



COSCO CORPORATION (SINGAPORE) LIMITED
(Company Registration No. 196100159G)

INCREASE OF INTEREST IN JOINT VENTURE COMPANY BY SUBSIDIARY

1. INTRODUCTION

The Board of Directors of COSCO Corporation (Singapore) Limited (the “**Company**”) wishes to announce that COSCO Shipyard Group Co., Ltd. (“**CSG**”), the Company’s 51% owned subsidiary, had on 15 November 2016 entered into an Equity Transfer and Joint Venture Termination Agreement with Wartsila Singapore Pte Ltd (“**Wartsila**”) pursuant to which CSG agreed to acquire and Wartsila agreed to transfer to CSG its 40% interest in COSCO Shipyard Total Automation Co., Ltd. (“**COSCO STA**”), a joint venture company between CSG and Wartsila.

As at the date of this Announcement, CSG holds the remaining 60% interest in COSCO STA. Following the completion of the acquisition, COSCO STA will become a wholly-owned subsidiary of CSG.

2. RATIONALE

The principal activities of COSCO STA include automation system design, installation, commissioning and repair service of marine and offshore products, as well as in marine and offshore electrical equipment design, manufacturing and sales.

After many years of development, COSCO STA has acquired in-depth technical and high-technology expertise in ship automation. With COSCO STA becoming its wholly-owned subsidiary after the proposed acquisition, CSG will be able to more fully draw on the specialised skill and resources of COSCO STA in ship automation. This will enhance the services of CSG by offering a wider range of services to its customers.

3. CONSIDERATION FOR THE PROPOSED ACQUISITION

The consideration for the proposed acquisition is approximately RMB6.664 million (the “**Consideration**”) and was arrived at following arm’s length negotiations on a “willing-buyer, willing-seller” basis, taking into consideration the valuation of the shareholders’ equity of COSCO STA as at 31 December 2015.

The Consideration will be satisfied by CSG in cash on completion.

Completion of the proposed acquisition is conditional upon the approval of the board of directors of CSG.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Based on COSCO STA's latest audited financial statements as at 31 December 2015, the net book value of COSCO STA as at 31 December 2015 was approximately RMB13.2278 million.

An asset-based valuation was conducted by China Tong Cheng Assets Appraisal Co., Ltd. to evaluate COSCO STA's shareholders' equity as at 31 December 2015. Based on the asset assessment report, the valuation of shareholders' equity of COSCO STA as at 31 December 2015 was RMB16.66 million.

The proposed acquisition is not expected to have a material impact on the net tangible assets and earnings per share of the Company for the year ending 31 December 2016.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the proposed acquisition.

By Order of the Board
Gu Jing Song
Vice Chairman and President
24 November 2016