in Q3 2015. Interest expense increased 26.5% to $55.9 million in Q3 2016 due to higher bank borrowings to fund shipyard operations.

Overall, the Group recorded net loss attributable to equity holders of the Company of $102.3 million in Q3 2016 compared to net loss of $82.1 million in Q3 2015. For the first nine months 2016, net loss attributable to equity holders of the Company increased to $153.5 million from net loss of $86.1 million for the corresponding period in 2015 on losses across its shipyard and shipping businesses on depressed market conditions.

Mr. Gu Jing Song, Vice Chairman and President of the Company said, "It has been another difficult quarter for our industry. Persistent weakness in crude oil prices has taken its toll on the offshore marine industry and is showing no sign of letting up. Shipbuilding order books and contract prices are suffering under the heavy weight of the industry over-capacity amidst a weak global economy which has also depressed shipping rates. Given the continuing weaknesses in the macro-economic environment, we do not see any sign that the bearish industry outlook will turn around anytime soon. As such external headwinds are beyond our Group's control, we are working hard to keep a tight lid on our internal costs and to increase efficiencies and productivity."

As at 30 September 2016, the Group's gross order book stood at approximately US$6.8 billion with progressive deliveries up to 2019. These include modules of drillship and FPSO contracts for certain Brazilian customers which amount to approximately US$1.3 billion. The Group's gross order book includes several offshore marine engineering projects which have been substantially completed in construction but are yet to be delivered due to customers' requests for extension of delivery. This order book continues to be subject to revision from any new, cancellation, variation or scheduling of orders that may arise. New orders received in the first 9 months of 2016 include 1 trailing suction hopper dredger, 1 self-elevating workover unit, 2 crude oil tankers and 7 container vessels.

The Group expects possible decline in new orders and more project delivery delays or request for deferments from some customers.

The Group expects these difficult and challenging business and operating conditions to persist or even worsen. As such, 2016 will remain a very difficult year for the Group.

<u>About COSCO Corporation (Singapore) Ltd</u>
Listed on the main board of the SGX, COSCO Corporation (Singapore) Ltd ("COSCO") is a leading offshore marine engineering, shipbuilding, ship repair & conversion and dry bulk shipping group. The Group owns 51% of a large shipyard group in China, COSCO Shipyard Group, and a fleet of dry bulk carriers.

For further information, please contact:

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