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COSCO SHIPPING INTERNATIONAL (SINGAPORE) COMPANY LIMITED
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Press Release

Q2 2017 Results: Financial Quarter ended 30 June 2017

	Q2 2017	**Q2 2016**	**Chg**	**1H 2017**	**1H 2016**	**Chg**
	S$'000	S$'000	**%**	S$'000	S$'000	%
Turnover	**524,735**	762,916	**(31)**	**926,576**	1,485,210	**(38)**
Gross profit / (loss)	**20,760**	11,521	**80**	**(37,063)**	100,811	**(137)**
Loss before Income Tax	**(34,710)**	(61,806)	**(44)**	**(178,682)**	(73,848)	**142**
Net Loss *(Attributable to equity holders of the Company)*	**(20,814)**	(36,806)	**(43)**	**(99,740)**	(51,200)	**95**
Diluted EPS *(cents)*	**(0.93)**	(1.64)	**(43)**	**(4.45)**	2.29	**94**

Highlights:

- The Group recorded net loss attributable to equity holders of $20.8 million on turnover of $524.7 million in Q2 2017 as the offshore marine industry remains weak owing to low crude oil prices that have prevailed over the past few years and from which recovery remains uncertain.
- Group turnover decreased 31.2% to $524.7 million owing to decrease in shipyard revenue.
- Turnover from shipyard operations decreased 31.6% to $516.1 million on lower revenue contribution from ship repair, ship building and marine engineering.
- Turnover from dry bulk shipping and other businesses increased by 4.7% to $8.7 million on higher current short-term charter rates.
- Overall, the Group recorded net loss attributable to equity holders of the Company of $20.8 million in Q2 2017 compared to net loss of $36.8 million in Q2 2016 due to losses in shipyard and shipping operations.

SINGAPORE 4 August 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 second quarter ended 30 June 2017.

Group turnover decreased by 31.2% to $524.7 million in Q2 2017, from $762.9 million in Q2 2016, owing to decrease in shipyard revenue.

Turnover from shipyard operations decreased by 31.6% to $516.1 million in Q2 2016, from $754.6 million in Q2 2016; mainly owing to lower revenue contribution from ship repair, ship building and marine engineering.

The Group delivered 3 projects in Q2 2017. COSCO Zhoushan shipyard and COSCO Dalian shipyard delivered 1 bulk carrier each and COSCO Guangdong shipyard delivered 1 emergency, response and rescue vessel.

Turnover from dry bulk shipping and other businesses increased by 4.7% from $8.3 million in Q2 2016 to $8.7 million in Q2 2017 as the current short-term rates were higher than the charter rates secured in Q2 2016.

Other income comprised gain from the disposal of scrap metal, interest income and others. Other income increased by 21.4% to $17.9 million in Q2 2017, mainly due to higher interest and rental income.

Administrative expenses decreased by 93.2% to $0.9 million mainly due to net reversal of impairment of trade and other receivables of $32.4 million (Q2 2016: $15.3 million).

Overall, the Group recorded net loss attributable to equity holders of the Company of $20.8 million in Q2 2017 compared to net loss of $36.8 million in Q2 2016 due to losses in shipyard and shipping operations.

On 5 May 2017, the Company 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. ("CSG"); (b) 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd. ("COSCO Nantong"); and (c) 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. ("COSCO Dalian").

On 4 August 2017, the Company announced that it had entered into a non-binding Memorandum of Understanding with COSCO SHIPPING (South East Asia) Pte Ltd in relation to the proposed acquisition of approximately 40% of the issued shares of the issued and paid-up share capital of PT. Ocean Global Shipping. PT. Ocean Global Shipping's businesses include logistic service, container canvassing and management, ship agency and chartering and bunkering and recorded a profit for the last financial year. The Proposed Acquisition is expected to be of a value less than 5% of the latest audited net tangible assets of the Group.

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."

As at 30 June 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$951 million.

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 Q2 2017 include 1 FRSU module, and 3 container vessels. These orders were secured at low contract values due to the weak global economy and depressed shipbuilding and offshore markets. The Group expects operating margins on new ship building and offshore contracts to continue to be subject to severe downward pressure as these conditions continue to prevail.

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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