



**Unaudited Third Quarter Financial Statement Announcement for the Financial Period Ended 30 September 2017**

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

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

(i) Consolidated Income Statement

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Continuing operations</b>						
Turnover	6,997	9,859	(29)	29,201	29,412	(1)
Cost of sales	(7,120)	(12,245)	(42)	(26,780)	(40,850)	(34)
Gross (loss)/profit	(123)	(2,386)	(95)	2,421	(11,438)	(121)
Other income [1]	406	321	26	1,289	979	32
Other gains and losses [1]	(41)	970	NM	(17,510)	(3,434)	410
Expenses						
- Distribution	(72)	(177)	(59)	(127)	(323)	(61)
- Administrative	(4,135)	(3,425)	21	(9,652)	(8,633)	12
Loss before income tax [2]	(3,965)	(4,697)	(16)	(23,579)	(22,849)	3
Income tax expense [3]	(172)	(139)	24	(333)	(424)	(21)
<b>Loss from continuing operations</b>	(4,137)	(4,836)	(14)	(23,912)	(23,273)	3
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations [4]	23,570	(249,290)	NM	(133,685)	(295,443)	(55)
<b>Profit/(loss) for the period</b>	19,433	(254,126)	NM	(157,597)	(318,716)	(51)
<b>Profit/(loss) attributable to: Equity holders of the Company</b>	<b>24,769</b>	<b>(102,339)</b>	<b>NM</b>	<b>(74,971)</b>	<b>(153,539)</b>	<b>(51)</b>
Non-controlling interests	(5,336)	(151,787)	(96)	(82,626)	(165,177)	(50)
Profit/(loss) for the period	19,433	(254,126)	NM	(157,597)	(318,716)	(51)

	Group					
	Q3 2017	Q3 2016 (restated)	Change %	YTD 2017	YTD 2016 (restated)	Change %
<b>Earnings per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company</b> (expressed in cents per share)						
Basic and diluted earnings per share:						
- from continuing operations	(0.19)	(0.22)	(14)	(1.07)	(1.05)	2
- from discontinued operations	1.29	(4.35)	NM	(2.27)	(5.81)	(61)

NM denotes not meaningful.

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Profit/(loss) for the period</b>	19,433	(254,126)	NM	(157,597)	(318,716)	(51)
<b>Other comprehensive income/(loss):</b> Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value gain/(loss)	13	(7)	NM	46	(78)	NM
Currency translation differences arising from consolidation	2,152	15,270	(86)	105	(62,799)	NM
<b>Total comprehensive income/(loss) for the period</b>	21,598	(238,863)	NM	(157,446)	(381,593)	(59)
<b>Total comprehensive Income/(loss) attributable to:</b>						
<b>Equity holders of the Company</b>	<b>26,060</b>	<b>(95,007)</b>	NM	<b>(78,144)</b>	<b>(189,480)</b>	(59)
Non-controlling interests	(4,462)	(143,856)	(97)	(79,302)	(192,113)	(59)
Total comprehensive income/(loss)	21,598	(238,863)	NM	(157,446)	(381,593)	(59)

NM denotes not meaningful.

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

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b><u>Continuing operations</u></b>						
Government grants	2	5	(60)	32	49	(35)
Interest income	229	189	21	748	575	30
Rental income	166	117	42	492	306	61
Sale of scrap materials	3	6	(50)	4	39	(90)
Sundry income	6	4	50	13	10	30
Other income	406	321	26	1,289	979	32
Foreign exchange (loss)/gain	(250)	558	NM	(2,932)	(3,540)	(17)
Gain/(loss) on disposal of property, plant and equipment	159	-	NM	(14,814)	-	NM
Gain on sale of bunker stock	50	412	(88)	236	106	123
Other gains and losses	(41)	970	NM	(17,510)	(3,434)	410

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b><u>Continuing Operations</u></b>						
Amortisation of deferred expenditure	(10)	(10)	-	(28)	(28)	-
Depreciation of property, plant and equipment and investment properties	(1,241)	(3,299)	(62)	(4,353)	(10,460)	(58)
Property, plant and equipment written off	-	(69)	(100)	-	(359)	(100)

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Income tax	-	-	-	(1)	-	NM

[4] The Group has obtained shareholders' approval at an Extraordinary General Meeting held on 30 August 2017 to sell 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"). As a result, the entire assets and liabilities related to the Group's shipyard business in China are classified as a disposal group held-for sale on the balance sheet, and the entire results from the Group's shipyard business in China are presented separately on the Consolidated Income Statement as "Discontinued operations". The transaction is expected to be completed by Q4 2017.

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Turnover	521,188	652,483	(20)	1,425,560	2,118,140	(33)
Cost of sales	(448,572)	(600,771)	(25)	(1,392,551)	(1,956,565)	(29)
Gross profit/(loss)	72,616	51,712	40	33,009	161,575	(80)
Other income [i]	22,486	19,573	15	55,017	47,443	16
Other gains and losses [i]	(32,731)	(6,499)	404	(29,623)	(12,586)	135
Expenses						
- Distribution	(9,854)	(13,461)	(27)	(31,906)	(45,675)	(30)
- Administrative [ii]	24,035	(292,830)	NM	8,503	(335,734)	NM
- Finance	(53,722)	(55,901)	(4)	(171,076)	(168,182)	2
Share of (loss)/profit of associated companies	(71)	72	NM	(233)	129	NM
Profit/(loss) before income tax [iii]	22,759	(297,334)	NM	(136,309)	(353,030)	(61)
Income tax credit [iv]	811	48,044	(98)	2,624	57,587	(95)
<b>Profit/(loss) from discontinued operations</b>	<b>23,570</b>	<b>(249,290)</b>	<b>NM</b>	<b>(133,685)</b>	<b>(295,443)</b>	<b>(55)</b>

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Dividend income	30	31	(3)	30	31	(3)
Government grants	5,410	3,283	65	9,138	5,251	74
Interest income	6,041	5,637	7	20,453	17,238	19
Rental income	1,099	1,195	(8)	4,462	2,671	67
Sale of scrap materials	7,859	3,847	104	16,364	13,808	19
Sundry income	2,047	5,580	(63)	4,570	8,444	(46)
Other income	22,486	19,573	15	55,017	47,443	16
Foreign exchange loss	(32,264)	(6,525)	394	(29,441)	(12,643)	133
(Loss)/gain on disposal of property, plant and equipment	(467)	26	NM	(182)	57	NM
Other gains and losses	(32,731)	(6,499)	404	(29,623)	(12,586)	135

[ii] Administrative expenses of discontinued operations include:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Net reversal of/(allowance for) impairment of trade and other receivable	49,948	(261,700)	NM	93,470	(245,724)	NM

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<u>Discontinued operations</u>						
Interest on borrowings	(53,722)	(55,901)	(4)	(171,076)	(168,182)	2
Amortisation of deferred expenditure	(11)	(11)	-	(36)	(37)	(3)
Depreciation of property, plant and equipment and investment properties	(35,131)	(31,824)	10	(106,583)	(98,999)	8
Net reversal of /(allowance for) impairment of receivable and other receivables	49,948	(261,700)	NM	93,470	(245,724)	NM
Write-down of inventories	(6,887)	(510)	1,250	(47,767)	(6,982)	584
Allowance for expected losses recognised on construction contracts	(68,326)	(42,119)	62	(183,825)	(60,200)	205

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

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Income tax	-	1,953	(100)	(34)	1,538	NM
Deferred tax	-	2,422	(100)	121	2,635	(95)

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	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	129,830	1,520,375	36,356	29,868
Trade and other receivables	8,943	4,531,947	42,578	57,866
Inventories	242	835,582	-	-
Construction contract work-in-progress	-	72,408	-	-
Income tax receivables	-	1,933	-	-
Other current assets	355	11,891	160	100
	139,370	6,974,136	79,094	87,834
Non-current asset classified as held-for-sale [1]	-	-	246,139	-
Asset of disposal group classified as held-for-sale [2]	8,689,361	-	-	-
	8,828,731	6,974,136	325,233	87,834
<b>Non-current assets</b>				
Trade and other receivables	-	102,556	-	-
Available-for-sale financial assets	-	4,599	-	-
Club memberships	148	280	34	48
Investments in associated companies	-	4,185	-	-
Investments in subsidiaries	-	-	126,639	372,778
Investment properties	13,763	14,675	-	-
Property, plant and equipment	52,858	2,527,363	206	393
Intangible assets	-	9,536	-	-
Deferred expenditure	776	2,799	-	-
Deferred income tax assets	-	140,598	-	-
	67,545	2,806,591	126,879	373,219
<b>Total assets</b>	8,896,276	9,780,727	452,112	461,053
<b>Current liabilities</b>				
Trade and other payables	15,273	2,095,706	17,646	17,585
Current income tax liabilities	582	9,877	2,133	2,174
Borrowings	-	4,297,091	-	-
Provision for other liabilities	338	38,949	-	-
	16,193	6,441,623	19,779	19,759
Liabilities directly associated with disposal group classified as held-for-sale [3]	8,716,982	-	-	-
	8,733,175	6,441,623	19,779	19,759
<b>Non-current liabilities</b>				
Borrowings	-	3,018,327	-	-
Deferred income tax liabilities	133	263	-	-
	133	3,018,590	-	-
<b>Total liabilities</b>	8,733,308	9,460,213	19,779	19,759
<b>Net assets</b>	162,968	320,514	432,333	441,294

	Group		Company	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
<b>Equity</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	308,819	311,859	45,105	45,105
(Accumulated losses)/retained earnings [4]	(321,511)	(246,407)	116,620	125,581
	257,916	336,060	432,333	441,294
<b>Non-controlling interests</b>	(94,948)	(15,546)	-	-
<b>Total equity</b>	162,968	320,514	432,333	441,294

### Notes on disposal group classified as held-for-sale

[1] Details of assets in non-current asset classified as held-for-sale are follows:

	<b>Company</b> <b>30/09/2017</b> <b>S\$'000</b>
Investment in subsidiaries	<u>246,139</u>

[2] Details of the assets in disposal group classified as held-for-sale are as follows:

	<b>Group</b> <b>30/9/2017</b> <b>S\$'000</b>
Cash and cash equivalents	1,128,134
Trade and other receivables	3,760,097
Inventories	1,211,059
Construction contract work-in-progress	153,931
Income tax receivables	706
Other current assets	5,832
Available-for-sale financial assets	4,572
Investments in associated companies	3,873
Investment properties	3,448
Property, plant and equipment	2,262,340
Intangible assets	9,517
Deferred expenditure	1,921
Deferred income tax assets	143,931
	<u>8,689,361</u>

[3] Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<b>Group 30/9/2017 S\$'000</b>
Trade and other payables	1,995,431
Current income tax liabilities	3,023
Borrowings	6,602,026
Provision for other liabilities	116,359
Deferred income tax liabilities	143
	<u>8,716,982</u>

[4]

	<b>Group</b>	
	<b>30/09/2017 S\$'000</b>	<b>31/12/2016 S\$'000</b>
Cummulative income recognised in other comprehensive income relating to disposal group classified as held-for-sale are as follows:		
- Currency translation differences	79,952	74,437
- Fair value gain for available-for-sale financial assets	231	208
	<u>80,183</u>	<u>74,645</u>

**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 30/09/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
429,773,000	3,395,731,000	1,639,115,000	2,657,976,000

**Amount repayable after one year**

<b>As at 30/09/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
-	2,776,522,000	-	3,018,327,000

The aggregate amount of group's borrowings totalling \$6,602,026,000 has been included in the liabilities directly associated with disposal group classified as held-for-sale.

**Details of any collateral**

The collaterals for secured borrowings comprise the Group's trade receivables with net book value totalling \$442,638,000 (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>Q3 2017 S\$'000</b>	<b>Q3 2016 S\$'000</b>
<u>Cash flows from operating activities</u>		
Profit/(loss) for the period	19,433	(254,126)
Adjustments for:		
Income tax expense	(639)	(47,905)
Share of results of associated companies	71	(72)
Amortisation of deferred expenditure	21	21
Depreciation of property, plant and equipment and investment properties	36,372	35,123
Net (reversal)/allowance for impairment of trade and other receivables	(49,948)	261,700
Write-down of inventories	6,887	510
Loss/(gain) on disposal of property, plant and equipment	308	(26)
Allowance for expected losses recognised on construction contracts	68,326	42,119
Write-off of property, plant and equipment	-	69
Loss on disposal of club memberships	42	-
Dividend income	(30)	(31)
Interest expense	53,722	55,901
Interest income	(6,270)	(5,826)
Exchange differences	(36,107)	96,599
	<b>92,188</b>	<b>184,056</b>
Changes in working capital:		
Inventories and construction contract work-in-progress	(61,452)	(164,854)
Trade and other receivables	(21,848)	(127,560)
Trade and other payables	(199,416)	21,835
Other current assets	6,440	2,818
Provision for other liabilities	75,488	96
Cash used in operations	(108,600)	(83,609)
Income tax paid	2,350	669
<b>Net cash used in operating activities</b>	<b>(106,250)</b>	<b>(82,940)</b>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(2,689)	(4,303)
Proceeds from disposal of property, plant and equipment	439	184
Proceeds from disposal of club membership	41	-
Dividend received	30	31
Interest received	2,842	3,435
<b>Net cash provided by/(used in) investing activities</b>	<b>663</b>	<b>(653)</b>
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	609,976	860,037
Repayments of borrowings	(542,806)	(1,264,148)
Decrease in bank deposits pledged	659	579
Interest paid	(57,748)	(58,894)
Dividends paid to minority shareholders of subsidiaries	-	(554)
<b>Net cash provided by /(used in) financing activities</b>	<b>10,081</b>	<b>(462,980)</b>

	Group	
	Q3 2017 S\$'000	Q3 2016 S\$'000
<b>Net decrease in cash and cash equivalents</b>	(95,506)	(546,573)
Cash and cash equivalents at beginning of financial period	1,353,196	2,106,540
Effects of currency translation on cash and cash equivalents	(862)	30,876
<b>Cash and cash equivalents at end of financial period</b>	<b>1,256,828</b>	<b>1,590,843</b>
Included in cash and cash equivalents per the balance sheet	129,830	1,590,843
Included in the assets of the disposal group	1,126,998	-
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	344,427	279,544
Short-term bank deposits	913,537	1,312,782
Less: Bank deposits pledged	(1,136)	(1,483)
	<b>1,256,828</b>	<b>1,590,843</b>

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

	Group	
	Q3 2017 S\$'000	Q3 2016 S\$'000
Net cash used in operating activities	(106,878)	(83,097)
Net cash from/(used in) investing activities	516	(854)
Net cash from/(used in) financing activities	10,082	(462,980)
Net cash outflows	(96,280)	(546,931)

- 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 July 2017</b>	270,608	307,395	(346,147)	(90,486)	141,370
Total comprehensive income/(loss) for the period	-	1,291	24,769	(4,462)	21,598
Transfer from retained earnings to statutory reserves	-	133	(133)	-	-
<b>At 30 September 2017</b>	<b>270,608</b>	<b>308,819</b>	<b>(321,511)</b>	<b>(94,948)</b>	<b>162,968</b>
<b>At 1 July 2016</b>	270,608	285,585	171,366	469,694	1,197,253
Total comprehensive income/(loss) for the period	-	7,332	(102,339)	(143,856)	(238,863)
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(1,500)	(1,500)
Transfer from retained earnings to statutory reserves	-	773	(773)	-	-
<b>At 30 September 2016</b>	<b>270,608</b>	<b>293,690</b>	<b>68,254</b>	<b>324,338</b>	<b>956,890</b>
<b>The Company</b>					
<b>At 1 July 2017</b>	270,608	45,105	120,052	-	435,765
Total comprehensive loss for the period	-	-	(3,432)	-	(3,432)
<b>At 30 September 2017</b>	<b>270,608</b>	<b>45,105</b>	<b>116,620</b>	<b>-</b>	<b>432,333</b>
<b>At 1 July 2016</b>	270,608	45,105	112,449	-	428,162
Total comprehensive loss for the period	-	-	(996)	-	(996)
<b>At 30 September 2016</b>	<b>270,608</b>	<b>45,105</b>	<b>111,453</b>	<b>-</b>	<b>427,166</b>

- 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 Q3 2017, 330,000 share options granted under COSCO Group Employees' Share Option Scheme 2002 ("Scheme 2002") were lapsed.

The outstanding share options under the Scheme 2002 as at 30 September 2017 were 5,790,000 (30 September 2016: 9,650,000).

**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 30 September 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			
	Q3 2017	Q3 2016 (restated)	YTD 2017	YTD 2016 (restated)
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	1.10	(4.57)	(3.34)	(6.86)
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)	1.10	(4.57)	(3.34)	(6.86)
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/(loss) attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

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

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

	Group		Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share (cents)	11.52	15.01	19.31	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.**

### **Q3 2017**

The group recorded net profit attributable to equity holders of \$24.8 million in Q3 2017.

#### Continuing Operations

The Group recorded net loss from continuing operations in dry bulk shipping and other businesses of \$4.1 million on turnover of \$7.0 million in Q3 2017.

Group turnover from continuing operations decreased by 29.0% to \$7.0 million in Q3 2017, from \$9.9 million in Q3 2016 mainly due to a decrease in shipping revenue from a smaller fleet of bulk carriers. Currently, the Group's dry bulk shipping fleet comprises 4 Handymax carriers, having scrapped six bulk carriers by the end of September 2017.

The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started Q3 2017 at 901 points and ended the quarter at 1,356 points. In Q3 2017, the BDI averaged 1,134 points which is a 54.2% increase from the average of Q3 2016 of 735 points. While there has been some recovery, such recovery was made from a very low base and the BDI remains at a relatively low level.

Gross loss for Q3 2017 was \$0.1 million as compared to gross loss of \$2.4 million in Q3 2016 mainly due to some recovery in the relatively low charter rates of bulk carriers.

Other income comprised interest income and others. Compared to Q3 2016, other income increased by 26.5% to \$0.4 million in Q3 2017 mainly due to higher interest and rental income.

The Group recorded net loss of \$4.1 million from continuing operations, as compared to net loss of \$4.8 million in Q3 2016; and net profit of \$23.6 million from discontinued operations, as compared to net loss of \$249.3 million in Q3 2016.

#### Discontinued Operations

The Group recorded net profit from discontinued operations of \$23.6 million in Q3 2017. This relates to the Group's shipyard business in China.

### **First Nine Months 2017**

The group recorded net loss attributable to equity holders of \$75.0 million for the first nine months in 2017.

#### Continuing Operations

The Group recorded net loss from continuing operations in dry bulk shipping and other businesses of \$23.9 million on turnover of \$29.2 million for the first nine months in 2017.

Group turnover from continuing operations remain relatively unchanged at \$29.2 million for the first nine months in 2017 as compared to the corresponding period in 2016. Currently, the Group's dry bulk shipping fleet comprises 4 Handymax carriers, having scrapped six bulk carriers by the end of September 2017.

The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started the year at 953 points and ended the period at 1,356 points. For the first nine months 2017, the BDI averaged 1,030 points which was a 80.1% increase from the average for the first nine months in 2016 of 572 points. While there has been some recovery, such recovery was made from a very low base and the BDI remains at a relatively low level.

Gross profit for the first nine months in 2017 was \$2.4 million as compared to gross loss of \$11.4 million for the corresponding period in 2016 mainly due to some recovery in the relatively low charter rates of bulk carriers.

Other income comprised gain from interest income and others. Compared to first nine months in 2016, other income increased by 32.0% to \$1.2 million mainly due to higher interest and rental income.

Other losses increased by \$14.1 million to a loss of \$17.5 million for first nine months in 2017 mainly due to the loss on disposal of property, plant and equipment.

The Group recorded net loss of \$23.9 million from continuing operations for the first nine months in 2017, as compared to net loss of \$23.2 million for the corresponding period in 2016; and net loss of \$133.7 million from discontinued operations, as compared to net loss of \$295.4 million for the corresponding period in 2016.

#### Discontinued Operations

The Group recorded net loss from discontinued operations of \$133.7 million for first nine months in 2017. This relates to the Group's shipyard business in China.

#### **Balance Sheet**

(30 September 2017 vs 31 December 2016)

The Group has obtained shareholders' approval at an Extraordinary General Meeting held on 30 August 2017 to sell 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). As a result, the entire assets and liabilities related to the Group's shipyard business in China are classified as a disposal group held-for-sale on the balance sheet, and the entire results from the Group's shipyard business in China are presented separately on the Consolidated Income Statement as "Discontinued operations". The transaction is expected to be completed by Q4 2017.

#### **Cash Flow**

Net cash used in operating activities for the quarter was \$106.3 million compared to net cash used in operating activities of \$82.9 million in Q3 2016.

Net cash provided by investing activities for the quarter was \$0.7 million. This comprised principally the interest received and proceeds from the disposal of assets and partially offset by purchase of property, plant and equipment during the quarter.

Net cash provided by financing activities was \$10.0 million. This was mainly due to net repayments of bank borrowings and interest paid during the quarter.

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

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

Not applicable.

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

The world dry bulk shipping market is still seeing excess tonnage and overall weak macroeconomic conditions. In Q3 2017 as comparison 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. The Baltic Dry Index (BDI) averaged 1134 points in Q3 2017, an increase of 54.2% from the average of 735 points in Q3 2016. Given these prevailing market conditions, any recovery in the dry bulk shipping segment will remain weak. Under such difficult market conditions and considering that the upkeep costs of the Group's dry bulk fleet will continue to increase, the Group has scrapped 6 dry bulk carriers by the end of September 2017.

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. for a total consideration of RMB1,465,822,955. The Company's shareholders approved the proposed disposal at an extraordinary general meeting held on 30 August 2017. The transaction is expected to be completed by Q4 2017.

The Company is currently working towards completing the proposed disposal as soon as possible. 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.

On 4 August 2017, the Company announced that it had entered into a non-binding Memorandum of Understanding with COSCO SHIPPING (South East Asia) Pte Ltd in relation to the proposed acquisition of approximately 40% of the issued shares of the issued and paid-up share capital of PT. Ocean Global Shipping (a company incorporated in Indonesia) by the Company. PT. Ocean Global Shipping's businesses include logistic service, container canvassing and management, ship agency and chartering and bunkering. On 3 November 2017, the Company announced that it had entered into a share sale and purchase agreement for the purchase of an approximately 40% stake in PT Ocean Global Shipping for a consideration of S\$13,953,370.86 payable in cash.

**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 Q3 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)	
	Q3 2017 S\$'000	YTD 2017 S\$'000	Q3 2017 S\$'000	YTD 2017 S\$'000
<u>Between Subsidiaries and:</u>				
Bright Sea Management Limited	-	-	413	582
Chimbusco Zhoushan Branch	-	-	1,504	4,479
China Marine Bunker (Dalian) Co., Ltd	-	-	4,141	8,177
China Marine Bunker Guangzhou Co., Ltd	-	-	705	857
China Ocean Shipping (Group) Company	-	-	-	842
China Shipping - Vastwin Engineering & Logistic Co., Ltd.	-	-	-	686
China Shipping Bulk Carrier Co., Ltd	-	353	593	1,433
China Shipping Industry (Jiangsu) Co., Ltd	-	-	1,103	1,611
China Shipping Industry (Shanghai Changxing) Co., Ltd	-	-	8,906	8,906
China Shipping Tanker Company Limited	-	-	2,291	3,338
Cosco (Cayman) Mercury Co., Ltd	-	-	197	310
Cosco (HK) Insurance Brokers Ltd	-	-	145	145
Cosco (HK) Investment & Development Co., Ltd	-	-	148	8,747
Cosco (HK) Shipping Co., Ltd	-	-	519	4,282
Cosco-Feoso (S) Pte Ltd	103	103	-	-
Cosco Bulk Carrier Co., Ltd	-	-	844	3,847
Cosco Bulk Tianjin Forwarding Co., Ltd	-	-	-	229
Cosco Finance Co., Ltd	-	-	265,317	633,055
COSCO Kansai Paint & Chemicals Co., Ltd	-	-	242	530
Cosco Logistic (GZ) Heavy Transportation	-	-	-	254
Cosco Logistics (Shanghai) Heavy Haulage Co., Ltd	-	-	-	3,277
Cosco Petroleum Pte Ltd	-	-	-	1,517
Cosco Shipping Bulk Co., Ltd	-	-	575	861
Cosco Shipping Development Co., Ltd	-	751	355	1,404
Cosco Shipping Ferry Co., Ltd	-	-	-	119
Cosco Shipping Lines Co., Ltd	-	-	182	7,158
Cosco Shipping Logistics Co., Ltd	-	-	184	184
Cosco Shipping Logistics Dalian Co., Ltd.	-	-	-	343
Cosco Shipping Specialized Carriers Co., Ltd	-	-	803	9,092
Cosco Shipping Tanker (Dalian) Co., Ltd	-	702	1,183	1,632
Cosco Shipping Tanker (Shanghai) Co., Ltd	-	104	871	871
Cosco Shipping Asphalt (Hainan) Co., Ltd (formerly known as "Cosco Southern Asphalt Shipping Co., Ltd")	-	-	-	226
Dapengwan Maritime Company Limited	-	-	377	377
Mulanwan Maritime Company Limited	-	-	308	308
Nantong Chimbusco Marine Bunker Co., Ltd	-	-	-	1,551

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)	
	Q3 2017 S\$'000	YTD 2017 S\$'000	Q3 2017 S\$'000	YTD 2017 S\$'000
(continued)				
Nantong Cosco Heavy Industry Co., Ltd	-	-	1,829	3,661
Qingdao Manning Co-operation Ltd	-	-	429	1,668
Qingdao Ocean Shipping Company	-	-	480	902
Refined Success Limited	-	-	-	128
SDIC Shipping Development Co., Ltd	-	-	152	414
Shanghai Ocean Crew Co., Ltd	-	-	424	2,029
Yueliangwan Maritime Co., Limited	-	-	315	315
<b>Total</b>	<b>103</b>	<b>2,013</b>	<b>295,535</b>	<b>720,347</b>

	As at 30/09/2017 S\$'000	As at 31/12/2016 S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	90,103	323,576
- Short-term bank deposits	62,891	1,248
	152,994	324,824
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	401,924	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  
3/11/2017

## **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 30 September 2017 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song  
Vice Chairman and President

Mr Tom Yee Lat Shing  
Director

3/11/2017