中远海运国际（新加坡）有限公司
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Press Release

Q1 2017 Results: Financial Quarter ended 31 March 2017

	Q1 2017	Q1 2016	Chg
	S$'000	S$'000	+/(-) %
Turnover	**401,841**	722,294	**(44)**
Gross (Loss)/Profit	**(57,823)**	89,290	**(165)**
Loss before Income Tax	**(143,972)**	(12,042)	**1,096**
Net Loss *(Attributable to equity holders of the Company)*	**(78,926)**	(14,394)	**448**
Diluted EPS *(cents)*	**(3.52)**	(0.64)	**450**

Highlights:

- The Group recorded net loss attributable to equity holders of $78.9m on turnover of $401.8m in Q1 2017 as the marine industry downturn showed no sign of abating.
- Group turnover decreased 44% to $401.8m owing to decrease in shipyard revenue, partially cushioned by higher shipping revenue.
- Turnover from shipyard operations decreased 45% to $392.6m on lower revenue contributions from ship repair, ship building and marine engineering.
- Turnover from dry bulk shipping and other businesses recovered 63% to $9.2m on higher charter rates.
- Gross loss amounted to $57.8m in Q1 2017 compared to a gross profit of $89.3m in Q1 2016 due to losses from shipping and shipyard operations, which recorded lower revenue and incurred inventory write-downs and allowance for expected losses on construction contracts.
- Overall, the Group recorded net loss attributable to equity holders of the Company of $78.9 million in Q1 2017 compared to net loss of $14.4 million in Q1 2016 mainly due to losses in shipyard and shipping operations.

SINGAPORE 5 May 2017 – Singapore Exchange ("SGX") mainboard-listed COSCO Shipping International (Singapore) Company Limited ("COSCO" or the "Company"), an offshore marine engineering, shipbuilding, ship repair & conversion and dry bulk shipping group, today announced its financial results for the first quarter ended 31 March 2017.

Group turnover decreased 44.4% to $401.8 million in Q1 2017 from $722.3 million in Q1 2016 owing to a decrease in shipyard revenue which was partially cushioned by an increase in shipping revenue.

Turnover from shipyard operations decreased 45.2% to $392.6 million from $716.6 million in Q1 2016 due to lower revenue contribution from ship repair, ship building and marine engineering. The Group delivered 7 projects in Q1 2017, namely 1 shuttle tanker; 1 floating, production, storage and offloading (FPSO) vessel, 2 bulk carriers, 1 oil tanker. 1 module carrier and 1 salvage lifting vessel.

Turnover from dry bulk shipping and other businesses increased 63.2% from $5.7 million in Q1 2016 to $9.2 million in Q1 2017 as the current short-term charter rates were higher than those received in Q1 2016. The Group scrapped four of its bulk carriers – one in October 2016, two in February 2017 and one in March 2017 respectively.

Gross loss amounted to $57.8m in Q1 2017 compared to a gross profit of $89.3m in Q1 2016 due to losses from shipping and shipyard operations, which recorded lower revenue and incurred inventory write-downs and allowance for expected losses on construction contracts.

Other income comprising gain from the disposal of scrap metal, interest income and others increased 12.6% to $15.5 million in Q1 2017 mainly due to higher government grants and rental income. Other gains and losses for Q1 2017 comprised mainly of $3.7 million in exchange loss and loss on disposal of property, plant and equipment of $5.0 million.

Administrative expenses decreased 42.5% to $20.2 million in Q1 2017 mainly due to the $11.1 million (Q1 2016: $0.7 million) net reversal of impairment of trade and other receivables mostly from customers in the offshore marine engineering segment. Interest expense increased 7.5% to $64.1 million in Q1 2017 due to high bank borrowings to fund shipyard operations.

Overall, the Group recorded net loss attributable to equity holders of the Company of $78.9 million in Q1 2017 compared to net loss of $14.4 million in Q1 2016 mainly due to losses in shipyard and shipping operations.

In December 2016, the Company announced that it has been informed by its parent company that China COSCO Shipping Corporation group will be restructuring its shipyard businesses. The objective of the shipyard business restructuring is to centralize operations and management of the shipyard businesses of the China COSCO Shipping Corporation group.

The Company has on 5 May 2017 entered into a conditional sale and purchase agreement with COSCO Shipping Heavy Industry Co., Ltd. in relation to the proposed disposal by the Company of its (a) 51% equity interest in COSCO Shipyard Group Co., Ltd.; (b) 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd.; and (c) 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd.

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

Meanwhile, new orders received in Q1 2017 include 3 container vessels, 1 windfarm support unit and 1 offshore heavy lift project. As at 31 March 2017, the Group's gross order book stood at approximately US$5.8 billion with progressive deliveries up to 2020. These include modules of drillship and FPSO contracts for certain Brazilian customers which amount to approximately US$951Million. The Group's gross order book of US$5.8 billion 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.

The Group expects these difficult and challenging business and operating conditions to persist or even worsen. As such, 2017 will remain a very difficult year for the Group.

About COSCO Shipping International (Singapore) Co. Ltd

Listed on the main board of the SGX, COSCO Shipping International (Singapore) Co. 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 number of dry bulk carriers. COSCO is the listed subsidiary of China Ocean Shipping (Group) Company.

For further information, please contact:

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