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

Unaudited Full Year Financial Statement Announcement for the Financial Year Ended 31 December 2018

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 2018 S$'000	**FY 2017 S$'000**	**Change %**
Continuing operations			
Sales	163,673	37,186	340
Cost of sales	(122,090)	(25,630)	376
Gross profit	41,583	11,556	260
Other income [1]	2,948	2,092	41
Other gains and losses [1]	6,187	(24,326)	NM
Expenses			
- Distribution	(1,939)	(222)	773
- Administrative	(24,748)	(15,749)	57
- Finance	(9,217)	-	NM
Share of profit of an associated company	2,126	-	NM
Profit/(loss) before income tax [2]	16,940	(26,649)	NM
Income tax expense [3]	(3,719)	(406)	816
Profit/(loss) from continuing operations	13,221	(27,055)	NM
Discontinued operations			
Profit from discontinued operations [4]	-	92,440	NM
Total profit	13,221	65,385	(80)
Profit/(loss) attributable to:			
Equity holders of the Company	**12,977**	**189,441**	**(93)**
Non-controlling interests	244	(124,056)	NM
	13,221	65,385	(80)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations	12,977	(27,248)	NM
Profit from discontinued operations	-	216,689	NM
	12,977	189,441	(93)
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	0.58	(1.22)	NM
From discontinued operations	-	9.68	NM

NM denotes not meaningful.

The results for the full year ended 31 December 2017 are restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s". Please refer to paragraph 5 for the details on the financial impact from the adoption of SFRS(I)s.

(ii) Consolidated Statement of Comprehensive Income

	Group		
	FY 2018 S$'000	**FY 2017 S$'000**	**Change %**
Total profit	13,221	65,385	(80)
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gain	-	46	NM
- Reclassification on the disposal of subsidiaries	-	(232)	NM
Currency translation differences arising from consolidation			
- Gains/(losses)	1,440	(2,327)	NM
- Reclassification on the disposal of subsidiaries	-	(5,364)	NM
	1,440	(7,877)	NM
Total comprehensive income	14,661	57,508	(75)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**14,417**	**179,141**	(92)
Non-controlling interests	244	(121,633)	NM
	14,661	57,508	(75)

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

	Group		
	FY 2018 S$'000	**FY 2017 S$'000**	**Change %**
<u>Continuing operations</u>			
Government grants	289	62	366
Interest income	1,281	1,069	20
Rental income	761	605	26
Sale of scrap materials	80	13	515
Sundry income	537	343	57
Other income	2,948	2,092	41
Foreign exchange gain/(loss)	3,409	(2,347)	NM
Gain/(loss) on disposal of property, plant and equipment	2,706	(22,398)	NM
Gain on sale of bunker stock	72	419	(83)
Other gains and losses	6,187	(24,326)	NM

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

	Group		
	FY 2018 S$'000	**FY 2017 S$'000**	**Change %**
Continuing Operations			
Interest on borrowings	(9,217)	-	NM
Amortisation of deferred expenditure	(64)	(37)	73
Amortisation of intangible assets	(5,692)	-	NM
Depreciation of property, plant and equipment	(19,334)	(4,995)	287
Depreciation of investment properties	(523)	(432)	21
Impairment of trade and other receivables	(193)	-	NM

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

	Group		
	YTD 2018 S$'000	**YTD 2017 S$'000**	**Change %**
Continuing Operations			
Current income tax	511	158	223
Deferred tax	(13)	-	NM

[4] Following 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) in FY 2017, the entire results from the Group's shipyard business in China for FY 2017 have been 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 2018 S$'000	**FY 2017 S$'000**	**Change %**
Sales	-	1,588,294	NM
Cost of sales	-	(1,545,635)	NM
Gross profit	-	42,659	NM
Other income [i]	-	60,102	NM
Other gains and losses [i]	-	(27,821)	NM
Expenses			
- Distribution	-	(34,645)	NM
- Administrative [ii]	-	(4,929)	NM
- Finance	-	(189,621)	NM
Share of loss of associated companies	-	(284)	NM
Loss before income tax [iii]	-	(154,539)	NM
Income tax expense [iv]	-	(52,186)	NM
Loss after tax from discontinued operations	-	(206,725)	NM
Pre-tax gain recognised on the disposal of subsidiaries	-	309,929	NM
Income tax expense	-	(10,764)	NM
After-tax gain recognised on the disposal of subsidiaries	-	299,165	NM
Profit for the year from discontinued operations	-	92,440	NM

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

	Group		
	FY 2018 S$'000	FY 2017 S$'000	Change %
Dividend income	-	30	NM
Government grants	-	10,644	NM
Interest income	-	21,560	NM
Rental income	-	4,906	NM
Sale of scrap materials	-	18,197	NM
Sundry income	-	4,765	NM
Other income	-	60,102	NM
Foreign exchange loss	-	(27,630)	NM
Net loss on disposal of property, plant and equipment	-	(191)	NM
Other gains and losses	-	(27,821)	NM

[ii] Administrative expenses of discontinued operations include:

	Group		
	FY 2018 S$'000	FY 2017 S$'000	Change %
Net reversal of impairment of trade and other receivables	-	93,536	NM

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

	Group		
	FY 2018 S$'000	FY 2017 S$'000	Change %
<u>Discontinued operations</u>			
Interest on borrowings	-	(189,621)	NM
Amortisation of deferred expenditure	-	(41)	NM
Depreciation of property, plant and equipment	-	(114,771)	NM
Depreciation of investment properties	-	(140)	NM
Net reversal of impairment of receivables and other receivables	-	93,536	NM
Write-down of inventories	-	(46,198)	NM
Write-off of property, plant and equipment	-	(2,790)	NM
Allowance for expected losses recognised on contracts	-	(190,054)	NM

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

	Group		
	FY 2018 S$'000	FY 2017 S$'000	Change %
Income tax	-	(34)	NM
Deferred tax	-	121	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		
	31/12/2018 S$'000	31/12/2017 S$'000	01/01/2017 S$'000	31/12/2018 S$'000	31/12/2017 S$'000	01/01/2017 S$'000
Current assets						
Cash and cash equivalents	72,814	58,504	1,520,375	18,301	35,995	29,868
Restricted cash	257	140,660	-	257	140,660	-
Trade and other receivables	35,460	309,436	802,676	116	301,551	57,966
Inventories	661	199	835,582	-	-	-
Contract assets	-	-	3,813,570	-	-	-
Income tax receivables	-	-	1,933	-	-	-
	109,192	508,799	6,974,136	18,674	478,206	87,834
Non-current assets classified as held-for-sale	741	-	-	-	-	-
	109,933	508,799	6,974,136	18,674	478,206	87,834
Non-current assets						
Trade and other receivables	812	-	102,556	-	-	-
Available-for-sale financial assets	-	-	4,599	-	-	-
Investments in associated companies	15,171	-	4,185	13,953	-	-
Investments in subsidiaries	-	-	-	614,183	126,639	372,778
Investment properties	13,637	13,786	14,675	-	-	-
Property, plant and equipment	550,012	40,638	2,527,363	100	182	393
Intangible assets	131,033	147	9,816	-	34	48
Deferred expenditure	2,212	766	2,799	-	-	-
Deferred income tax assets	-	-	140,598	-	-	-
	712,877	55,337	2,806,591	628,236	126,855	373,219
Total assets	822,810	564,136	9,780,727	646,910	605,061	461,053
Current liabilities						
Trade and other payables	48,056	46,770	1,892,526	48,123	89,125	17,585
Contract liabilities	-	-	203,180	-	-	-
Current income tax liabilities	4,884	612	9,877	107	19	2,174
Borrowings	25,715	-	4,297,091	13,580	-	-
Provisions	350	-	38,949	-	-	-
	79,005	47,382	6,441,623	61,810	89,144	19,759
Non-current liabilities						
Trade and other payables	4,468	-	-	4,468	-	-
Borrowings	152,619	-	3,018,327	58,489	-	-
Provisions	1,198	-	-	-	-	-
Deferred income tax liabilities	54,420	132	263	-	-	-
	212,705	132	3,018,590	62,957	-	-
Total liabilities	291,710	47,514	9,460,213	124,767	89,144	19,759
Net assets	531,100	516,622	320,514	522,143	515,917	441,294
Equity						
Share capital	270,608	270,608	270,608	270,608	270,608	270,608
Statutory and other reserves	35,995	34,555	290,937	45,105	45,105	45,105
Retained earnings/ (accumulated losses)	223,015	210,038	(225,485)	206,430	200,204	125,581
Shareholders' equity	529,618	515,201	336,060	522,143	515,917	441,294
Non-controlling interests	1,482	1,421	(15,546)	-	-	-
Total equity	531,100	516,622	320,514	522,143	515,917	441,294

The Group has adopted SFRS(I) on 1January 2018 and has elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition of 1 January 2017.

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

Amount repayable in one year or less, or on demand

As at 31/12/2018		As at 31/12/2017	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
25,515	200	-	-

Amount repayable after one year

As at 31/12/2018		As at 31/12/2017	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
114,619	38,000	-	-

Details of any collateral

The collaterals for secured borrowings include share charge on the shares of certain subsidiaries, property, plant and equipment and bank deposits. The carrying amount of the property, plant and equipment mortgaged as security for the group's borrowings is approximately $451,782,000 (31 December 2017: Nil).

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 2018 S$'000	**FY 2017 S$'000**
Cash flows from operating activities		
Total profit	13,221	65,385
Adjustments for:		
Income tax expense	3,719	63,356
Amortisation of deferred expenditure	64	78
Amortisation of intangible assets	5,692	-
Depreciation of property, plant and equipment	19,334	119,766
Depreciation of investment properties	523	572
Net allowance for/(reversal of) impairment of trade and other receivables	193	(93,536)
Write-down of inventories	-	46,198
Loss on disposal of transferable club memberships	165	42
(Gain)/loss on disposal of property, plant and equipment	(2,706)	25,379
Allowance for expected losses recognised on contracts	-	190,054
Share of (profit)/loss of associated companies	(2,126)	284
Interest expense	9,217	189,621
Interest income	(1,281)	(22,629)
Exchange differences	(3,022)	(267,796)
Dividend income	-	(30)
Pre-tax gain recognised on the disposal of subsidiaries	-	(309,929)
	42,993	6,815
Changes in working capital:		
Inventories	(467)	(23,234)
Contract assets and liabilities	-	360,094
Trade and other receivables	(6,234)	42,250
Trade and other payables	(13,883)	(111,471)
Provisions for other liabilities	(596)	77,091
Cash provided by operations	21,813	351,545
Income tax paid	(6,390)	(9,660)
Net cash provided by operating activities	15,423	341,885
Cash flows from investing activities		
Additions to investment property	-	(148)
Additions to property, plant and equipment	(30,181)	(9,231)
Disposal of transferable club memberships	18	84
Disposal of property, plant and equipment	3,868	21,608
Disposal of subsidiaries, net cash outflow	(68)	(1,143,995)
Decrease in amount due from a fellow subsidiary	293,165	-
Acquisition of an associated company	(13,953)	-
Acquisition of subsidiaries, net of cash acquired	(410,306)	-
Deferred consideration paid for acquisition of subsidiaries	(9,000)	-
Decrease/(increase) in restricted cash balance	140,401	(140,660)
Dividend received	11,807	30
Interest received	1,231	18,920
Net cash used in investing activities	(13,018)	(1,253,392)
Cash flows from financing activities		
Proceeds from borrowings	328,649	2,249,394
Repayments of borrowings	(306,795)	(2,577,630)
Repayment of finance lease liabilities	(3,716)	-
Decrease in bank deposits pledged	-	848
Interest paid	(8,096)	(181,011)
Dividends paid to non-controlling interests of subsidiaries	(150)	(1,005)
Net cash provided by/(used in) financing activities	9,892	(509,404)

(continued)	Group FY 2018 S$'000	Group FY 2017 S$'000
Net increase/(decrease) in cash and cash equivalents	12,297	(1,420,911)
Cash and cash equivalents at beginning of financial year	58,504	1,518,398
Effects of currency translation on cash and cash equivalents	804	(38,983)
Cash and cash equivalents at end of financial year	71,605	58,504
Cash and cash equivalents represented by:		
Cash at bank and on hand	56,412	50,462
Short-term bank deposits	16,402	8,042
Less: Bank deposits pledged	(1,209)	-
	71,605	58,504

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

	Group FY 2018 S$'000	Group FY 2017 S$'000
Net cash provided by operating activities	-	335,459
Net cash provided by investing activities	-	9,510
Net cash used in financing activities	-	(539,491)
Net cash outflows	-	(194,522)

(ii) Reconciliation of liabilities arising from financing activities

			Non-cash changes						
	1 January 2018 S$'000	Principal and interest payments S$'000	Interest expense S$'000	Acquisition of subsidiaries S$'000	Acquisition of property, plant and equipment S$'000	Other payables conversion S$'000	Disposal of subsidiaries S$'000	Foreign exchange movement S$'000	31 December 2018 S$'000
Borrowings	-	21,854	-	108,211	214	38,000	-	105	168,384
Finance lease liabilities	-	(3,716)	-	13,146	574	-	(54)	-	9,950
Interest payable	-	(8,096)	8,850	-	-	-	-	-	754

(iii) Acquisition of subsidiaries

On 2 January 2018, the Group obtained control of Cogent Holdings Limited ("Cogent") following the acquisition of more than 90% of the issued shares of Cogent by way of a voluntary conditional cash offer made by the Group to acquire 100% equity interest in Cogent for a consideration of $488,070,000 (excluding discounting effects on the fair value of deferred consideration). The Group exercised its rights of compulsory acquisition to acquire the remaining shares of Cogent. Consequently, Cogent became a wholly-owned subsidiary of the Company.

Details of the consideration paid, the provisional fair value amounts of identifiable assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		S$'000
(a)	**Purchase consideration**	
	Cash paid	468,070
	Fair value of deferred consideration	19,474
	Consideration transferred for the business	487,544
(b)	**Effect on cash flows of the Group**	
	Cash paid (as above)	468,070
	Less: cash and cash equivalents in subsidiaries acquired	(58,973)
	Add: Bank balances pledged	1,209
	Cash out flow on acquisition	410,306
(c)	**Identifiable assets acquired and liabilities assumed, at fair values**	
	Cash and cash equivalents	58,973
	Property, plant and equipment	494,730
	Intangible assets	37,772
	Deferred expenditure	1,507
	Inventories	30
	Trade and other receivables	22,070
	Total assets	615,082
	Trade and other payables	41,546
	Provisions	2,144
	Borrowings	121,357
	Current income tax liabilities	6,204
	Deferred tax liabilities	55,027
	Total liabilities	226,278
	Total identifiable net assets	388,804
	Less: Non-controlling interest	(249)
	Add: Goodwill	98,989
	Consideration transferred for the business	487,544
	Amount reflected as other payables	(19,474)
	Cash paid	468,070

(iv) Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group were:

	Group	
	FY 2018 S$'000	**FY 2017 S$'000**
Carrying amounts of assets and liabilities disposed of:		
Cash and cash equivalents	361	1,145,125
Trade and other receivables	238	1,095,178
Inventories	35	1,218,693
Contract assets	-	2,912,364
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	101	2,267,225
Intangible assets	-	9,523
Deferred expenditure	-	1,929
Deferred income tax assets	-	86,928
Total assets	735	8,760,860
Trade and other payables	103	1,790,384
Contract liabilities	-	374,301
Current income tax liabilities	3	477
Borrowings	54	6,621,733
Provisions	-	116,040
Deferred income tax liabilities	-	148
Total liabilities	160	8,903,083
Net assets/(liabilities) derecognised	575	(142,223)
Non-controlling interests	(282)	138,700
Net assets/(liabilities) disposed of	293	(3,523)
The aggregate cash outflows arising from the disposal of subsidiaries were:		
Net assets/(liabilities) disposed of (as above)	293	(3,523)
Reclassification of currency translation reserves	-	(5,364)
Reclassification of fair value reserves	-	(232)
After-tax gain recognised on the disposal of subsidiaries	-	299,165
Cash consideration from disposal	293	290,046
Less: Due from a fellow subsidiary	-	(290,046)
Less: Cash and cash equivalents in subsidiaries disposed of	(361)	(1,145,125)
Add: Bank deposits pledged by subsidiaries disposed of	-	1,130
Net cash outflow on disposal	(68)	(1,143,995)

The disposal of subsidiaries in FY 2018 relates to sale of 51%-owned subsidiary, Greating Fortune Pte. Ltd.

The disposal of subsidiaries in FY 2017 relates to sale of the Group's Shipyard business in China.

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	Retained earnings S$'000	Non-controlling interests S$'000	Total S$'000
The Group					
At 1 January 2018					
As previously reported	270,608	(18,958)	263,551	1,421	516,622
Adoption of SFRS (I) 1	-	53,513	(53,513)	-	-
As restated at 1 January 2018	270,608	34,555	210,038	1,421	516,622
Total comprehensive income for the year	-	1,440	12,977	244	14,661
Acquisition of subsidiaries	-	-	-	249	249
Disposal of subsidiaries	-	-	-	(282)	(282)
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(150)	(150)
At 31 December 2018	270,608	35,995	223,015	1,482	531,100
At 1 January 2017					
As previously reported	270,608	311,859	(246,407)	(15,546)	320,514
Adoption of SFRS (I) 1	-	(20,922)	20,922	-	-
As restated at 1 January 2017	270,608	290,937	(225,485)	(15,546)	320,514
Total comprehensive (loss)/ income for the year	-	(10,300)	189,441	(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	34,555	210,038	1,421	516,622
The Company					
At 1 January 2018	270,608	45,105	200,204	-	515,917
Total comprehensive income for the year	-	-	6,226	-	6,226
At 31 December 2018	270,608	45,105	206,430	-	522,143
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

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.

The Cosco Group Employee's Share Option Scheme (the "ESOS Scheme 2002"), approved by members of the Company on 8 May 2002, had expired on 8 May 2012. Accordingly, no further share options were granted under the ESOS Scheme 2002. All the share options that were not exercised had lapsed since 23 March 2018.

As at 31 December 2018, there were no outstanding share options under the ESOS Scheme 2002 (31 December 2017: 720,000).

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 2018, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2017: 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 year as compared with the audited financial statements for the financial year ended 31 December 2017.

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 has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

a) <u>Application of SFRS(I) 1</u>
The Group has elected the option to reset its cumulative translation reserve for all foreign operations to zero at the date of transition of 1 January 2017. As a result, cumulative translation gains of $20,922,000 was reclassified from currency translation reserve to accumulated losses as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries in FY 2017 were restated. As at 31 December 2017, cumulative translation losses of $53,513,000 was reclassified from currency translation reserve to retained earnings.

b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 22 Foreign *Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

i) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group has changed the presentation of certain amounts in the balance sheet as at 31 December 2017 to reflect the terminology of SFRS(I).

Amounts due from customers arising from construction contracts of Nil (31 December 2017: Nil and 1 January 2017: $3,741,162,000) and construction contract work-in-progress of Nil (31 December 2017: Nil and 1 January 2017: $72,408,000) under SFRS(I) are reclassified to be presented as part of contract assets.

Advances received from customers arising from construction contracts of Nil (31 December 2017: Nil and 1 January 2017: $106,346,000) and amounts due to customers arising from construction contracts of Nil (31 December 2017: Nil and 1 January 2017: $96,834,000) under SFRS(I) are reclassified to be presented as part of contract liabilities.

Impact on the comparatives for the FY 2018 Financial Statements

The financial effect of adopting SFRS(I)s is as follows:

Group Profit and Loss	FY 2017 S$'000
Decrease in profit from discontinued operations	(74,435)
Decrease in total profit	(74,435)
Increase in Other comprehensive income – Reclassification of currency translation reserves on disposal of subsidiaries	74,435

There adoption of SFRS(I)s has no impact on the Group's comprehensive Income.

Group Balance Sheet	31 December 2017 S$'000	1 January 2017 S$'000
Decrease in construction contract work-in-progress	-	(72,408)
Increase in contract assets	-	3,813,570
Decrease in trade and other receivables	-	(3,741,162)
Decrease in trade and other payables	-	(203,180)
Increase in contract liabilities	-	203,180
Increase/(decrease) in statutory and other reserves	53,513	(20,922)
(Decrease in retained earnings)/increase in accumulated losses	(53,513)	20,922

The adoption of SFRS(I)s has no impact on the Group's total assets, total liabilities and total equity.

The adoption of SFRS(I)s has no impact on the financial statements of the Company for FY2017, 1 January 2017 and 31 December 2017.

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 2018	**YTD 2017**
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.58	8.46
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.58	8.46
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245

NOTES:

Basic earnings per ordinary share is calculated by dividing the net 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. There were no outstanding share options as at 31 December 2018. The outstanding share options for the financial year ended 31 December 2017 ("FY 2017) 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 FY 2017.

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	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Net asset value per ordinary share (cents)	23.65	23.01	23.32	23.04

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2017: 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 $13.0 million from continuing operations for FY 2018 as compared to a loss of $27.2 million for FY 2017. In FY 2018, the Group transformed into one of Singapore's leading logistics management service providers with the acquisition of 100% interest in the equity of Cogent Holdings Pte. Ltd. (formerly known as Cogent Holdings Limited).

Continuing Operations

The Group recorded profit from continuing operations in logistics, dry bulk shipping and other businesses of $13.2 million on turnover of $163.7 million for FY 2018.

Group turnover from continuing operations increased by 340.1% to $163.7 million for FY 2018 as compared to FY 2017 mainly due to turnover of $132.5 million from newly acquired logistics businesses, offset by a decrease in shipping revenue from a reduced fleet of 3 bulk carriers.

Other gains and losses for FY 2018 were gains of $6.2 million (FY 2017: losses of $24.3 million) mainly due to foreign exchange gain of $3.4 million. The losses of $24.3 million in FY2017 were mainly due to loss on disposal of property, plant and equipment.

The increase in cost of sales, distribution, administrative and finance expenses were mainly due to the newly acquired logistics businesses.

Share of profit of an associated company of $2.1 million was mainly due to share of profit from newly acquired 40% shareholdings in PT Ocean Global Shipping Logistics.

Discontinued Operations

The Group recorded net profit from discontinued operations of $92.4 million for FY 2017 which included one-off gain recognised on the disposal of subsidiaries of $299.2 million, offset by loss from discontinued operations of $206.7 million.

Balance Sheet

(31 December 2018 vs 31 December 2017)

Cash and cash equivalents increased from $58.5 million to $72.8 million mainly due to the proceeds from the disposal of the Group's shipyard business in China and increase in borrowings, partially offset by the net cash outflow for the acquisition of newly acquired logistics businesses. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables decreased $273.2 million to $36.3 million mainly due to decrease in amount due from a fellow subsidiary following the receipt of the proceeds from the disposal of the Group's shipyard business in China, offset by trade and other receivables acquired for the newly acquired subsidiaries. Please refer to Note 1 (c)(ii) Acquisition of subsidiaries, net of cash acquired for details.

Property, plant and equipment increased by $509.4 million to $550.0 million mainly due to the fair values of the property, plant and equipment acquired for the newly acquired subsidiaries.

Intangible assets include goodwill of $99.0 million and other intangible assets of $32.0 million. The Group has recognised a goodwill of $99.0 million based on fair values of assets and liabilities of Cogent Holdings Limited. In accordance with SFRS(I) 103 "Business Combinations", the Group has performed a purchase price allocation ("PPA") exercise after completion of the acquisition of Cogent Holdings Limited. The fair values of the acquired identifiable assets and liabilities have been determined based on the PPA exercise.

Trade and other payables increased by $5.8 million to $52.5 million mainly due to the trade and other payables assumed for the newly acquired subsidiaries.

Total borrowings increased by $178.3 million to $178.3 million mainly due to the borrowings procured to finance the acquisition of Cogent Holdings Limited and borrowings assumed for the newly acquired subsidiaries.

For details of the identifiable assets acquired and liabilities assumed, at fair values of the newly acquired subsidiaries, please refer to Note 1(c)(iii) Acquisition of subsidiaries, net of cash acquired for details.

Shareholder's equity increased by $14.4 million mainly due to profits and an increase in currency translation reserves in FY 2018.

Cash Flow

Net cash provided by operating activities for FY 2018 was $15.4 million. This was mainly due to cash generated from operations. Please refer to Note 1(c) for details.

Net cash used in investing activities for FY 2018 was $13.0 million. This was mainly due to cash used for acquisition of Cogent Holdings Limited, partially offset by the proceeds from the disposal of Shipyard business in China.

Net cash provided by financing activities for FY 2018 was $9.9 million. This was mainly due to the net proceeds from borrowings.

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.

Through its wholly-owned subsidiary, Cogent Holdings Limited ("Cogent") and its associates, the Company has established a logistics network in Singapore, Malaysia and Indonesia.

The Company aims to expand its logistics network in South and Southeast Asia through acquisitions and investments and continues to explore potential targets to acquire and seek investment opportunities, taking into consideration the targets' business scale and scope, historical performance, growth potential and synergy with the Group's operations.

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"), which 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.

With respect to the Group's shipping business, the Company's subsidiary, COSCO Singapore Pte Ltd, currently has a total of 3 vessels with a total tonnage of 163,000 tons and with an average age of 13 years. In 2018, the international dry bulk shipping market showed an improvement over the same period in 2017. The Baltic Dry Index averaged 1,353 points in FY 2018, an increase of 18.2% from the average of 1,145 points in FY 2017.

Moving forward as one team, the Group is expected to create overall synergy by engaging in cross sales and business optimization with its related companies. This will also help the Group to achieve economies of scale and scope.

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 and the reason(s) for the decision.

The Board has resolved not to recommend payment of dividend for FY 2018 as the Company is evaluating various strategic moves to expand its business.

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	Logistics S$'000	Property management S$'000	Others S$'000	Total for continuing operations S$'000
Financial year ended 31 December 2018						
Sales:						
- External sales	15,508	14,573	114,130	19,462	-	163,673
- Inter-segment sales	-	-	-	-	14,339	14,339
	15,508	14,573	114,130	19,462	14,339	178,012
Elimination						(14,339)
						163,673
Segment results	4,057	2,556	13,403	5,687	(2,953)	22,750
Interest income						1,281
Interest expense						(9,217)
Share of profit of an associated company						2,126
Profit before income tax						16,940
Income tax expense						(3,719)
Net profit						13,221
Other segment items						
Capital expenditure						
- Property, plant and equipment	1,865	166	32,903	633	-	35,567
Amortisation of deferred expenditure	-	37	27	-	-	64
Amortisation of intangible assets	-	-	3,803	1,889	-	5,692
Depreciation of property, plant and equipment	2,854	409	15,578	437	56	19,334
Depreciation of investment properties	5	-	-	518	-	523
Net allowance/(reversal) for impairment of trade and other receivables	206	-	13	(26)	-	193
Segment assets	59,065	17,506	685,658	26,638	18,772	807,639
Associated companies						15,171
Consolidated total assets						822,810
Segment liabilities	2,344	1,973	24,039	11,756	13,960	54,072
Borrowings						178,334
Current income tax liabilities						4,884
Deferred income tax liabilities						54,420
Consolidated total liabilities						291,710
Consolidated net assets						531,100

	Shipping S$'000	Ship repair and marine related activities S$'000	Logistics S$'000	Property management S$'000	Others 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	-	201	45,706	45,908
	26,739	9,881	-	768	45,706	83,094
Elimination						(45,908)
						37,186
Segment results	(14,494)	2,271	-	(177)	(15,318)	(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	-	13	3	67
- Investment property	-	-	-	148	-	148
Amortisation of deferred expenditure	-	37	-	-	-	37
Depreciation of property, plant and equipment	4,373	436	-	94	92	4,995
Depreciation of investment properties	-	-	-	432	-	432
Segment assets/ Consolidated total assets	53,910	16,990	-	14,814	478,422	564,136
Segment liabilities	2,481	2,166	-	378	41,745	46,770
Current income tax liabilities						612
Deferred income tax liabilities						132
Consolidated total liabilities						47,514
Consolidated net assets						516,622

(b) Geographical segments

The Group's business segments operate in two main geographical areas:
- Singapore - the operations in this area are principally in shipping, ship repair and marine engineering related activities, logistics, property management; and
- Malaysia - the operations in this area are principally in logistics activities.

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	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Singapore *	157,119	37,186	697,744	55,337
Malaysia	6,554	-	15,133	-
	163,673	37,186	712,877	55,337

* 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.

Revenues of approximately $23,494,000 (2017: Nil) are derived from one (2017: Nil) single external customer. These revenues are attributable to the Singapore Logistics segment.

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

	2018 S$'000	2017 S$'000	Change %
(a)Sales reported for first half year	80,678	22,204	263
(b)Operating profit after tax before deducting non-controlling interests reported for first half year	5,375	(19,775)	NM
(c)Sales reported for second half year	82,995	14,982	454
(d)Operating profit after tax before deducting non-controlling interests reported for second half year	7,846	(7,280)	NM

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 $100,000)
	FY2018 S$'000	FY2018 S$'000
<u>Between Subsidiaries and:</u>		
China Shipping Bulk Carrier (Shanghai) Co., Ltd.	-	179
Cosco (Cayman) Mercury Co., Ltd	-	116
Cosco (Qidong) Offshore Co., Ltd	-	1,290
Cosco (Shanghai) Shipyard Co., Ltd	-	123
Cosco Petroleum Pte Ltd	-	2,113
Cosco Shipping Heavy Industry (Dalian) Co., Ltd.	-	542
Cosco Shipping (Hong Kong) Insurance Brokers Limited	-	582
Cosco Shipping Lines (Singapore) Pte Ltd	-	727
Cosco Shipping (South East Asia) Pte Ltd	-	904
Cosco Shipping Seafarer Management Co., Ltd. (Formerly known as "Qingdao Mannning Co-operation Ltd")	-	1,742
Cosco Shipping Specialized Carriers Co., Ltd	-	291
Cosco Shipyard Qingdao Company Limited	-	484
Double Rich Limited	-	582
Shanghai Ocean Crew Co., Ltd	-	852
Tianjin Cosbulk Ship Management Co., Ltd	-	160
Tosco Keymax International Ship Management Co., Ltd	-	227
Total	-	10,914

	As at 31/12/2018	**As at 31/12/2017**
	S$'000	S$'000
Loan from a fellow subsidiary, Cosco Shipping (South East Asia) Pte Ltd	38,000	-

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
1/3/2019

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 2018 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song Vice Chairman and President	Mr Li Xi Bei Director

1/3/2019