



COSCO CORPORATION (SINGAPORE) LIMITED
(Company Registration no:- 196100159G)

Unaudited Full Year Financial Statement and Dividend Announcement for the Financial Year Ended 31 December 2015

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 | | | | | |
|--|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Q4 2015 S\$'000 | Q4 2014 S\$'000 | Change % | FY 2015 S\$'000 | FY 2014 S\$'000 | Change % |
| Turnover | 725,506 | 915,815 | (21) | 3,519,773 | 4,260,705 | (17) |
| Cost of sales | (1,061,633) | (869,143) | 22 | (3,734,558) | (3,969,664) | (6) |
| Gross (loss)/profit | (336,127) | 46,672 | NM | (214,785) | 291,041 | NM |
| Other income [1] | 21,965 | 23,857 | (8) | 81,398 | 106,946 | (24) |
| Other gains and losses [1] | (10,465) | (489) | NM | (5,167) | 5,036 | NM |
| Expenses | | | | | | |
| - Distribution | (19,414) | (22,940) | (15) | (73,176) | (84,182) | (13) |
| - Administrative [2] | (340,350) | (70,540) | 382 | (522,541) | (173,696) | 201 |
| - Finance | (43,760) | (33,486) | 31 | (166,925) | (127,697) | 31 |
| Share of (loss)/profit of associated companies [3] | (66) | (311) | (79) | 30 | (197) | NM |
| (Loss)/profit before income tax [4] | (728,217) | (57,237) | NM | (901,166) | 17,251 | NM |
| Income tax (expense)/credit [5] | (28,645) | 22,833 | NM | (13,669) | 9,026 | NM |
| Net (loss)/profit | (756,862) | (34,404) | NM | (914,835) | 26,277 | NM |
| Attributable to: | | | | | | |
| Equity holders of the Company | (483,846) | (13,181) | NM | (569,958) | 20,893 | NM |
| Non-controlling interests | (273,016) | (21,223) | NM | (344,877) | 5,384 | NM |
| Net (loss)/profit | (756,862) | (34,404) | NM | (914,835) | 26,277 | NM |
| Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share) | | | | | | |
| - basic | (21.61) | (0.59) | NM | (25.45) | 0.93 | NM |
| - diluted | (21.61) | (0.59) | NM | (25.45) | 0.93 | NM |

NM denotes not meaningful.

(ii) Consolidated Statement of Comprehensive Income

| | Group | | | | | |
|--|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Q4 2015 S\$'000 | Q4 2014 S\$'000 | Change % | FY 2015 S\$'000 | FY 2014 S\$'000 | Change % |
| Net (loss)/profit | (756,862) | (34,404) | NM | (914,835) | 26,277 | NM |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Available-for-sale financial assets - Fair value gain/(loss) | 32 | 211 | (85) | (32) | 249 | NM |
| Currency translation differences arising from consolidation | (47,792) | 57,515 | NM | 53,302 | 53,105 | NM |
| Total comprehensive (loss)/income for the period | (804,622) | 23,322 | NM | (861,565) | 79,631 | NM |
| Total comprehensive (loss)/income attributable to: | | | | | | |
| Equity holders of the Company | (510,455) | 22,003 | NM | (534,777) | 54,373 | NM |
| Non-controlling interests | (294,167) | 1,319 | NM | (326,788) | 25,258 | NM |
| | (804,622) | 23,322 | NM | (861,565) | 79,631 | NM |

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

| | Group | | | | | |
|--|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Q4 2015 S\$'000 | Q4 2014 S\$'000 | Change % | FY 2015 S\$'000 | FY 2014 S\$'000 | Change % |
| Dividend income | 10 | 55 | (82) | 2,015 | 725 | 178 |
| Government grants | 2,512 | 2,644 | (5) | 5,663 | 5,999 | (6) |
| Interest income | 7,465 | 8,800 | (15) | 34,320 | 45,807 | (25) |
| Rental income | 1,914 | 1,306 | 47 | 3,938 | 2,960 | 33 |
| Sale of scrap materials | 5,262 | 8,526 | (38) | 23,561 | 43,543 | (46) |
| Sundry income | 4,802 | 2,526 | 90 | 11,901 | 7,912 | 50 |
| Other income | 21,965 | 23,857 | (8) | 81,398 | 106,946 | (24) |
| Currency exchange (loss)/gain | (10,195) | 1,086 | NM | (2,655) | 6,737 | NM |
| Fair value loss on forward currency contracts | - | (231) | NM | - | (759) | NM |
| Gain/(loss) on disposal of property, plant and equipment | 121 | (940) | NM | 90 | (456) | NM |
| Loss on sale of bunker stock | (391) | (404) | (3) | (2,602) | (486) | 435 |
| Other gains and losses | (10,465) | (489) | NM | (5,167) | 5,036 | NM |

[2] Administrative expenses include allowance for impairment of trade and other receivables of \$304,649,000 and \$380,306,000 in Q4 2015 and FY 2015 respectively (Q4 2014: \$26,026,000 and FY 2014: \$25,787,000).

[3] Share of (loss)/profit of associated companies is after tax.

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

| | Group | | | | | |
|---|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Q4 2015 S\$'000 | Q4 2014 S\$'000 | Change % | FY 2015 S\$'000 | FY 2014 S\$'000 | Change % |
| Investment income | 10 | 725 | (99) | 2,015 | 725 | 178 |
| Interest on borrowings | (43,760) | (33,486) | 31 | (166,925) | (127,697) | 31 |
| Amortisation of deferred expenditure | (23) | (22) | 5 | (90) | (86) | 5 |
| Depreciation of property, plant and equipment and investment properties | (38,596) | (42,508) | (9) | (150,005) | (153,488) | (2) |
| Net allowance for impairment of trade and other receivables | (304,649) | (26,026) | NM | (380,306) | (25,787) | NM |
| Write-down of inventories | (289,058) | (110,473) | 162 | (309,304) | (124,504) | 148 |
| Write-off of property, plant and equipment | (238) | - | NM | (239) | (217) | 10 |
| Allowance for impairment in of property, plant and equipment | - | (1) | NM | - | (163) | NM |
| Allowance for impairment of transferable club memberships | - | (6) | NM | - | (6) | NM |
| Provision for an onerous contract | - | - | - | - | (25) | NM |
| Allowance for expected losses recognised on construction contracts | (42,334) | (55,247) | (23) | (61,782) | (61,742) | NM |

[5] Income tax expense/(credit) is attributable to:

| | Group | | | | | |
|---|--------------------|--------------------|-------------|--------------------|--------------------|-------------|
| | Q4 2015 S\$'000 | Q4 2014 S\$'000 | Change % | FY 2015 S\$'000 | FY 2014 S\$'000 | Change % |
| - Current financial year's results | | | | | | |
| Current income tax | 5,451 | (33,100) | NM | 9,078 | 34,941 | (74) |
| Deferred income tax | 27,077 | 12,746 | 112 | 11,934 | (39,494) | NM |
| | 32,528 | (20,354) | NM | 21,012 | (4,553) | NM |
| - (Over)/Under provision in prior financial years | | | | | | |
| Current income tax | (149) | (6,304) | (98) | (30,993) | (8,298) | 273 |
| Deferred income tax | (3,734) | 3,825 | NM | 23,650 | 3,825 | 518 |
| | (3,883) | (2,479) | 57 | (7,343) | (4,473) | 64 |
| | 28,645 | (22,833) | NM | 13,669 | (9,026) | 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 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2015 S\$'000 | 31/12/2014 S\$'000 | 31/12/2015 S\$'000 | 31/12/2014 S\$'000 |
| Current assets | | | | |
| Cash and cash equivalents | 1,570,852 | 1,560,803 | 36,301 | 46,434 |
| Trade and other receivables | 5,202,201 | 4,563,805 | 45,422 | 31,141 |
| Inventories | 780,251 | 1,041,695 | - | - |
| Construction contract work-in-progress | 199,122 | 177,515 | - | - |
| Income tax receivables | 9,278 | 7,252 | - | - |
| Other current assets | 15,537 | 21,429 | 115 | 164 |
| | 7,777,241 | 7,372,499 | 81,838 | 77,739 |
| Non-current assets | | | | |
| Trade and other receivables | - | 4,377 | - | - |
| Available-for-sale financial assets | 4,890 | 4,841 | - | - |
| Club memberships | 311 | 303 | 82 | 82 |
| Investments in associated companies | 4,854 | 4,736 | - | - |
| Investments in subsidiaries | - | - | 372,298 | 371,644 |
| Investment properties | 10,579 | 10,990 | - | - |
| Property, plant and equipment | 2,307,323 | 2,267,057 | 530 | 647 |
| Intangible assets | 9,583 | 9,564 | - | - |
| Deferred expenditure | 2,980 | 3,029 | - | - |
| Deferred income tax assets | 236,932 | 267,901 | - | - |
| | 2,577,452 | 2,572,798 | 372,910 | 372,373 |
| Total assets | 10,354,693 | 9,945,297 | 454,748 | 450,112 |
| Current liabilities | | | | |
| Trade and other payables | 2,417,472 | 2,632,163 | 17,497 | 17,378 |
| Current income tax liabilities | 7,645 | 53,932 | 2,279 | 1,569 |
| Borrowings | 3,985,918 | 2,430,304 | - | - |
| Provision for other liabilities | 56,500 | 56,166 | - | - |
| | 6,467,535 | 5,172,565 | 19,776 | 18,947 |
| Non-current liabilities | | | | |
| Borrowings | 2,546,887 | 2,542,390 | - | - |
| Deferred income tax liabilities | 288 | 837 | - | 704 |
| | 2,547,175 | 2,543,227 | - | 704 |
| Total liabilities | 9,014,710 | 7,715,792 | 19,776 | 19,651 |
| Net assets | 1,339,983 | 2,229,505 | 434,972 | 430,461 |
| Equity | | | | |
| Share capital | 270,608 | 270,608 | 270,608 | 270,608 |
| Statutory and other reserves | 328,838 | 284,328 | 45,105 | 45,105 |
| Retained earnings | 222,586 | 812,819 | 119,259 | 114,748 |
| Shareholders' equity | 822,032 | 1,367,755 | 434,972 | 430,461 |
| Non-controlling interests | 517,951 | 861,750 | - | - |
| Total equity | 1,339,983 | 2,229,505 | 434,972 | 430,461 |

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

Amount repayable in one year or less, or on demand

| As at 31/12/2015 | | As at 31/12/2014 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 788,233,000 | 3,197,685,000 | 1,034,950,000 | 1,395,354,000 |

Amount repayable after one year

| As at 31/12/2015 | | As at 31/12/2014 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 907,599,000 | 1,639,288,000 | 744,945,000 | 1,797,445,000 |

Details of any collateral

The collaterals for secured borrowings comprise the Group's trade receivables with net book value totalling \$1,695,832,000 (2014: \$1,779,895,000).

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 | | | |
|---|------------------|------------------|--------------------|--------------------|
| | S\$'000 | | | |
| | Q4 2015 | Q4 2014 | FY2015 | FY2014 |
| <u>Cash flows from operating activities</u> | | | | |
| Net (loss)/profit | (756,862) | (34,404) | (914,835) | 26,277 |
| Adjustments for: | | | | |
| Income tax expense/(credit) | 28,645 | (22,833) | 13,669 | (9,026) |
| Amortisation of deferred expenditure | 23 | 22 | 90 | 86 |
| Depreciation of property, plant and equipment and investment properties | 38,596 | 42,508 | 150,005 | 153,488 |
| Net allowance for impairment of trade and other receivables | 304,649 | 26,026 | 380,306 | 25,787 |
| Write-down of inventories | 289,058 | 110,473 | 309,304 | 124,504 |
| Allowance for impairment of property, plant and equipment | - | 1 | - | 163 |
| Allowance for impairment of transferable club memberships | - | 6 | - | 6 |
| (Gain)/Loss on disposal of property, plant and equipment | (121) | 940 | (90) | 456 |
| Allowance for expected losses recognised on construction contracts | 42,334 | 55,247 | 61,782 | 61,742 |
| Provision for an onerous contract | - | - | - | 25 |
| Write-off of property, plant and equipment | 238 | - | 239 | 217 |
| Fair value gains on forward currency contracts | - | 231 | - | 759 |
| Share of loss/(profit) of associated companies | 66 | 311 | (30) | 197 |
| Dividend income | (10) | (55) | (2,015) | (725) |
| Interest expense | 43,760 | 33,486 | 166,925 | 127,697 |
| Interest income | (7,465) | (8,800) | (34,320) | (45,807) |
| | (17,089) | 203,159 | 131,030 | 465,846 |
| Changes in working capital: | | | | |
| Inventories and construction contract work-in-progress | 130,857 | (81,651) | (69,467) | (134,427) |
| Trade and other receivables | 76,771 | 171,413 | (1,022,479) | (1,649,297) |
| Trade and other payables | (405,336) | (762,095) | (283,831) | (132,908) |
| Other current assets | 3,985 | 1,132 | 5,892 | (6,194) |
| Provision for other liabilities | (18,807) | (7,664) | 334 | 770 |
| Exchange differences | (97,261) | 43,629 | 33,672 | 34,846 |
| Cash used in operations | (326,880) | (432,077) | (1,204,849) | (1,421,364) |
| Income tax paid | (1,079) | (2,999) | (26,579) | (6,307) |
| Net cash used in operating activities | (327,959) | (435,076) | (1,231,428) | (1,427,671) |
| <u>Cash flows from investing activities</u> | | | | |
| Cash outflow to non-controlling interests on dissolution of a subsidiary | - | (2,001) | - | (2,001) |
| Cash outflow to non-controlling interests for acquisition of additional interests in subsidiaries | (646) | - | (646) | - |
| Purchase of property, plant and equipment | (23,980) | (43,058) | (151,457) | (100,632) |
| Proceeds from disposal of property, plant and equipment | 6,549 | 2,415 | 8,788 | 3,228 |
| Dividend received | 139 | 270 | 2,211 | 967 |
| Interest received | 4,721 | 4,851 | 42,332 | 49,669 |
| Net cash used in investing activities | (13,217) | (37,523) | (98,772) | (48,769) |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 1,160,711 | 767,240 | 4,200,628 | 3,281,016 |
| Repayments of borrowings | (675,822) | (560,931) | (2,724,152) | (2,181,337) |
| Proceeds from non-controlling interests for increase in registered capital of a subsidiary | - | 10,679 | - | 10,679 |
| Decrease/(Increase) in bank deposits pledged | 900 | (354) | 1,471 | 38 |
| Interest paid | (38,418) | (28,651) | (173,641) | (120,822) |
| Dividends paid to equity holders of the Company | - | - | (11,196) | (22,392) |
| Dividend paid to non-controlling interests of subsidiaries | (1,416) | (11,246) | (1,942) | (11,521) |
| Net cash provided by financing activities | 445,955 | 176,737 | 1,291,168 | 955,661 |
| Net increase/(decrease) in cash and cash equivalents | 104,779 | (295,862) | (39,032) | (520,779) |
| Cash and cash equivalents at beginning of financial year | 1,500,772 | 1,800,193 | 1,557,484 | 2,025,040 |
| Effects of currency translation on cash and cash equivalents | (36,547) | 53,153 | 50,552 | 53,223 |
| Cash and cash equivalents at end of financial year | 1,569,004 | 1,557,484 | 1,569,004 | 1,557,484 |
| Cash and cash equivalents represented by: | | | | |
| Cash at bank and on hand | 732,438 | 647,639 | 732,438 | 647,639 |
| Short-term bank deposits | 838,414 | 913,164 | 838,414 | 913,164 |
| Less: Bank deposits pledged | (1,848) | (3,319) | (1,848) | (3,319) |
| | 1,569,004 | 1,557,484 | 1,569,004 | 1,557,484 |

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 2015 | 270,608 | 284,328 | 812,819 | 861,750 | 2,229,505 |
| Total comprehensive income for the period | | 35,181 | (569,958) | (326,788) | (861,565) |
| Dividend declared by subsidiaries to non-controlling interests of subsidiaries | - | - | - | (16,114) | (16,114) |
| Dividend for 2014 | - | - | (11,196) | - | (11,196) |
| Changes in ownership interests in subsidiaries | | | | | |
| -acquisition of additional interests in subsidiaries | - | 250 | - | (897) | (647) |
| Transfer from retained earnings to statutory reserves | - | 9,079 | (9,079) | - | - |
| At 31 December 2015 | 270,608 | 328,838 | 222,586 | 517,951 | 1,339,983 |
| At 1 January 2014 | 270,608 | 245,139 | 820,027 | 839,307 | 2,175,081 |
| Total comprehensive income for the period | - | 33,480 | 20,893 | 25,258 | 79,631 |
| Non-controlling interests share of increase in registered capital of a subsidiary | - | - | - | 10,679 | 10,679 |
| Dividend declared by subsidiaries to non-controlling interests of subsidiaries | - | - | - | (11,493) | (11,493) |
| Dissolution of a subsidiary | - | - | - | (2,001) | (2,001) |
| Dividend for 2013 | - | - | (22,392) | - | (22,392) |
| Transfer from asset revaluation reserve to retained earnings | - | (2,900) | 2,900 | - | - |
| Transfer from retained earnings to statutory reserves | - | 8,609 | (8,609) | - | - |
| At 31 December 2014 | 270,608 | 284,328 | 812,819 | 861,750 | 2,229,505 |
| The Company | | | | | |
| At 1 January 2015 | 270,608 | 45,105 | 114,748 | - | 430,461 |
| Total comprehensive income for the period | - | - | 15,707 | - | 15,707 |
| Dividend for 2014 | - | - | (11,196) | - | (11,196) |
| At 31 December 2015 | 270,608 | 45,105 | 119,259 | - | 434,972 |
| At 1 January 2014 | 270,608 | 45,105 | 122,395 | - | 438,108 |
| Total comprehensive income for the period | - | - | 14,475 | - | 14,475 |
| Dividend for 2013 | - | - | (22,392) | - | (22,392) |
| At 31 December 2014 | 270,608 | 45,105 | 114,748 | - | 430,461 |

- 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 2015, 1,630,000 share options granted under the COSCO Group Employees' Share Option Scheme 2002 ("Scheme 2002") had lapsed.

The outstanding share options under the Scheme 2002 as at 31 December 2015 were 10,780,000 (31 December 2014: 12,410,000).

- 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 2015, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2014: 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 2014.

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.

On 1 January 2015, the Group and the Company adopted the following amended financial reporting standards ("FRS") which are effective for annual periods beginning on or after 1 July 2014.

The following are the amended FRS that are relevant to the Group:

- (i) Amendments to FRS 16 *Property, Plant and Equipment*
- (ii) Amendments to FRS 24 *Related Party Disclosures*
- (iii) Amendments to FRS 40 *Investment Property*
- (iv) Amendments to FRS 102 *Share-based Payment*
- (v) Amendments to FRS 103 *Business Combinations*
- (vi) Amendments to FRS 108 *Operating Segments*
- (vii) Amendments to FRS 113 *Fair Value Measurement*

The adoption of the above amended FRS does not have a 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 | | | |
|--|----------------|----------------|----------------|----------------|
| | Q4 2015 | Q4 2014 | FY 2015 | FY 2014 |
| (i) Based on the weighted average number of ordinary shares on issue (cents per share) | (21.61) | (0.59) | (25.45) | 0.93 |
| Weighted average number of ordinary shares('000) | 2,239,245 | 2,239,245 | 2,239,245 | 2,239,245 |
| (ii) On a fully diluted basis (cents per share) | (21.61) | (0.59) | (25.45) | 0.93 |
| Adjusted weighted average number of ordinary shares ('000) | 2,239,245 | 2,239,245 | 2,239,245 | 2,239,245 |

NOTES:

Basic earnings per ordinary share is calculated by dividing the net profit 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 | |
|--|------------|------------|------------|------------|
| | 31/12/2015 | 31/12/2014 | 31/12/2015 | 31/12/2014 |
| Net asset value per ordinary share (cents) | 36.71 | 61.08 | 19.42 | 19.22 |

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2014: 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.**

Q4 2015

The Group recorded net loss attributable to equity holders of \$483.8 million on turnover of \$725.5 million in Q4 2015.

Group turnover decreased by 20.8% to \$725.5 million in Q4 2015 from \$915.8 million in Q4 2014 owing to decrease in shipyard and shipping revenue.

Turnover from shipyard operations decreased by 20.6% to \$716.3 million in Q4 2015 from \$902.3 million in Q4 2014, mainly owing to lower revenue contribution from marine engineering and shipbuilding, partially offset by an increase in revenue from ship repair. The Group delivered 1 bulk carrier from COSCO Zhoushan shipyard in Q4 2015.

Turnover from dry bulk shipping and other businesses decreased by 31.6% from \$13.5 million in Q4 2014 to \$9.2 million in Q4 2015. The BDI averaged 640 points for Q4 FY 2015, which was a 42.9% decrease from the average of Q4 2014 of 1,120 points.

Shipyard business remained the biggest revenue contributor, forming 99.0% of Group turnover in Q4 2015.

Gross loss for Q4 2015 is \$336.1 million, as compared to gross profit of \$46.7 million in Q4 2014 due to losses from shipyard operations which incurred higher inventory write-downs, and losses from shipping operations due to the lower charter rates. Write-down of inventories increased by \$178.6 million from Q4 2014 to \$289.0 million in Q4 2015 mainly due to the impairment made for DP3 Deepwater Drillship (DDD), which is presently available for lease or sale.

Compared to Q4 2014, other income decreased by 8.0% to \$22.0 million in Q4 2015 mainly due to lower sales value of scrap materials and lower interest income.

Administrative expenses increased by \$269.8 million to \$340.3 million mainly due to the increase in allowance for impairment of trade and other receivables of \$278.6 million to \$304.6 million, and this relates mainly to construction contracts on modules of drillship and FPSO for certain Brazilian customers with uncertainties in their project status.

Interest expense increased by 30.7% to \$43.8 million in Q4 2015 owing to higher bank borrowings procured to fund shipyard operations.

Overall, the Group recorded net loss attributable to equity holders of the Company of \$483.8 million in Q4 2015 compared to net loss of \$13.2 million in Q4 2014.

FY 2015

The Group recorded net loss attributable to equity holders of \$570.0 million on turnover of \$3.5 billion in 2015.

Group turnover decreased by 17.4% to \$3.5 billion in 2015 from \$4.3 billion in 2014 owing to decrease in shipyard and shipping revenue.

Turnover from shipyard operations decreased by 17.3% to \$3.5 billion in 2015 from \$4.2 billion in 2014, mainly owing to lower revenue contribution from marine engineering, partially offset by an increase in revenue from ship building and ship repair.

The Group delivered 21 projects in 2015. COSCO Zhoushan shipyard delivered 1 platform supply vessel and 7 bulk carriers; COSCO Guangdong shipyard delivered 2 bulk carriers, 2 anchor handling tug supply vessels and 3 platform supply vessels; COSCO Dalian shipyard delivered 1 oil tanker and 2 platform supply vessels and COSCO Nantong shipyard delivered 1 floating accommodation unit and 2 semi-submersible accommodation vessels.

Turnover from dry bulk shipping and other businesses decreased by 25.0% from \$52.5 million in 2014 to \$39.4 million in 2015.

The BDI started the year 2015 at 771 points and ended the year at 478 points. The BDI averaged 718 points for FY 2015, which was a 35.0% decrease from the average of 2014 of 1,105 points. Currently, the Group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Shipyard business remained the biggest revenue contributor, forming 98.9% of Group turnover in 2015.

Gross loss for 2015 was \$214.8 million, compared to gross profit of \$291.0 million due to losses from shipyard operations which incurred higher inventory write-downs, and losses from shipping operations due to the lower charter rates. Write-down of inventories increased by \$184.8 million to \$309.3 million in 2015 mainly due to the impairment made for DP3 Deepwater Drillship (DDD), which is presently available for lease or sale.

Compared to 2014, other income decreased by 23.9% to \$81.4 million in 2015 mainly due to lower sales value of scrap materials and lower interest income.

Administrative expenses increased by \$348.8 million to \$522.5 million mainly due to the increase in allowance for impairment of trade and other receivables of \$354.5 million to \$380.3 million, and this relates mainly to construction contracts on modules of drillship and FPSO for certain Brazilian customers with uncertainties in their project status.

Interest expense increased by 30.7% to \$166.9 million in 2015 due to higher bank borrowings used to fund shipyard operations.

Overall, the Group recorded net loss attributable to equity holders of the Company of \$570.0 million in 2015 compared to net profit of \$20.9 million in 2014 due to losses in shipyard and shipping operations. The loss is mainly attributable to: (a) the continuing depressed state of crude oil prices which has had an adverse impact on the global offshore marine industry; (b) the slump in the shipbuilding market which has negatively impacted the Company's shipyards; (c) the languid dry bulk shipping market which has brought great pressures to the Company's dry bulk fleet operations. As a result of adverse market conditions in 2015, shipyard operations incurred higher costs for a few delayed projects as well as write-downs of certain inventory and provisions for impairments of trade receivables for contracts, which are deferred or may potentially be cancelled.

Balance Sheet

(31 December 2015 vs 31 December 2014)

Cash and cash equivalents remained almost unchanged at \$1.6 billion. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased \$634.0 million to \$5.2 billion mainly due to higher construction contracts due from customers in the marine engineering segment, partially offset by a decrease in advances paid to suppliers (from \$494.7 million to \$262.2 million).

Trade and other payables decreased \$214.7 million to \$2.4 billion mainly due to lower accruals for operating expenses and a decrease in advances received from customers (from \$364.9 million to \$241.9 million).

Total borrowings increased by \$1.6 billion to \$6.5 billion due to additional funding procured to finance shipyard operations.

Shareholder's equity decreased by \$545.7 million mainly due to the transfer of 2015 loss to retained earnings and payment of dividends in May 2015, partially offset by increase in currency translation reserve.

Cash Flow

Q4 2015

Net cash used in operating activities for the quarter was \$328.0 million compared to \$435.0 million for the corresponding quarter last year. Please refer to Note 1(c) Cash Flow Statement for more details.

Net cash used in investing activities for the quarter was \$13.2 million. This comprised principally the purchase of fixed assets, partly offset by proceeds from the sale of fixed assets, by shipyard operations during the quarter.

Net cash provided by financing activities was \$446.0 million. This was due mainly to net proceeds of bank borrowings loans, partly offset by the payment of bank interests during the quarter.

FY 2015

Net cash used in operating activities for the year was \$1.2 billion compared to \$1.4 billion last year. Please refer to Note 1(c) Cash Flow Statement for more details.

Net cash used in investing activities for the year was \$98.7 million. This comprised principally the purchase of fixed assets, partly offset by proceeds from the sale of fixed assets, by shipyard operations during the year.

Net cash provided by financing activities was \$1.3 billion. This was due mainly to net proceeds of bank borrowings loans, partly offset by the payment of bank interests during the year.

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

The Group's results for FY 2015 are in line with the Profit Guidance announcement released on 9 December 2015.

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.

As at 31 December 2015, the Group's order book stood at US\$8 billion with progressive deliveries up to 2018. This order book is subject to revision from any new, cancellation, variation or scheduling of orders that may arise. These may include modules of drillship and FPSO contracts for certain Brazilian customers. New orders received in 2015 include 7 container vessels, 2 cargo transfer vessels, 2 oil tankers, 1 shuttle tanker, 1 module carrier, 1 tanker assist / emergency response / rescue / field support vessel, 1 research vessel, 1 product oil tanker and 1 FPSO conversion.

These contracts were secured at low contract values due to the weak global economy, and depressed shipbuilding and offshore markets. As these conditions continue to persist, the Group expects operating margins on new ship building and offshore contracts to face severe downward pressure.

In offshore marine engineering operations, the Group remains one of the largest marine engineering groups in the People's Republic of China. Its order book in this segment covers a wide product range that includes FPSO, semi-submersible accommodation rig and vessel, Sevan 650 drilling unit, semisubmersible tender assist drilling rig, jack-up rig, platform supply vessel, emergency response/rescue/field support vessel, DP3 accommodation barge, subsea supply vessel, shuttle tanker, cargo transfer vessel, modules of drillship and FPSO.

For new product types in offshore and shipbuilding sectors, the Group expects to incur higher costs during execution. In addition, the Group expects competition to remain keen as crude oil prices continue to remain depressed and global economic conditions remain generally weak. The Group will continue to strive to improve its expertise and capabilities for long-term sustainable growth in offshore marine engineering and new shipbuilding operations.

The Baltic Dry Index (BDI) averaged 718 points in 2015, a decrease of 35.0% from the average of 1105 points in 2014. The Baltic Exchange Handysize Index (BHSI) averaged 366 points in 2015, a decrease of 30.2% from the average of 524 points in the 2014. The Baltic Exchange Supramax Index (BSI) averaged 666 points in 2015, a decrease of 29.1% from the average of 939 points in 2014. Currently, the Group's dry bulk shipping fleet comprises Panamax, Supramax and Handymax carriers.

Amidst excess tonnage and overall weak macroeconomic conditions, the world dry bulk shipping market has declined to a low level in 2015. On 17 December 2015, the BDI declined to 471 points, the lowest since the Index was created. Given the difficult market conditions, any possible recovery in the dry bulk shipping segment will be slow and fraught with uncertainty.

As the world shipping market continues to face tonnage over- capacity pressures, new ship building orders have fallen to a low level in 2015. The Group will continue to face pressure in the ship building segment which has led to excess shipyard capacity.

The DP3 Deepwater Drillship (DDD), which was the subject of an arbitration, has now been successfully completed by COSCO Dalian shipyard and trials and testing have been carried out. COSCO Dalian shipyard is currently in discussions with relevant oil companies to negotiate for a lease or to sell the DDD.

On 17 October 2014, the Group announced that Sevan Drilling and COSCO Qidong shipyard have agreed to defer the delivery date of Sevan Developer for 12 months with options exercisable at 6-month intervals, to extend the delivery date up to a total of 36 months from 15 October 2014. The EPC contract will terminate at the end of each deferred period, unless extended by mutual agreement of both parties. It was also agreed that while construction of Sevan Developer continues at Cosco Qidong's shipyard during the deferred period, Sevan Drilling is able to continue to market Sevan Developer as part of its fleet.

On 2 November 2015, the Group announced that Sevan Drilling and COSCO Qidong shipyard have agreed to exercise the first option to extend the delivery date of Sevan Developer for 6-months up to 15 April 2016. COSCO Qidong shipyard was also required to refund to the Sevan Drilling the sum of US\$26.3 million (being 5% of the contract price) plus interest, by 1 December 2015. The final payment for the contract was also amended from the original 80% of the contract price to 85% of the contract price of US\$526.0 million (amounting to US\$447.1 million) and can be amended further upon the expiration of the option period.

The other terms and conditions under the deferment agreement, including termination rights, remain unchanged. In view of the deferment and the uncertainty as to whether the remaining options will be exercised, it is not possible presently to ascertain the financial impact of the agreement for deferment.

In 2015, the Group experienced delivery date extensions and order cancellations for several of its projects. The Group will continue to monitor the risks associated with these projects as well as contracts for modules of drillships and FPSO with certain Brazilian customers.

Amidst persistent weakness in the state of the global economy and depressed crude oil prices, the Group continues to face the adverse effects of unfavourable market conditions. Against this backdrop, some of the Group's customers may be unable to meet their contractual payment obligations to the Group, either in a timely manner or at all, or may otherwise default on these obligations. Moreover, any tightening of the availability and cost of credit in a market that is already under considerable stress could also adversely affect the ability of customers to meet their financial obligations. These may adversely impact the Group's financial position.

Over the past year, the global offshore market has slowed down significantly with no signs of improvement. Since the latter half of 2014, crude oil prices have been falling to multi-year lows with no significant recovery. On 22 December 2015, Brent Crude Oil traded at US\$35.98 per barrel, the lowest in the past eight years. In 2015, Brent Crude Oil prices averaged US\$53.60 per barrel, a decrease of 46.1% from the average of US\$99.45 in 2014.

Many oil majors have cut expenditure leading to fewer orders for rigs and support vessels. The average utilization rate of jack-up rigs, semi-sub rigs, drill ships and support vessels have all declined in the past year.

Under such challenging circumstances, new orders started to decline in 2014 and this continued throughout 2015. Some customers have delayed accepting delivery of projects upon completion, and there still does not appear to be any pickup in sight.

Any rise in wages, prices of raw materials required for production as well as higher financing costs, and the entry of new players, may exert even greater downward pressure on the operating margins of the Group's shipyard operations.

The Group's offshore marine segment has been adversely affected by low crude oil prices and will be further negatively affected by any further price slides. The current situation of low crude oil prices has already persisted for a significant period of time. This has adversely affected the Group's offshore marine segment.

Against the backdrop of such conditions, the Group recorded a significant net loss attributable to equity holders for 2015. Overall, the Group expects these difficult and challenging business and operating conditions to persist and even worsen. As such, 2016 will be another very difficult and challenging year for the Group.

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? Yes

| | |
|------------------|--|
| Name of Dividend | Ordinary Share First and Final Dividend (Proposed) |
| Dividend Type | Cash |
| Dividend Rate | 0.5 cents per ordinary share (one-tier tax) |
| Tax Rate | N.A. |

(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 2015.

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, ship building and marine engineering activities S\$'000 | All other segments S\$'000 | Total for continuing operations S\$'000 |
|--|---------------------|---|----------------------------------|--|
| Financial year ended 31 December 2015 | | | | |
| Sales: | | | | |
| - External sales | 38,507 | 3,480,369 | 897 | 3,519,773 |
| - Inter-segment sales | - | 93 | 21,049 | 21,142 |
| | 38,507 | 3,480,462 | 21,946 | 3,540,915 |
| Elimination | | | | (21,142) |
| | | | | 3,519,773 |
| Segment results | (5,114) | (758,905) | (4,572) | (768,591) |
| Interest income | | | | 34,320 |
| Finance expense | | | | (166,925) |
| Share of profit of associated companies | | | | 30 |
| Profit before income tax | | | | (901,166) |
| Income tax expense | | | | (13,669) |
| Net profit | | | | (914,835) |
| Other segment items | | | | |
| Capital expenditure | | | | |
| - Property, plant and equipment | 1,998 | 149,433 | 26 | 151,457 |
| Amortisation of deferred expenditure | - | 90 | - | 90 |
| Depreciation of property, plant and equipment and investment properties | 13,063 | 136,283 | 659 | 150,005 |
| Write-down of inventories | - | 309,304 | - | 309,304 |
| Net allowance for impairment in trade and other receivables | - | 380,306 | - | 380,306 |
| Allowance for expected losses recognised on construction contracts | - | 61,782 | - | 61,782 |
| Segment assets | 194,108 | 9,855,330 | 58,579 | 10,108,017 |
| Associated companies | | | | 4,854 |
| Available-for-sale financial assets | | | | 4,890 |
| Deferred income tax assets | | | | 236,932 |
| Consolidated total assets | | | | 10,354,693 |
| Segment liabilities | 18,086 | 2,453,089 | 2,797 | 2,473,972 |
| Borrowings | | | | 6,532,805 |
| Current income tax liabilities | | | | 7,645 |
| Deferred income tax liabilities | | | | 288 |
| Consolidated total liabilities | | | | 9,014,710 |
| Consolidated net assets | | | | 1,339,983 |

| | Shipping S\$'000 | Ship repair, ship building and marine engineering activities S\$'000 | All other segments S\$'000 | Total for continuing operations S\$'000 |
|--|---------------------|---|----------------------------------|--|
| Financial year ended 31 December 2014 | | | | |
| Sales: | | | | |
| - External sales | 51,611 | 4,208,197 | 897 | 4,260,705 |
| - Inter-segment sales | - | 1,885 | 20,550 | 22,435 |
| | 51,611 | 4,210,082 | 21,447 | 4,283,140 |
| Elimination | | | | (22,435) |
| | | | | 4,260,705 |
| Segment results | 5,510 | 98,536 | (4,708) | 99,338 |
| Interest income | | | | 45,807 |
| Finance expense | | | | (127,697) |
| Share of loss of associated companies | | | | (197) |
| Profit before income tax | | | | 17,251 |
| Income tax expense | | | | 9,026 |
| Net profit | | | | 26,277 |
| Other segment items | | | | |
| Capital expenditure | | | | |
| – Property, plant and equipment | 3,785 | 96,827 | 20 | 100,632 |
| Amortisation of deferred expenditure | - | 86 | - | 86 |
| Depreciation of property, plant and equipment and investment properties | 12,003 | 140,826 | 659 | 153,488 |
| Write-down of inventories | - | 124,504 | - | 124,504 |
| Net allowance for impairment in trade and other receivables | (850) | 26,637 | - | 25,787 |
| Allowance for expected losses recognised on construction contracts | - | 61,742 | - | 61,742 |
| Provision for an onerous contract | 25 | - | - | 25 |
| Allowance for impairment of property, plant and equipment | - | 163 | - | 163 |
| Segment assets | 185,274 | 9,414,321 | 68,224 | 9,667,819 |
| Associated companies | | | | 4,736 |
| Available-for-sale financial assets | | | | 4,841 |
| Deferred income tax assets | | | | 267,901 |
| Consolidated total assets | | | | 9,945,297 |
| Segment liabilities | 16,263 | 2,669,430 | 2,636 | 2,688,329 |
| Borrowings | | | | 4,972,694 |
| Current income tax liabilities | | | | 53,932 |
| Deferred income tax liabilities | | | | 837 |
| Consolidated total liabilities | | | | 7,715,792 |
| Consolidated net assets | | | | 2,229,505 |

(b) Geographical segments

The Group's business segments operate in two main geographical areas:

- People's Republic of China – the operations in this area are principally in ship repair, ship building and marine engineering activities; and
- Singapore – the operations in this area are principally in shipping, ship repair and marine 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.

| | <u>Sales for continuing operations</u> | | <u>Non-current assets</u> | |
|----------------------------|--|-------------------------|---------------------------|-------------------------|
| | 2015 S\$'000 | 2014 S\$'000 | 2015 S\$'000 | 2014 S\$'000 |
| People's Republic of China | 3,466,635 | 4,189,859 | 2,447,808 | 2,438,684 |
| Singapore * | 53,138 | 70,846 | 129,644 | 134,114 |
| | 3,519,773 | 4,260,705 | 2,577,452 | 2,572,798 |

* 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.

No single external customer has sales which exceed 10% of the Group's total sales for the financial years ended 31 December 2015 and 31 December 2014.

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

| | 2015 S\$'000 | 2014 S\$'000 | Change % |
|---|-------------------------|-------------------------|---------------------|
| (a) Sales reported for first half year | 1,844,698 | 2,185,908 | (16) |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | (6,043) | 53,170 | NM |
| (c) Sales reported for second half year | 1,675,075 | 2,074,797 | (19) |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | (908,792) | (26,893) | NM |

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

Total Annual Dividend

| | Latest Full Year S\$'000 | Previous Full Year S\$'000 |
|------------|-------------------------------------|---|
| Ordinary | - | 11,196 |
| Preference | - | - |
| Total | - | 11,196 |

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) |
|---|--|---|
| | S\$'000 | S\$'000 |
| <u>Between Subsidiaries and:</u> | | |
| Bright Sea Management Limited | - | 1,045 |
| Chimbusco Guangzhou Branch | - | 3,073 |
| Chimbusco Zhoushan Branch | - | 8,261 |
| China Marine Bunker (Dalian) Co., Ltd | - | 9,769 |
| China Ocean Shipping (Group) Company | - | 774 |
| Cosco (Cayman) Mercury Co., Ltd | - | 1,004 |
| Cosco (HK) Insurance Brokers Ltd | - | 155 |
| Cosco (HK) Investment & Development Co., Ltd | - | 1,455 |
| Cosco (HK) Shipping Co., Ltd | - | 14,667 |
| Cosco (JM) Aluminium Co., Ltd | - | 416 |
| COSCO (Weihai) Shipbuilding Marine Technology Co.,Ltd | - | 720 |
| Cosco Air Service Shanghai Ltd | - | 286 |
| Cosco Bulk Carrier Co., Ltd | - | 2,610 |
| Cosco Bulk Carrier Holdings (Cayman) Limited | - | 568 |
| Cosco Bulk Tianjin Forwarding Company Limited | - | 163 |
| Cosco Container Lines Co., Ltd | - | 5,899 |
| Cosco Far-Reaching Shipping Co.,Ltd | - | 1,156 |
| Cosco Finance Co., Ltd | - | 4,276,378 |
| Cosco Guangzhou Marine Electronics Engineering Co. | - | 124 |
| Cosco Information Tech Co., Ltd | - | 164 |
| COSCO Kansai Paint & Chemicals Co., Ltd | - | 121 |
| Cosco Logistics Nantong Co., Ltd | - | 2,405 |
| Cosco Logistics Dalian Co., Ltd | - | 13,051 |
| Cosco Petroleum Pte Ltd | - | 3,623 |
| Cosco Shipping Co., Ltd | - | 2,942 |
| Cosco Shipyard Qingdao Company Ltd | - | 361 |
| Cosmarine Consultants Pte Ltd | - | 208 |
| Dalian Ocean Shipping Company | - | 3,867 |
| Guangdong Ocean Shipping Company | - | 112 |
| Lianyungang Ocean Shipping Company | - | 522 |
| Nantong Chimbusco Marine Bunker Co., Ltd | - | 4,141 |
| Nantong Cosco Heavy Industry Co., Ltd | - | 1,402 |
| Nantong Cosco Ship Equipment Company | - | 488 |
| Qingdao Manning Co-operation Ltd | - | 3,580 |
| Qingdao Ocean Shipping Company | - | 2,927 |
| Shanghai Ocean Crew Co., Ltd | - | 5,273 |
| Shanghai Pan-Asia Shipping Company | - | 3,977 |
| Shenzhen Ocean Shipping Company | - | 1,245 |
| Tosco Keymax International Ship Management Co., Ltd | - | 130 |
| Total | - | 4,379,062 |

| | As at 31/12/2015 | As at 31/12/2014 |
|--|-----------------------------|-----------------------------|
| | S\$'000 | S\$'000 |
| Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd : | | |
| - Cash at bank | 381,066 | 375,266 |
| - Short-term bank deposits | 144,959 | 217,215 |
| | 526,025 | 592,481 |
| Loan from a fellow subsidiary, Cosco Finance Co., Ltd | 228,030 | - |
| | | |

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 Corporation (Singapore) Limited (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 Wu Zi Heng
Vice Chairman and President
15/2/2016

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 2015 financial results to be false or misleading.

On behalf of the directors

Mr Wu Zi Heng
Vice Chairman and President

Mr Tom Yee Lat Shing
Director

15/2/2016