



Unaudited First Quarter Financial Statement Announcement for the Financial Period Ended 31 March 2017

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

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

**(i) Consolidated Income Statement**

	<b>Group</b>		
	<b>Q1 2017 S\$'000</b>	<b>Q1 2016 S\$'000</b>	<b>Change %</b>
Turnover	401,841	722,294	(44)
Cost of sales	(459,664)	(633,004)	(27)
Gross (loss)/profit	(57,823)	89,290	(165)
Other income [1]	15,530	13,795	13
Other gains and losses [1]	(8,590)	(836)	928
Expenses			
- Distribution	(8,646)	(19,540)	(56)
- Administrative [2]	(20,161)	(35,087)	(43)
- Finance	(64,149)	(59,682)	7
Share of (loss)/profit of associated companies [3]	(133)	18	NM
Loss before income tax [4]	(143,972)	(12,042)	1,096
Income tax credit [5]	285	296	(4)
<b>Net loss for the period</b>	<b>(143,687)</b>	<b>(11,746)</b>	<b>1,123</b>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>(78,926)</b>	<b>(14,394)</b>	<b>448</b>
Non-controlling interests	(64,761)	2,648	NM
Loss for the period	(143,687)	(11,746)	1,123
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)			
- basic	(3.52)	(0.64)	450
- diluted	(3.52)	(0.64)	450

NM denotes not meaningful.

**(ii) Consolidated Statement of Comprehensive Income**

	Group		
	Q1 2017 S\$'000	Q1 2016 S\$'000	Change %
<b>Net loss</b>	(143,687)	(11,746)	1,123
<b>Other comprehensive loss:</b>			
Available-for-sale financial assets - Fair value gain/(loss)	39	(77)	NM
Currency translation differences arising from consolidation	(3,423)	(51,928)	(93)
<b>Total comprehensive loss for the period</b>	(147,071)	(63,751)	131
<b>Total comprehensive loss attributable to:</b>			
<b>Equity holders of the Company</b>	<b>(83,912)</b>	<b>(44,711)</b>	<b>88</b>
Non-controlling interests	(63,159)	(19,040)	232
	(147,071)	(63,751)	131

**(iii) Breakdown and Explanatory Notes to Consolidated Income Statement**

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

	Group		
	Q1 2017 S\$'000	Q1 2016 S\$'000	Change %
Government grants	1,475	815	81
Interest income	7,498	6,446	16
Rental income	1,513	670	126
Sale of scrap materials	4,049	4,447	(9)
Sundry income	995	1,417	(30)
<b>Other income</b>	<b>15,530</b>	<b>13,795</b>	<b>13</b>
Foreign exchange loss	(3,701)	(144)	2,470
Net (loss) /gain on disposal of property, plant and equipment	(5,055)	9	NM
Gain/(loss) on sale of bunker stock	166	(701)	NM
<b>Other gains and losses</b>	<b>(8,590)</b>	<b>(836)</b>	<b>928</b>

[2] Administrative expenses include net reversal of impairment of trade and other receivables of \$11,131,000 (Q1 2016: \$720,000).

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

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

	<b>Group</b>		
	<b>Q1 2017 S\$'000</b>	<b>Q1 2016 S\$'000</b>	<b>Change %</b>
Interest on borrowings	(64,149)	(59,682)	7
Amortisation of deferred expenditure	(22)	(22)	-
Depreciation of property, plant and equipment and investment properties	(38,412)	(37,933)	1
Net reversal of impairment of trade and other receivables	11,131	720	1,446
Net (allowance for)/reversal of inventory write-down	(21,241)	1,237	NM
Property, plant and equipment written off	-	(296)	(100)
Allowance for expected losses recognised on construction contracts	(70,573)	(3,307)	2,034

[5] Adjustment for under provision of tax in respect of prior years:

	<b>Group</b>		
	<b>Q1 2017 S\$'000</b>	<b>Q1 2016 S\$'000</b>	<b>Change %</b>
Adjustment for under provision of tax in respect of prior years:			
Current income tax	(1)	-	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	
	31/03/2017 S\$'000	31/12/2016 S\$'000	31/03/2017 S\$'000	31/12/2016 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	1,672,219	1,520,375	42,073	29,868
Trade and other receivables	3,589,969	4,531,947	42,317	57,866
Inventories	1,213,064	835,582	-	-
Construction contract work-in-progress	87,348	72,408	-	-
Income tax receivables	2,901	1,933	-	-
Other current assets	11,732	11,891	108	100
	6,577,233	6,974,136	84,498	87,834
<b>Non-current assets</b>				
Trade and other receivables	86,688	102,556	-	-
Available-for-sale financial assets	4,536	4,599	-	-
Club memberships	275	280	48	48
Investments in associated companies	3,950	4,185	-	-
Investments in subsidiaries	-	-	372,778	372,778
Investment properties	15,186	14,675	-	-
Property, plant and equipment	2,409,214	2,527,363	351	393
Intangible assets	9,510	9,536	-	-
Deferred expenditure	2,728	2,799	-	-
Deferred income tax assets	138,455	140,598	-	-
	2,670,542	2,806,591	373,177	373,219
<b>Total assets</b>	9,247,775	9,780,727	457,675	461,053
<b>Current liabilities</b>				
Trade and other payables	2,051,453	2,095,706	18,028	17,585
Current income tax liabilities	9,223	9,877	2,120	2,174
Borrowings	3,498,418	4,297,091	-	-
Provision for other liabilities	39,926	38,949	-	-
	5,599,020	6,441,623	20,148	19,759
<b>Non-current liabilities</b>				
Borrowings	3,475,040	3,018,327	-	-
Deferred income tax liabilities	272	263	-	-
	3,475,312	3,018,590	-	-
<b>Total liabilities</b>	9,074,332	9,460,213	20,148	19,759
<b>Net assets</b>	173,443	320,514	437,527	441,294
<b>Equity</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	306,873	311,859	45,105	45,105
(Accumulated losses)/retained earnings	(325,333)	(246,407)	121,814	125,581
Shareholders' equity	252,148	336,060	437,527	441,294
Non-controlling interests	(78,705)	(15,546)	-	-
<b>Total equity</b>	173,443	320,514	437,527	441,294

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

**Amount repayable in one year or less, or on demand**

<b>As at 31/03/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
969,301,000	2,529,117,000	1,639,115,000	2,657,976,000

**Amount repayable after one year**

<b>As at 31/03/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	3,475,040,000	-	3,018,327,000

**Details of any collateral**

The collaterals for secured borrowings comprise the Group's trade receivables and property, plant and equipment with net book value totalling \$972,876,000 (2016: \$1,631,264,000).

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

	<b>Group</b>	
	<b>Q1 2017 S\$'000</b>	<b>Q1 2016 S\$'000</b>
<u>Cash flows from operating activities</u>		
Loss for the period	(143,687)	(11,746)
Adjustments for:		
Income tax credit	(285)	(296)
Amortisation of deferred expenditure	22	22
Depreciation of property, plant and equipment and investment properties	38,412	37,933
Net reversal of impairment of trade and other receivables	(11,131)	(720)
Net allowance for/(reversal of) allowance for inventory write-down	21,241	(1,237)
Loss/(gain) on disposal of property, plant and equipment	5,055	(9)
Allowance for expected losses recognised on construction contracts	70,573	3,307
Write-off of property, plant and equipment	-	296
Share of loss/(profit) of associated companies	133	(18)
Interest expense	64,149	59,682
Interest income	(7,498)	(6,446)
Exchange differences	(107,015)	(195,350)
	(70,031)	(114,582)
Changes in working capital:		
Inventories and construction contract work-in-progress	(29,791)	100,449
Trade and other receivables	583,436	79,463
Trade and other payables	(111,986)	(240,090)
Other current assets	160	(3,708)
Provision for other liabilities	977	(2,886)
Cash provided by/(used in) operations	372,765	(181,354)
Income tax paid	(2,575)	(2,994)
<b>Net cash provided by/(used in) operating activities</b>	<b>370,190</b>	<b>(184,348)</b>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(1,748)	(10,438)
Proceeds from disposal of property, plant and equipment	10,353	18
Interest received	9,097	10,739
<b>Net cash provided by investing activities</b>	<b>17,702</b>	<b>319</b>
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	1,146,027	1,556,582
Repayments of borrowings	(1,273,129)	(579,693)
Decrease/(Increase) in bank deposits pledged	138	(115)
Interest paid	(66,199)	(57,470)
Dividend paid to non-controlling interests of subsidiaries	(381)	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(193,544)</b>	<b>919,304</b>
<b>Net increase in cash and cash equivalents</b>	<b>194,348</b>	<b>735,275</b>
Cash and cash equivalents at beginning of financial period	1,518,398	1,569,004
Effects of currency translation on cash and cash equivalents	(42,366)	(95,488)
<b>Cash and cash equivalents at end of financial period</b>	<b>1,670,380</b>	<b>2,208,791</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	877,128	699,578
Short-term bank deposits	795,091	1,511,176
Less: Bank deposits pledged	(1,839)	(1,963)
	<b>1,670,380</b>	<b>2,208,791</b>

- 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
<b>The Group</b>					
<b>At 1 January 2017</b>	270,608	311,859	(246,407)	(15,546)	320,514
Total comprehensive loss for the period	-	(4,986)	(78,926)	(63,159)	(147,071)
<b>At 31 March 2017</b>	270,608	306,873	(325,333)	(78,705)	173,443
<b>At 1 January 2016</b>	270,608	328,838	222,586	517,951	1,339,983
Total comprehensive loss for the period	-	(30,317)	(14,394)	(19,040)	(63,751)
Transfer of statutory reserves from retained earnings	-	20	(20)	-	-
<b>At 31 March 2016</b>	270,608	298,541	208,172	498,911	1,276,232

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>The Company</b>					
<b>At 1 January 2017</b>	270,608	45,105	125,581	-	441,294
Total comprehensive loss for the period	-	-	(3,767)	-	(3,767)
<b>At 31 March 2017</b>	270,608	45,105	121,814	-	437,527
<b>At 1 January 2016</b>	270,608	45,105	119,259	-	434,972
Total comprehensive loss for the period	-	-	(4,312)	-	(4,312)
<b>At 31 March 2016</b>	270,608	45,105	114,947	-	430,660

- 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 outstanding share options under the Scheme 2002 as at 31 March 2017 were 6,270,000 (31 March 2016: 10,780,000).

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

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

The Company does not have any treasury shares.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

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

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

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

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



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

	Group	
	Q1 2017	Q1 2016
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	(3.52)	(0.64)
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	(3.52)	(0.64)
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 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 financial period.

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	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share (cents)	11.26	15.01	19.54	19.71

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

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

**Overview**

The Group recorded net loss attributable to equity holders of \$78.9 million on turnover of \$401.8 million in Q1 2017. Group turnover decreased 44.4% to \$401.8 million in Q1 2017 from \$722.3 million in Q1 2016 owing to a decrease in shipyard revenue.

## **Turnover**

In Q1 2017, turnover from shipyard operations decreased by 45.2% to \$392.6 million from \$716.6 million in Q1 2016, owing to lower revenue contribution from ship repair, ship building and marine engineering.

The Group delivered 7 projects in Q1 2017. Of these, COSCO Zhoushan shipyard delivered 1 shuttle tanker; COSCO Nantong shipyard delivered 1 floating, production, storage and offloading (FPSO) vessel; COSCO Dalian shipyard delivered 2 bulk carriers, 1 oil tanker, 1 module carrier and 1 salvage lifting vessel.

Turnover from dry bulk shipping and other businesses increased 63.2% from \$5.7 million in Q1 2016 to \$9.2 million in Q1 2017 as the current short-term charter rates were higher than those received in Q1 2016. The Group scrapped four of its bulk carriers – one in October 2016, two in February 2017 and one in March 2017 respectively.

The BDI started the year 2017 at 953 points and ended Q1 2017 higher at 1,297 points. The BDI averaged 945 points for Q1 2017, which is a 164.0% increase from the average of Q1 2016 of 358 points.

Shipyard business remained the biggest revenue contributor, making up 97.7% of Group turnover in Q1 2017.

## **Profitability**

Gross loss for Q1 2017 was \$57.8 million as compared to gross profit of \$89.3 million in Q1 2016 due to losses from shipyard and shipping operations. Shipyard operations recorded lower revenue and incurred inventory write-downs of \$21.2 million (Q1 2016: reversal of inventory write-down of \$1.2 million) and allowance for expected losses recognised on construction contracts of \$70.6 million (Q1 2016: \$3.3 million).

Other income comprised gain from the disposal of scrap metal, interest income and others. Compared to Q1 2016, other income increased 12.6% to \$15.5 million in Q1 2017 mainly due to higher government grants and rental income.

Other gains and losses for Q1 2017 were losses of \$8.6 million (Q1 2016: \$0.8 million losses) mainly due to an exchange loss of \$3.7 million (Q1 2016: \$0.1 million loss) and loss on disposal of property, plant and equipment of \$5.0 million (Q1 2016: \$0.01 million gain).

Administrative expenses decreased by 42.5% to \$20.2 million in Q1 2017 mainly due to the net reversal of impairment of trade and other receivables of \$11.1 million (Q1 2016: \$0.7 million), mainly for customers in the offshore marine engineering segment.

Interest expense increased by 7.5% to \$64.1 million in Q1 2017 due to high bank borrowings to fund shipyard operations.

Overall, the Group recorded net loss attributable to equity holders of the Company of \$78.9 million in Q1 2017 compared to net loss of \$14.4 million in Q1 2016 mainly due to losses in shipyard and shipping operations.

## **Balance Sheet**

(31 March 2017 vs 31 December 2016)

Cash and cash equivalents increased from \$1.5 billion to \$1.7 billion mainly due to cash provided by operating activities, partially offset by repayment of bank borrowings. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables decreased \$957.8 million to \$3.7 billion mainly due to lower construction contracts due from customers in the marine engineering segment (from \$3.8 billion to \$2.8 billion).

Trade and other payables remained unchanged at \$2.1 billion.

Total borrowings decreased by \$342.0 million to \$7.0 billion due to lower funding procured to finance shipyard operations.

Shareholder's equity decreased by \$84.0 million mainly due to the losses incurred in Q1 2017 and a decrease in currency translation reserve.

## **Cash Flow**

Net cash provided by operating activities for the quarter was \$370.2 million compared to net cash used in operating activities of \$184.3 million for the corresponding quarter last year. Please refer to Note 1(c) Cash Flow Statement for more details.

Net cash provided by investing activities for the quarter was \$17.7 million. This comprised principally the interest received and proceeds from the disposal of fixed assets during the quarter.

Net cash used in financing activities was \$193.5 million. This was due mainly to net repayments of bank borrowings and interests paid during the quarter.

**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.**

As at 31 March 2017, the Group's gross order book stood at approximately US\$5.8 billion with progressive deliveries up to 2020. These include modules of drillship and FPSO contracts for certain Brazilian customers which amount to approximately US\$951 million. The Group's gross order book of US\$5.8 billion includes several offshore marine engineering projects which have been substantially completed in construction but are yet to be delivered due to customers' requests for extension of delivery.

This order book continues to be subject to revision from any new, cancellation, variation or scheduling of orders that may arise. New orders received in Q1 2017 include 3 container vessels, 1 windfarm support unit and 1 offshore heavy lift project.

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

In offshore marine engineering operations, the Group is 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, semi-submersible accommodation rig and vessel, Sevan 650 drilling unit, semi submersible tender assist drilling rig, jack-up rig, platform supply vessel, emergency response/rescue/field support vessel, DP3 accommodation barge, subsea supply vessel, cargo transfer vessel, modules of drillship, offshore heavy lift vessel and wind farm support unit.

The Group expects competition to remain keen even as crude oil prices continue to remain low and global economic conditions remain generally weak.

The Baltic Dry Index (BDI) averaged 945 points in Q1 2017, an increase of 164.0% from the average of 358 points in Q1 2016.

Currently, the Group's dry bulk shipping fleet comprises Panamax, Supermax and Handymax carriers.

The world dry bulk shipping market is still seeing excess tonnage and overall weak macroeconomic conditions. In Q1 2017 as compared to same period last year, there has been some recovery, but such recovery was made from a very low base and the BDI remains at a relatively low level. Given these prevailing market conditions, any recovery in the dry bulk shipping segment will remain weak. Under such difficult market conditions and considering that the upkeep costs of the Group's dry bulk fleet will continue to increase, the Group scrapped four of its bulk carriers – one in October 2016, two in February 2017 and one in March 2017 respectively.

As the world shipping market continues to face tonnage over-capacity pressures, new ship building orders have fallen to a very low level in 2016. The ship building segment will thus continue to be highly challenging in 2017.

The Group's offshore marine segment has been adversely affected by the low crude oil prices over the past few years. Even though crude oil prices have improved from multi-year lows with Brent Crude Oil prices in Q1 2017 averaging US\$55 per barrel, an increase of 57.1% from the average of US\$35 for Q1 2016, the market remains highly challenging.

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

Amidst continuing weakness in the state of the global economy, challenging market conditions and depressed crude oil prices, more 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 will adversely impact the Group's financial position.

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

Against the backdrop of such difficult conditions, the Group recorded a net loss attributable to equity holders of \$78.9 million for Q1 2017.

Overall, the Group expects that these difficult and challenging business and operating conditions to persist and may even worsen. As such, 2017 will remain challenging for the Group.

In December 2016, the Company made an announcement that it has been informed by its parent company that: The China COSCO Shipping Corporation group will be restructuring its shipyard businesses. The objective of the shipyard business restructuring is to centralize operations and management of the shipyard businesses of the China COSCO Shipping Corporation group. On 5 May 2017, the Company entered into a conditional sale and purchase agreement with COSCO Shipping Heavy Industry Co., Ltd. in relation to the proposed disposal by the Company of its (a) 51% equity interest in COSCO Shipyard Group Co., Ltd.; (b) 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd.; and (c) 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd.. The Company intends to use the sale proceeds from the Proposed Disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities and the Company will provide updates as necessary at the appropriate time.

**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/recommendeded, a statement to that effect.**

No interim dividend has been declared/recommended by the Directors in Q1 2017.

### 13. 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>		
Chimbusco Zhoushan Branch	-	1,635
China Marine Bunker (Dalian) Co., Ltd	-	2,255
China Ocean Shipping (Group) Company	-	605
China Shipping Bulk Carrier Co., Ltd	353	-
Cosco (HK) Investment & Development Co., Ltd	-	4,401
Cosco (HK) Shipping Co., Ltd	-	353
Cosco Bulk Carrier Co., Ltd	-	261
Cosco Bulk Tianjin Forwarding Co., Ltd	-	229
Cosco Finance Co., Ltd	-	157,252
COSCO Kansai Paint & Chemicals Co., Ltd	-	108
Cosco Logistic (GZ) Heavy Transportation	-	254
Cosco Logistics (Shanghai) Heavy Haulage Co., Ltd	-	3,277
Cosco Petroleum Pte Ltd	-	1,153
Cosco Shipping Bulk Co., Ltd	-	286
Cosco Shipping Development Co., Ltd	751	-
Cosco Shipping Lines Co., Ltd	-	4,832
Cosco Shipping Specialized Carriers Co., Ltd	-	3,775
Cosco Shipping Tanker (Dalian) Co., Ltd	702	-
Cosco Shipping Tanker (Shanghai) Co., Ltd	104	-
Cosco Shipping Asphalt (Hainan) Co., Ltd	-	226
Nantong Chimbusco Marine Bunker Co., Ltd	-	338
Nantong Cosco Heavy Industry Co., Ltd	-	922
Qingdao Manning Co-operation Ltd	-	702
Refined Success Limited	-	128
Shanghai Ocean Crew Co., Ltd	-	1,169
<b>Total</b>	<b>1,910</b>	<b>184,161</b>

	As at 31/03/2017	As at 31/12/2016
	S\$'000	S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	543,932	323,576
- Short-term bank deposits	65,611	1,248
	609,543	324,824
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	239,199	294,729

**14. 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  
5/5/2017

## **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 period ended 31 March 2017 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song  
Vice Chairman and President

Mr Ang Swee Tian  
Director

5/5/2017