COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.
(Company Registration no:- 196100159G)

Unaudited Full Year Financial Statement Announcement for the Financial Year Ended 31 December 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Continuing operations			
Sales	37,186	40,505	(8)
Cost of sales	(25,630)	(46,509)	(45)
Gross profit/(loss)	11,556	(6,004)	NM
Other income [1]	2,092	2,160	(3)
Other gains and losses [1]	(24,326)	(2,803)	768
Expenses			
- Distribution	(222)	(497)	(55)
- Administrative	(15,749)	(18,327)	(14)
Loss before income tax [2]	(26,649)	(25,471)	5
Income tax expense [3]	(406)	(522)	(22)
Loss from continuing operations	(27,055)	(25,993)	4
Discontinued operations			
Profit/(loss) from discontinued operations [4]	166,875	(950,091)	NM
Total profit/(loss)	139,820	(976,084)	NM
Profit/(loss) attributable to:			
Equity holders of the Company	**263,876**	**(466,499)**	**NM**
Non-controlling interests	(124,056)	(509,585)	(76)
	139,820	(976,084)	NM
Profit/(loss) attributable to equity holders of the Company relates to:			
Loss from continuing operations	(27,248)	(26,128)	4
Profit/(loss) from discontinued operations	291,124	(440,371)	NM
	263,876	(466,499)	NM

	Group		
	FY 2017	**FY 2016 (restated)**	**Change %**
Earnings per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company (expressed in cents per share)			
Basic and diluted earnings per share:			
- from continuing operations	(1.22)	(1.16)	5
- from discontinued operations	13.00	(19.67)	NM

NM denotes not meaningful.

(ii) Consolidated Statement of Comprehensive Income

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Total profit/(loss)	139,820	(976,084)	NM
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gain/(loss)	46	(57)	NM
- Reclassification on the disposal of subsidiaries	(232)	-	NM
Currency translation differences arising from consolidation			
- Losses	(2,327)	(40,446)	(94)
- Reclassification on the disposal of subsidiaries	(79,799)	-	NM
	(82,312)	(40,503)	NM
Total comprehensive income/(loss)	57,508	(1,016,587)	NM
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**179,141**	**(486,125)**	NM
Non-controlling interests	(121,633)	(530,462)	NM
	57,508	(1,016,587)	NM

NM denotes not meaningful.

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

[1] Other income and Other gains and losses comprise the following:

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Continuing operations			
Government grants	62	78	(21)
Interest income	1,069	795	34
Rental income	605	469	29
Sale of scrap materials	13	39	(67)
Compensation income from customers	-	766	(100)
Sundry income	343	13	2,538
Other income	2,092	2,160	(3)
Currency exchange loss – net	(2,347)	(1,378)	70
Loss on disposal of property, plant and equipment	(22,398)	(1,878)	1,093
Gain on sale of bunker stock	419	453	(8)
Other gains and losses	(24,326)	(2,803)	768

[2] Profit/(Loss) before income tax is arrived at after (charging)/crediting:

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Continuing Operations			
Amortisation of deferred expenditure	(37)	(37)	-
Depreciation of investment properties and property, plant and equipment	(5,427)	(12,558)	(57)
Allowance for impairment of property, plant and equipment	-	(6,608)	(100)
Write-off of property, plant and equipment	-	(360)	(100)

[3] Adjustment for over/(under) provision of tax in respect of prior years:

	Group		
	YTD 2017 S$'000	**YTD 2016 S$'000 (restated)**	**Change %**
Continuing Operations			
Income tax	158	(25)	NM

[4] In August 2017, the Group's shareholders approved the sale of 51% equity interest in Cosco Shipyard Group Co., Ltd, 50% equity interest in Cosco (Nantong) Shipyard Co., Ltd and 39.1% equity interest in Cosco (Dalian) Shipyard Co., Ltd. (collectively the Group's shipyard business in China). The relevant authorities in China have given their approval for the transfer of shareholdings of Cosco Shipyard Group Co., Ltd and Cosco (Dalian) Shipyard Co., Ltd in October 2017 and Cosco (Nantong) Shipyard Co., Ltd in November 2017. Accordingly, the 3 entities ceased to be subsidiaries of the Company on the respective dates. The entire results from Cosco Shipyard Group Co., Ltd, Cosco (Nantong) Shipyard Co., Ltd and Cosco (Dalian) Shipyard Co., Ltd and the resulting gain on disposal of subsidiaries are presented separately on the Consolidated Income Statement as "Discontinued operations".

The results of the discontinued operations of the Group’s shipyard business in China are as follows:

	Group		
	FY 2017 S$’000	**FY 2016 S$’000 (restated)**	**Change %**
Sales	1,588,294	2,516,854	(37)
Cost of sales	(1,545,635)	(2,828,181)	(45)
Gross profit/(loss)	42,659	(311,327)	NM
Other income [i]	60,102	86,473	(30)
Other gains and losses [i]	(27,821)	(29,005)	(4)
Expenses			
- Distribution	(34,645)	(56,640)	(39)
- Administrative [ii]	(4,929)	(316,761)	(98)
- Finance	(189,621)	(224,784)	(16)
Share of loss of associated companies	(284)	(250)	14
Loss before income tax [iii]	(154,539)	(852,294)	(82)
Income tax expense [iv]	(52,186)	(97,797)	(47)
Loss after tax from discontinued operations	(206,725)	(950,091)	(78)
Pre-tax gain recognised on the disposal of subsidiaries	384,364	-	NM
Income tax expense	(10,764)	-	NM
After-tax gain recognised on the disposal of subsidiaries	373,600	-	NM
Profit/(loss) for the year from discontinued operations	166,875	(950,091)	NM

[i] Other income and Other gains and losses of discontinued operations comprise the following:

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Dividend income	30	729	(96)
Government grants	10,644	24,942	(57)
Interest income	21,560	27,093	(20)
Rental income	4,906	4,159	18
Sale of scrap materials	18,197	20,090	(9)
Compensation income from customers	-	3,416	(100)
Sundry income	4,765	6,044	(21)
Other income	60,102	86,473	(30)
Currency exchange loss – net	(27,630)	(28,794)	(4)
Loss on disposal of property, plant and equipment	(191)	(211)	(9)
Other gains and losses	(27,821)	(29,005)	(4)

[ii] Administrative expenses of discontinued operations include:

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
Net reversal of/(allowance for) impairment of trade and other receivable	93,536	(180,282)	NM

[iii] Profit/(loss) from discontinued operations is arrived at after (charging)/crediting:

	Group		
	FY 2017 S$'000	**FY 2016 S$'000 (restated)**	**Change %**
<u>Discontinued operations</u>			
Interest on borrowings	(189,621)	(224,784)	(16)
Amortisation of deferred expenditure	(41)	(50)	(18)
Depreciation of investment properties and property, plant and equipment	(114,911)	(131,036)	(12)
Net reversal of /(allowance for) impairment of receivable and other receivables	93,536	(180,282)	NM
Write-down of inventories	(46,198)	(283,379)	(84)
Write-off of property, plant and equipment	(2,790)	-	NM
Allowance for expected losses recognised on construction contracts	(190,054)	(73,449)	159

[iv] Adjustments for (under)/over provision of tax of discontinued operations in respect of prior years:

	Group		
	FY 2017 S$'000	FY 2016 S$'000 (restated)	Change %
Income tax	(34)	1,514	NM
Deferred tax	121	(61)	NM

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2017 S$'000	31/12/2016 S$'000	31/12/2017 S$'000	31/12/2016 S$'000
Current assets				
Cash and cash equivalents	58,504	1,520,375	35,995	29,868
Restricted cash [1]	140,660	-	140,660	-
Trade and other receivables	308,844	4,531,947	301,086	57,866
Inventories	199	835,582	-	-
Construction contract work-in-progress	-	72,408	-	-
Income tax receivables	-	1,933	-	-
Other current assets	592	11,891	465	100
	508,799	6,974,136	478,206	87,834
Non-current assets				
Trade and other receivables	-	102,556	-	-
Available-for-sale financial assets	-	4,599	-	-
Club memberships	147	280	34	48
Investments in associated companies	-	4,185	-	-
Investments in subsidiaries	-	-	126,639	372,778
Investment properties	13,786	14,675	-	-
Property, plant and equipment	40,638	2,527,363	182	393
Intangible assets	-	9,536	-	-
Deferred expenditure	766	2,799	-	-
Deferred income tax assets	-	140,598	-	-
	55,337	2,806,591	126,855	373,219
Total assets	564,136	9,780,727	605,061	461,053
Current liabilities				
Trade and other payables	46,770	2,095,706	89,125	17,585
Current income tax liabilities	612	9,877	19	2,174
Borrowings	-	4,297,091	-	-
Provisions	-	38,949	-	-
	47,382	6,441,623	89,144	19,759
Non-current liabilities				
Borrowings	-	3,018,327	-	-
Deferred income tax liabilities	132	263	-	-
	132	3,018,590	-	-
Total liabilities	47,514	9,460,213	89,144	19,759
Net assets	516,622	320,514	515,917	441,294

	Group		Company	
	31/12/2017 S$'000	31/12/2016 S$'000	31/12/2017 S$'000	31/12/2016 S$'000
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	(18,958)	311,859	45,105	45,105
Retained earnings/(accumulated loss)	263,551	(246,407)	200,204	125,581
	515,201	336,060	515,917	441,294
Non-controlling interests	1,421	(15,546)	-	-
Total equity	516,622	320,514	515,917	441,294

[1] On 3 November 2017, the Company made a voluntary conditional cash offer (the "Offer") to acquire 100% equity interest in Cogent Holdings Limited for a consideration of $488,070,000. A restricted bank balance amounting to $140,660,000 is held in an account which is earmarked for the sole purpose of the Offer and is not freely remissible for use by the Group.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 31/12/2016	
Secured S$	Unsecured S$	Secured S$	Unsecured S$
-	-	1,639,115,000	2,657,976,000

Amount repayable after one year

As at 31/12/2017		As at 31/12/2016	
Secured S$	Unsecured S$	Secured S$	Unsecured S$
-	-	-	3,018,327,000

Details of any collateral

The collaterals for secured borrowings comprise the Group's trade receivables, construction contracts due from customers and property, plant and equipment with net book value totalling $Nil (2016: $1,631,264,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY 2017 S$'000	**FY 2016 S$'000**
Cash flows from operating activities		
Total profit/(loss)	139,820	(976,084)
Adjustments for:		
Income tax expense	63,356	98,319
Share of loss of associated companies	284	250
Amortisation of deferred expenditure	78	87
Depreciation of investment properties and property, plant and equipment	120,338	143,594
Net (reversal)/allowance for impairment of trade and other receivables	(93,536)	180,282
Write-down of inventories	46,198	283,379
Allowance for impairment of property, plant and equipment	-	11,013
Loss on disposal of property, plant and equipment	22,589	2,089
Allowance for expected losses recognised on construction contracts	190,054	73,449
Write-off of property, plant and equipment	2,790	360
Pre-tax gain recognised on the disposal of subsidiaries	(384,364)	-
Loss on disposal of transferable club memberships	42	33
Dividend income	(30)	(729)
Interest expense	189,621	224,784
Interest income	(22,629)	(27,888)
Exchange differences	(267,796)	238,741
	6,815	251,679
Changes in working capital:		
Inventories and construction contract work-in-progress	(109,051)	70,804
Trade and other receivables	468,067	(343,158)
Trade and other payables	(92,537)	(401,343)
Other current assets	1,160	3,646
Provisions	77,091	(17,551)
Cash used in operations	351,545	(435,923)
Income tax paid	(9,660)	(2,513)
Net cash provided by/(used in) operating activities	341,885	(438,436)
Cash flows from investing activities		
Disposal of subsidiaries, net cash outflow	(1,143,995)	-
Additions to property, plant and equipment	(9,231)	(26,070)
Additions to investment property	(148)	-
Disposal of property, plant and equipment	21,608	3,040
Disposal of transferable club memberships	84	1
Increase in restricted cash	(140,660)	-
Dividend received	30	776
Interest received	18,920	21,733
Net cash used in investing activities	(1,253,392)	(520)
Cash flows from financing activities		
Proceeds from borrowings	2,249,394	5,352,000
Repayments of borrowings	(2,577,630)	(4,709,631)
Decrease/(increase) in bank deposits pledged	848	(129)
Interest paid	(181,011)	(216,730)
Cash outflow to non-controlling interests on acquisition of additional interests in subsidiaries	-	(1,388)
Dividends paid to non-controlling interests of subsidiaries	(1,005)	(2,603)
Net cash (used in)/provided by financing activities	(509,404)	421,519

	Group	
	FY 2017 S$'000	**FY 2016 S$'000**
Net decrease in cash and cash equivalents	(1,420,911)	(17,437)
Cash and cash equivalents at beginning of financial year	1,518,398	1,569,004
Effects of currency translation on cash and cash equivalents	(38,983)	(33,169)
Cash and cash equivalents at end of financial year	58,504	1,518,398
Cash and cash equivalents represented by:		
Cash at bank and on hand	50,462	550,531
Short-term bank deposits	8,042	969,844
Less: Bank deposits pledged	-	(1,977)
	58,504	1,518,398

(i) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	FY 2017 S$'000	**FY 2016 S$'000**
Net cash provided by/(used in) operating activities	335,459	(428,114)
Net cash provided by/(used in) investing activities	9,510	(1,432)
Net cash (used in)/provided by financing activities	(539,491)	421,519
Net cash outflows	(194,522)	(8,027)

(ii) Reconciliation of liabilities arising from financing activities

	1 January 2017	Principal and interest payments	Non-cash changes			31 December 2017
			Interest expense	Disposal of subsidiaries	Foreign exchange movement	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	7,315,418	(328,236)	-	(6,621,733)	(365,449)	-
Interest payable	20,014	(181,011)	189,621	(28,426)	(198)	-

(iii) Cashflow notes on disposal of subsidiaries

	Group	
	FY 2017 S$'000	**FY 2016 S$'000**
<u>Carrying amounts of assets and liabilities disposed of</u>:		
Cash and cash equivalents	1,145,125	-
Trade and other receivables	3,849,319	-
Inventories	1,218,693	-
Construction contract work-in-progress	158,223	-
Income tax receivables	1,854	-
Other current assets	10,139	-
Available-for-sale financial assets	4,602	-
Investments in associated companies	3,845	-
Investment properties	3,455	-
Property, plant and equipment	2,267,225	-
Intangible assets	9,523	-
Deferred expenditure	1,929	-
Deferred income tax assets	86,928	-
Total assets	8,760,860	-
Trade and other payables	2,164,685	-
Current income tax liabilities	477	-
Borrowings	6,621,733	-
Provisions	116,040	-
Deferred income tax liabilities	148	-
Total liabilities	8,903,083	-
Net liabilities derecognised	(142,223)	-
Non-controlling interests	138,700	-
		-
Net liabilities disposed of	(3,523)	-
The aggregate cash outflows arising from the disposal of subsidiaries were:		
Net liabilities disposed of (as above)	(3,523)	-
Reclassification of currency translation reserves	(79,799)	-
Reclassification of fair value reserves	(232)	-
After-tax gain recognised on the disposal of subsidiaries	373,600	-
Cash consideration from disposal	290,046	-
Less: Due from a fellow subsidiary	(290,046)	-
Less: Cash and Cash equivalents in subsidiaries disposed of	(1,145,125)	-
Add: Bank deposits pledged by subsidiaries disposed of	1,130	-
Net cash outflow on disposal	(1,143,995)	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S$'000	Statutory and other reserves S$'000	(Accumulated loss)/ retained earnings S$'000	Non-controlling interests S$'000	Total S$'000
The Group					
At 1 January 2017	270,608	311,859	(246,407)	(15,546)	320,514
Total comprehensive (loss)/income for the year	-	(84,735)	263,876	(121,633)	57,508
Disposal of subsidiaries	-	(246,215)	246,215	138,700	138,700
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(100)	(100)
Transfer from retained earnings to statutory reserves	-	133	(133)	-	-
At 31 December 2017	270,608	(18,958)	263,551	1,421	516,622
At 1 January 2016	270,608	328,838	222,586	517,951	1,339,983
Total comprehensive loss for the year	-	(19,626)	(466,499)	(530,462)	(1,016,587)
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(1,494)	(1,494)
Transfer from retained earnings to statutory reserves	-	2,494	(2,494)	-	-
Changes in ownership interests in subsidiaries – acquisition of additional interests in subsidiaries	-	153	-	(1,541)	(1,388)
At 31 December 2016	270,608	311,859	(246,407)	(15,546)	320,514
The Company					
At 1 January 2017	270,608	45,105	125,581	-	441,294
Total comprehensive income for the year	-	-	74,623	-	74,623
At 31 December 2017	270,608	45,105	200,204	-	515,917
At 1 January 2016	270,608	45,105	119,259	-	434,972
Total comprehensive income for the year	-	-	6,322	-	6,322
At 31 December 2016	270,608	45,105	125,581	-	441,294

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

During FY 2017, 8,830,000 share options granted under COSCO Group Employees' Share Option Scheme 2002 ("Scheme 2002") were lapsed.

The outstanding share options under the Scheme 2002 as at 31 December 2017 were 720,000 (31 December 2016: 9,550,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2017, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2016: 2,239,244,954).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The following are the new or amended FRS that are relevant to the Group:

- Improvements to Financial Reporting Standards (December 2016)
- Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	YTD 2017	**YTD 2016**
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	11.78	(20.83)
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	11.78	(20.83)
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245

<u>NOTES:</u>

Basic earnings per ordinary share is calculated by dividing the net profit/(loss) attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share.The outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the current financial period reported on and the corresponding period of the immediately preceding financial year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Net asset value per ordinary share (cents)	23.01	15.01	23.04	19.71

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2016: 2,239,244,954).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group recorded net profit attributable to equity holders of $263.9 million for FY2017

Continuing Operations

The Group recorded loss from continuing operations in dry bulk shipping and other businesses of $27.1 million on turnover of $37.2 million for FY 2017.

Group turnover from continuing operations decreased by 8.2% to $37.2 million for FY 2017 compared to FY 2016 mainly due to a decrease in shipping revenue from a smaller fleet of bulk carriers. Currently, the Group's dry bulk shipping fleet comprises 3 Handymax carriers, having scrapped seven bulk carriers by the end of FY 2017.

The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started the year at 953 points and ended the year at 1,366 points. For FY 2017, the BDI averaged 1,145 points which was a 70.1% increase from the average of 673 points in FY 2016. Whilst there has been some recovery, such recovery was made from a very low base and the BDI remains at a relatively low level.

Gross profit for FY 2017 was $11.6 million as compared to gross loss of $6.0 million in FY 2016 mainly due to some recovery in the relatively low charter rates of bulk carriers and write-back of accrued owner's expenses for vessels that have been scrapped.

Other losses increased by $21.5 million to $24.3 million for FY 2017 mainly due to the loss on disposal of property, plant and equipment.

Loss attributable to equity holders of the Company for continuing operations increased by 4.3% to $27.2 million, as compared to FY 2016.

Discontinued Operations

The Group recorded net profit from discontinued operations of $166.9 million for FY 2017 which included gain recognised on the disposal of subsidiaries of $373.6 million, offset by loss from discontinued operations of $206.7 million.

Balance Sheet

(31 December 2017 vs 31 December 2016)

Assets and Liabilities

In August 2017, the Group's shareholders approved the sale of 51% equity interest in Cosco Shipyard Group Co., Ltd, 50% equity interest in Cosco (Nantong) Shipyard Co., Ltd and 39.1% equity interest in Cosco (Dalian) Shipyard Co., Ltd. The relevant authorities in China have given their approval for the transfer of shareholdings of Cosco Shipyard Group Co., Ltd and Cosco (Dalian) Shipyard Co., Ltd in October 2017 and Cosco (Nantong) Shipyard Co., Ltd in November 2017. Accordingly, the 3 entities ceased to be subsidiaries of the Company on the respective dates and the carrying value of the assets, liabilities and non-controlling interest of the former subsidiaries have been de-recognised from the balance sheet.

Equity

Statutory and other reserves deficit of $19.0 million mainly due to foreign currency translation loss.

Capital and reserves attributable to equity holders of the Company increased by $179.1 million to $515.2 million mainly due to the gain on disposal of subsidiaries.

Cash Flow

Net cash provided by operating activities for FY 2017 was $341.9 million compared to net cash used in operating activities of $438.4 million in FY 2016.

Net cash used in investing activities for FY 2017 was $1.3 billion mainly due to the net cash outflow on disposal of subsidiaries.

Net cash used in financing activities was $509.4 million. This was mainly due to net repayments of bank borrowings and interest paid during FY 2017.

Please refer to Note 1(c) Cash Flow Statement for more details.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 3 November 2017, the Company made an offer (the "Offer") to acquire all the ordinary shares in the capital of Cogent Holdings Limited ("Cogent"). The Offer turned unconditional on 2 January 2018 and the Company now holds more than 90% of the issued shares of Cogent. It is the Company's intention to compulsorily acquire all the remaining shares in Cogent that it does not own. After the completion of such compulsory acquisition, Cogent will become a wholly-owned subsidiary of the Company. Cogent, together with its subsidiaries, are Singapore's leading logistics management service providers with a broad-based clientele that includes local small and medium sized enterprises, large local companies and multinational companies. The Company intends for Cogent to carry on with its existing business activities.

The Company envisages that as the Company's ultimate holding company, China COSCO Shipping Corporation Limited, has a well-established logistics business network throughout the People's Republic of China ("PRC"), the Company will be able to leverage on this existing logistics business platform to potentially develop new business opportunities in the logistics sector in South and Southeast Asia, taking advantage of the "Belt and Road Initiative" formulated by the PRC Government in 2013. The Company will also be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Company's competitive edge in relation to its global competitors and entrenching its customers.

On 3 November 2017, the Company announced that it had entered into a share sale and purchase agreement for the purchase of an approximately 40% stake in PT Ocean Global Shipping for a consideration of S$13,953,370.86 payable in cash. Completion of the sale and purchase of the shares in PT Ocean Global Shipping is conditional upon inter alia certain approvals being obtained. Completion will take place after all the conditions precedent are satisfied and will be deemed to have occurred when all the steps to transfer the shares have been completed even though payment of the Consideration will occur only later. The conditions precedent have been satisfied and the transfer of the shares has recently been completed. Payment will be made no later than 31 December 2018.

With respect to the Group's shipping business, the world dry bulk shipping market is still seeing excess tonnage and overall weak macroeconomic conditions. For FY 2017, in comparison to the same period last year, there has been some recovery, but such recovery was made from a very low base and the BDI remains at a relatively low level. The Baltic Dry Index (BDI) averaged 1145 points in FY 2017, an increase of 70.1% from the average of 673 points in FY 2016.

Given these prevailing market conditions, any recovery in the dry bulk shipping segment will remain weak. Under such difficult market conditions and considering that the upkeep costs of the Group's dry bulk fleet will continue to increase, the Group has scrapped 7 dry bulk carriers by the end of FY2017.

The Company also disposed 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 in FY 2017.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended by the Directors in FY 2017.

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) **Business segments**

	Shipping S$'000	Ship repair and marine related activities S$'000	All other segments S$'000	Total for continuing operations S$'000
Financial year ended 31 December 2017				
Sales:				
- External sales	26,739	9,880	567	37,186
- Inter-segment sales	-	1	45,907	45,908
	26,739	9,881	46,474	83,094
Elimination				(45,908)
				37,186
Segment results	(14,494)	2,271	(15,495)	(27,718)
Interest income				1,069
Loss before income tax				(26,649)
Income tax expense				(406)
Net loss				(27,055)
Other segment items				
Capital expenditure				
- Property, plant and equipment	6	45	16	67
- Investment property	-	-	148	148
Amortisation of deferred expenditure	-	37	-	37
Depreciation of investment properties and property, plant and equipment	4,373	436	618	5,427

	Shipping S$'000	Ship repair and marine related activities S$'000	All other segments S$'000	Total S$'000
Segment assets	53,910	16,990	493,236	564.136
Consolidated total assets				564,136
Segment liabilities	2,481	2,166	42,123	46,770
Current income tax liabilities				612
Deferred income tax liabilities				132
Consolidated total liabilities				47,514
Consolidated net assets				516,622

Financial year ended 31 December 2016	Shipping S$'000 (restated)	Ship repair and marine related activities S$'000 (restated)	All other segments S$'000 (restated)	Total for continuing operations S$'000 (restated)
Sales:				
- External sales	29,703	9,994	808	40,505
- Inter-segment sales	-	495	15,040	15,535
	29,703	10,489	15,848	56,040
Elimination				(15,535)
				40,505
Segment results	(19,170)	1,024	(8,120)	(26,266)
Interest income				795
Loss before income tax				(25,471)
Income tax expense				(522)
Net loss				(25,993)
Other segment items				
Amortisation of deferred expenditure	-	37	-	37
Depreciation of investment properties and property, plant and equipment	11,409	486	663	12,558
Allowance for impairment of property, plant and equipment	6,608	-	-	6,608

	Shipping S$'000	Ship repair and marine engineering activities S$'000	All other segments S$'000	Total S$'000
Segment assets	170,054	9,408,953	52,338	9,631,345
Associated companies				4,185
Available-for-sale financial assets				4,599
Deferred income tax assets				140,598
Consolidated total assets				9,780,727
Segment liabilities	9,963	2,121,911	2,781	2,134,655
Borrowings				7,315,418
Current income tax liabilities				9,877
Deferred income tax liabilities				263
Consolidated total liabilities				9,460,213
Consolidated net assets				320,514
Other segment items				
Capital expenditure				
– Property, plant and equipment	2,219	23,837	14	26,070

(b) Geographical segments

The Group's continuing business segment mainly operate in Singapore. The operations in this area are principally in shipping, ship repair and marine engineering related activities and rental of property.

Sales are based on the country in which the services are rendered to the customer. Non-current assets are shown by the geographical area where the assets are located.

	Sales from continuing operations		Non-current assets	
	2017 S$'000	2016 S$'000 (restated)	2017 S$'000	2016 S$'000
People's Republic of China	-	-	-	2,697,252
Singapore *	37,186	40,505	55,337	109,339
	37,186	40,505	55,337	2,806,591

* The Group's shipping companies operate in worldwide shipping routes. Hence, it would not be meaningful to allocate sales to any geographical segments for shipping activities.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

See Paragraph 8 above.

15. A breakdown of sales

	2017 S$'000	2016 S$'000 (restated)	Change %
(a)Sales reported for first half year	22,204	19,553	14
(b)Operating profit after tax before deducting non-controlling interests reported for first half year	(19,775)	(18,437)	7
(c)Sales reported for second half year	14,982	20,952	(28)
(d)Operating profit after tax before deducting non-controlling interests reported for second half year	(7,280)	(7,556)	(4)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not Applicable.

17. Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial period:

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	FY2017 S$'000	FY2017 S$'000
Between Subsidiaries and:		
Bridge Line Co., Ltd	-	582
Chimbusco Zhoushan Branch	-	4,825
China Marine Bunker (Dalian) Co., Ltd	-	9,257
China Marine Bunker Guangzhou Co., Ltd	-	1,037
China Ocean Shipping (Group) Company	-	841
China Shipping - Vastwin Engineering & Logistic Co., Ltd.	-	685
China Shipping Bulk Carrier Co., Ltd	353	1,756
China Shipping Industry (Guangzhou) Co., Ltd	-	4,671
China Shipping Industry (Jiangsu) Co., Ltd	-	1,792
China Shipping Industry (Shanghai Changxing) Co., Ltd	-	11,521
China Shipping Tanker Company Limited	-	3,753
Cosco (Cayman) Mercury Co., Ltd	-	310
Cosco (HK) Insurance Brokers Ltd	-	145
Cosco (HK) Investment & Development Co., Ltd	-	8,740
Cosco (HK) Shipping Co., Ltd	-	4,388
Cosco Bulk Carrier Co., Ltd	-	3,846
Cosco Bulk Tianjin Forwarding Co., Ltd	-	229
Cosco-Feoso (S) Pte Ltd	103	-
Cosco Finance Co., Ltd	-	717,830
COSCO Kansai Paint & Chemicals Co., Ltd	-	530
Cosco Logistic (GZ) Heavy Transportation	-	253
Cosco Logistics (Shanghai) Heavy Haulage Co., Ltd	-	3,254
Cosco Petroleum Pte Ltd	-	1,491
Cosco Shipping (South East Asia) Pte Ltd [1]	13,953	-
Cosco Shipping Bulk Co., Ltd	-	853
Cosco Shipping Development Co., Ltd	751	1,677
Cosco Shipping Ferry Co., Ltd	-	119
Cosco Shipping Lines Co., Ltd	-	7,159
Cosco Shipping Logistics Co., Ltd	-	184
Cosco Shipping Logistics Dalian Co., Ltd.	-	343
Cosco Shipping Specialized Carriers Co., Ltd	-	9,938
Cosco Shipping Tanker (Dalian) Co., Ltd	702	1,776
Cosco Shipping Tanker (Shanghai) Co., Ltd	104	1,394
Cosco Shipping Asphalt (Hainan) Co., Ltd (formerly known as "Cosco Southern Asphalt Shipping Co., Ltd")	-	225
Dapengwan Maritime Company Limited	-	377
Mulanwan Maritime Company Limited	-	308

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	S$'000	S$'000
(continued)		
Nantong Chimbusco Marine Bunker Co., Ltd	-	1,550
Nantong Cosco Heavy Industry Co., Ltd	-	3,661
Qingdao Manning Co-operation Ltd	-	2,125
Qingdao Ocean Shipping Company	-	1,010
Refined Success Limited	-	124
SDIC Shipping Development Co., Ltd	-	414
Shanghai Ocean Crew Co., Ltd	-	2,304
Yueliangwan Maritime Co., Limited	-	315
Total	15,966	817,592

[1] This relates to the proposed acquisition of 40% of the issued shares of the issued and paid-up share capital of PT Ocean Global Shipping by the Company for a consideration of S$13,953,370.86 payable in cash pursuant to a Share Sale and Purchase Agreement entered into by the Company with Cosco Shipping (South East Asia) Pte Ltd on 3 November 2017.

(2) The above transactions do not include the disposal of 51% equity interest in COSCO Shipyard Group Co., Ltd., 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd. and 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. for an aggregate consideration of RMB1,465,822,955.00 (equivalent to approximately S$301.0 million) which was approved by shareholders on 30 August 2017.

	As at 31/12/2017	**As at 31/12/2016**
	S$'000	S$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	-	323,576
- Short-term bank deposits	-	1,248
	-	324,824
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	-	294,729

18. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in COSCO SHIPPING International (Singapore) Co., Ltd. (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Mr Gu Jing Song
Vice Chairman and President
1/3/2018

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial year ended 31 December 2017 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song	Mr Tom Yee Lat Shing
Vice Chairman and President	Director

1/3/2018