



Unaudited Half Year Financial Statement Announcement for the Financial Period Ended 30 June 2020

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

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

(i) Consolidated Income Statement

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Turnover [1]	86,273	80,208	8
Cost of sales	(75,591)	(61,490)	23
Gross profit	10,682	18,718	(43)
Other income [2]	6,680	957	598
Other gains and losses [2]	1,407	2,295	(39)
Expenses			
- Distribution	(1,248)	(1,225)	2
- Administrative	(11,616)	(11,249)	3
- Finance	(4,175)	(4,401)	(5)
Share of profit of associated companies	1,024	927	10
Profit before income tax [3]	2,754	6,022	(54)
Income tax expense [4]	(1,071)	(1,330)	(19)
Profit for the period	1,683	4,692	(64)
Profit attributable to:			
Equity holders of the Company	1,415	4,611	(69)
Non-controlling interests	268	81	231
Profit for the period	1,683	4,692	(64)
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)			
- basic	0.06	0.21	(71)
- diluted	0.06	0.21	(71)

(ii) Consolidated Statement of Comprehensive Income

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Profit for the period	1,683	4,692	(64)
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)	1,228	(484)	NM
	1,228	(484)	NM
Total comprehensive income for the period	2,911	4,208	(31)
Total comprehensive income attributable to:			
Equity holders of the Company	2,865	4,127	(31)
Non-controlling interests	46	81	(43)
Total comprehensive income for the period	2,911	4,208	(31)

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

[1] The Group has recognised the rental waiver granted to its tenants under the Government Rental Relief Framework as a reduction of turnover.

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

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Government grants	6,097	231	NM
Interest income	217	303	(28)
Rental income	65	215	(70)
Sale of scrap materials	4	-	NM
Sundry income	297	208	43
Other income	6,680	957	598
Foreign exchange (loss)/gain	(38)	14	NM
Gain on modification of lease	-	65	NM
(Loss)/gain on disposal of property, plant and equipment	(1)	1,926	NM
Gain on disposal of an investment property	866	-	NM
Gain on bargain purchase of subsidiaries	926	-	NM
(Loss)/gain on sale of bunker stock	(346)	290	NM
Other gains and losses	1,407	2,295	(39)

Government grants mainly comprised of rental rebates, Jobs Support Scheme, property tax rebate and foreign worker levy rebate under the various support measures in relation to the COVID-19 pandemic granted by the Singapore Government to help businesses cushion the negative impact of COVID-19. The related rental waiver granted to its tenants was recognised as a reduction of turnover whereas the related costs incurred in relation to the government grants were separately included in the cost of sales and expenses in accordance with the Group's accounting policy.

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

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Interest on borrowings	(4,175)	(4,401)	(5)
Amortisation of intangible assets	(2,340)	(2,341)	0
Depreciation of property, plant and equipment and investment properties	(21,838)	(21,501)	2
(Allowance)/reversal for impairment of trade and other receivables	(180)	4	NM

[4] Adjustment for over provision of tax in respect of prior years:

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Current income tax	104	77	35
Deferred tax	-	36	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	
	30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
Current assets				
Cash and cash equivalents	71,446	67,165	4,628	8,548
Trade and other receivables	46,327	40,856	39	103
Inventories	1,442	858	-	-
Income tax receivables	1,160	1,160	-	-
	120,375	110,039	4,667	8,651
Non-current assets				
Trade and other receivables	477	477	-	-
Investments in associated companies	17,346	16,209	13,953	13,953
Investments in subsidiaries	-	-	614,589	614,589
Investment properties	29,634	22,872	-	-
Property, plant and equipment	713,988	672,412	48	62
Intangible assets	124,013	126,352	-	-
Deferred tax assets	30	6	-	-
	885,488	838,328	628,590	628,604
Total assets	1,005,863	948,367	633,257	637,255
Current liabilities				
Trade and other payables	52,793	49,035	40,462	41,092
Current income tax liabilities	2,589	1,549	17	20
Borrowings	30,641	32,312	-	-
Provisions	1,168	1,505	-	-
	87,191	84,401	40,479	41,112
Non-current liabilities				
Trade and other payables	6,927	988	-	988
Borrowings	306,961	267,465	72,069	72,069
Provisions	388	389	-	-
Deferred income tax liabilities	62,599	56,845	-	-
	376,875	325,687	72,069	73,057
Total liabilities	464,066	410,088	112,548	114,169
Net assets	541,797	538,279	520,709	523,086
Equity				
Share capital	270,608	270,608	270,608	270,608
Other reserves	29,888	35,365	45,105	45,105
Retained earnings	231,810	230,395	204,996	207,373
Shareholders' equity	532,306	536,368	520,709	523,086
Non-controlling interests	9,491	1,911	-	-
Total equity	541,797	538,279	520,709	523,086

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

Amount repayable in one year or less, or on demand

As at 30/06/2020		As at 31/12/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
28,140	2,501	32,112	200

Amount repayable after one year

As at 30/06/2020		As at 31/12/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
213,593	93,368	195,396	72,069

Details of any collateral

The collaterals for secured borrowings include property, plant and equipment, right-of-use assets and bank deposits. The carrying amount of the property, plant and equipment mortgaged as security for the group's bank borrowings is approximately \$437,177,000 (31 December 2019: \$428,635,000). Included in secured borrowings are current lease liabilities of \$15,729,000 (31 December 2019: \$20,683,000) and non-current lease liabilities of \$75,518,000 (31 December 2019: \$67,784,000) which are secured over the right-of-use assets classified within investment properties and property, plant and equipment of \$17,145,000 (31 December 2019: \$9,771,000) and \$94,360,000 (31 December 2019: \$88,848,000) respectively.

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

	Group	
	1H 2020 S\$'000	1H 2019 S\$'000
<u>Cash flows from operating activities</u>		
Profit for the period	1,683	4,692
Adjustments for:		
Income tax expense	1,071	1,330
Amortisation of intangible assets	2,340	2,341
Depreciation of property, plant and equipment and investment properties	21,838	21,501
Allowance/(reversal) for impairment of trade and other receivables	180	(4)
Loss/(gain) on disposal of property, plant and equipment	1	(1,926)
Gain on disposal of an investment property	(866)	-
Gain on modification of lease	-	(65)
Gain on bargain purchase of subsidiaries	(926)	-
Share of profit of associated companies	(1,024)	(927)
Interest expense	4,175	4,401
Interest income	(217)	(303)
Exchange differences	(257)	18
	27,998	31,058
Changes in working capital:		
Inventories	(584)	460
Trade and other receivables	3,413	(6,752)
Trade and other payables	2,588	(4,911)
Provisions	(337)	69
Cash provided by operations	33,078	19,924
Income tax paid	(830)	(2,573)
Net cash provided by operating activities	32,248	17,351
<u>Cash flows from investing activities</u>		
Deferred consideration paid in relation to acquisition of subsidiaries	(1,500)	(3,000)
Acquisition of subsidiaries, net of cash acquired (i)	(24,655)	-
Additions to property, plant and equipment	(16,758)	(5,421)
Disposal of property, plant and equipment	140	2,977
Disposal of an investment property	1,224	-
Interest received	214	338
Net cash used in investing activities	(41,335)	(5,106)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	33,617	200
Repayment of borrowings	(5,063)	(4,613)
Repayment of lease liabilities	(12,549)	(12,387)
Proceeds from non-controlling interest of a subsidiary	-	406
Decrease/(increase) in bank deposits pledged	883	(4)
Interest paid	(4,842)	(4,270)
Dividend paid to non-controlling interest of a subsidiary	(100)	(300)
Net cash provided by/(used in) financing activities	11,946	(20,968)
Net increase/(decrease) in cash and cash equivalents	2,859	(8,723)
Cash and cash equivalents at beginning of financial period	65,980	71,605
Effects of currency translation on cash and cash equivalents	1,285	(272)
Cash and cash equivalents at end of financial period	70,124	62,610
Cash and cash equivalents represented by:		
Cash at bank and on hand	50,774	40,477
Short-term bank deposits	20,672	23,345
Less: Bank deposits pledged	(1,322)	(1,212)
	70,124	62,610

[i] Acquisition of subsidiaries

On 14 February 2020, the Group acquired 80% of the issued share capital of each of Guper Integrated Logistics Sdn Bhd, Gems Logistics Sdn Bhd., Dolphin Shipping Agency Sdn Bhd and East West Freight Services Sdn Bhd (collectively the newly acquired Malaysia subsidiaries) for a total consideration of RM88,000,000 (equivalent to \$29,610,000).

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

	S\$'000
Purchase consideration	
Cash paid	<u>29,610</u>
Effect on cash flows of the Group	
Cash paid	29,610
Less: Cash and cash equivalents of subsidiaries acquired	(5,974)
Add: Bank balances pledged	<u>1,019</u>
	<u>24,655</u>
Identifiable assets acquired and liabilities assumed, at provisional fair values	
Cash and cash equivalents	5,974
Property, plant and equipment	35,386
Investment properties	12,870
Trade and other receivables	<u>9,061</u>
Total assets	<u>63,291</u>
Trade and other payables	8,761
Borrowings	9,629
Current income tax liabilities	189
Deferred tax liabilities	<u>6,542</u>
Total liabilities	<u>25,121</u>
Total identifiable net assets	38,170
Less: Non-controlling interest	(7,634)
Less: Gain on bargain purchase of subsidiaries	<u>(926)</u>
Consideration transferred for the business and cash paid	<u>29,610</u>

In accordance with SFRS(I) 3 *Business Combinations*, the Group has 12 months period after completion of the acquisition of subsidiaries to complete a Purchase Price Allocation (“PPA”) exercise. The fair values of the acquired identifiable assets and liabilities and the gain on bargain purchase of subsidiaries have been provisionally determined.

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	Other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Group					
At 1 January 2020	270,608	35,365	230,395	1,911	538,279
Total comprehensive income for the period	-	1,450	1,415	46	2,911
Acquisition of subsidiaries	-	-	-	7,634	7,634
Dividend declared by a subsidiary to a minority shareholder of a subsidiary	-	-	-	(100)	(100)
Redemption liability [1]	-	(6,927)	-	-	(6,927)
At 30 June 2020	270,608	29,888	231,810	9,491	541,797
At 1 January 2019					
At 1 January 2019	270,608	35,995	223,015	1,482	531,100
Total comprehensive (loss)/income for the period	-	(484)	4,611	81	4,208
Non-controlling interest share of increase in registered capital of a subsidiary	-	-	-	406	406
Dividend declared by a subsidiary to a minority shareholder of a subsidiary	-	-	-	(300)	(300)
At 30 June 2019	270,608	35,511	227,626	1,669	535,414

[1] Pursuant to the shareholder agreements entered into for the acquisition of the new Malaysia subsidiaries, a forward purchase contract is deemed to have been entered into which entitled the Group to acquire the remaining 20% interests in the new Malaysia subsidiaries. Accordingly, other reserves has been debited which represents the present value of the unconditional amounts due to the non-controlling interests with a redemption liability of \$6.9 million included on the face of the Balance Sheet of the Group.

	Share capital S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Company					
At 1 January 2020	270,608	45,105	207,373	-	523,086
Total comprehensive loss for the period	-	-	(2,377)	-	(2,377)
At 30 June 2020	270,608	45,105	204,996	-	520,709
At 1 January 2019					
At 1 January 2019	270,608	45,105	206,430	-	522,143
Total comprehensive loss for the period	-	-	(1,572)	-	(1,572)
At 30 June 2019	270,608	45,105	204,858	-	520,571

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

- 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 June 2020, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2019: 2,239,244,954).

- 1(d)(iv) A statement showing all sales, transfers, 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.

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

Not applicable.

- 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 modifications 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 2019.

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 SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 3 Business Combinations
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform
- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s 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	
	1H 2020	1H 2019
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.06	0.21
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.06	0.21
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.

There are no dilutive potential ordinary shares outstanding.

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	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset value per ordinary share (cents)	23.77	23.95	23.25	23.36

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2019: 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.**

Turnover

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Logistics	61,721	56,932	8
Shipping	13,675	8,421	62
Property management	5,541	9,472	(42)
Ship repair and marine engineering	5,336	5,383	(1)
	86,273	80,208	8

Group revenue for 1H 2020 totalled \$86.3 million, 8% higher than 1H 2019. The growth in revenue was mainly due to the inclusion of revenue from the newly acquired subsidiaries in Malaysia, Guper Integrated Logistics Sdn Bhd, Gems Logistics Sdn Bhd., Dolphin Shipping Agency Sdn Bhd and East West Freight Services Sdn Bhd (collectively the new Malaysia subsidiaries); and revenue from the chartered in of bulk carriers.

Logistics activities accounted for about 72% of the Group's revenue in 1H 2020. Revenue from logistics activities increased by 8% to \$61.7 million mainly due to revenue contribution of \$7.9 million from the new Malaysia subsidiaries. Excluding the revenue from the new Malaysia subsidiaries, revenue from logistics activities would be \$53.8 million for 1H 2020, 5% lower than 1H 2019 mainly due to lower revenue from warehousing management and automotive logistics services resulting from lower volume of business activities and rental waiver granted to tenants under the Government Rental Relief Framework, partially mitigated by higher revenue from transportation and container depot services.

Revenue from shipping activities increased by 62% from \$8.4 million to \$13.7 million mainly due to revenue contribution from an increased fleet of bulk carriers that the Group had chartered in during 1H 2020 as compared to 1H 2019. Excluding the revenue from charter-in bulk carriers of \$9.5 million (1H 2019: \$1.4 million), revenue from owned bulk carriers has decreased by about \$2.8 million due to lower charter rates in 1H 2020 as compared to 1H 2019. The Baltic Dry Index (BDI), a measure of shipping costs for commodities, averaged 685 points in 1H 2020, a decline of 23% from the average of 895 points in 1H 2019.

Revenue from property management decreased by 42% or \$4.0 million to \$5.5 million mainly due to rental waiver granted to tenants under the Government Rental Relief Framework and lower rental rates for its retail and office properties in 1H 2020 as compared to 1H 2019.

Revenue from ship repair and marine engineering decreased marginally by 1% mainly due lower revenue from ship repair and fabrication works.

Costs and Profitability

Cost of sales increased by 23% or \$14.1 million was mainly due to the inclusion of the cost of sales of the new Malaysia subsidiaries, increase in charter-hire costs for the increased number of bulk carriers chartered-in during 1H 2020 and higher operational costs.

Gross profit decreased by 43% from \$18.7 million in 1H 2019 to \$10.7 million in 1H 2020 mainly due to lower rental revenue as a result of rental waiver and lower gross margins.

Other income increased by 598% to \$6.7 million in 1H 2020 was mainly due to government grants of \$6.1 million under the various support measures in relation to the COVID-19 pandemic.

Other gains and losses in 1H 2020 comprised mainly gain on disposal of an investment property and gain on bargain purchase of subsidiaries. The gain on bargain purchase of subsidiaries of \$0.9 million arose from the differences in the purchase consideration against the provisional fair values of assets and liabilities of the new Malaysia subsidiaries as at the completion date on 14 February 2020.

Distribution and administrative expenses increased by 2% and 3% respectively mainly due to the inclusion of the distribution and administrative expenses of the new Malaysia subsidiaries.

Finance costs decreased by 5% to \$4.2 million mainly due to lower borrowing costs.

Share of profit of associated companies of \$1.0 million was contributed by the Group's 40% shareholdings in PT. Ocean Global Shipping Logistics and the 30% shareholdings in Tan Cang-COSCO-OOCL Logistics Company Limited.

Income tax expense decreased by 19% to \$1.07 million mainly due to lower profits in 1H 2020. The effective tax rate was higher in 1H 2020 as compared to 1H 2019 mainly due to lower tax exempt profits from shipping subsidiary.

Overall, net profit attributable to equity holders was \$1.4 million, 69% lower than 1H 2019 mainly due to rental waiver granted to tenants, weak shipping charter rates and lower profit margins, partially mitigated by government grants and contribution from new Malaysia subsidiaries.

Balance Sheet

(30 June 2020 vs 31 December 2019)

Cash and cash equivalents increased from \$67.2 million to \$71.4 million mainly due to net cash provided by operating activities and increase in borrowings, partially offset by net cash outflow for acquisition of subsidiaries and payments for purchase of property, plant and equipment. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased by \$5.5 million to \$46.8 million (31 December 2019: \$41.3 million). The increase in trade and other receivables was mainly due to the trade and other receivables acquired for the new Malaysia subsidiaries.

Property, plant and equipment increased by \$41.6 million to \$714.0 million mainly due to the fair values of the property, plant and equipment acquired for the new Malaysia subsidiaries and the progressive construction of Jurong Island Chemical Logistics Facility ("JICLH").

Trade and other payables increased by \$9.7 million to \$59.7 million mainly due to the trade and other payables assumed for the new Malaysia subsidiaries and the recognition of redemption liability of \$6.9 million in relation to the present value of the expected future payments associated to the purchase of the minority interest holdings in the new Malaysia subsidiaries. The increase in trade and other payables was partially offset by the payments of outstanding construction costs for JICLH.

Total borrowings increased by \$37.8 million to \$337.6 million mainly due to the borrowings procured to finance the acquisition of the new Malaysia subsidiaries and the construction costs of JICLH, and borrowings assumed for the new Malaysia subsidiaries.

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

Shareholder's equity decreased by \$4.1 million to \$532.3 million mainly due to the recognition of a debit balance in other reserves for redemption liability of \$6.9 million, partially mitigated by profits and an increase in currency translation reserves in 1H 2020.

Cash Flow

Net cash provided by operating activities for 1H 2020 was \$32.2 million. This was mainly due to cash generated from operations. Please refer to Note 1(c) for details.

Net cash used in investing activities for 1H 2020 was \$41.3 million. This was mainly due to cash used for acquisition of the new Malaysia subsidiaries and the payments for property, plant and equipment.

Net cash provided by financing activities for 1H 2020 was \$11.9 million. This was mainly due to the net proceeds from borrowings.

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

Not applicable.

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

Through its wholly-owned subsidiary, Cogent Holdings Limited (“Cogent”) and its associates, the Company is establishing a logistics network in Singapore, Malaysia, Indonesia and Vietnam.

Pertaining to the construction of the Jurong Island Chemical Logistics Facility, all construction works were halted since 7 April 2020 due to the COVID-19 pandemic. Since 8 August 2020, construction works have resumed partially and the contractor will strive to abide by strict safe management guidelines at the worksites.

In connection with the Group’s announcement of the proposed lease of land at Port Klang, Malaysia to construct a warehouse of approximately 300,000 square feet, the Group is progressing on this matter and the Company will make further announcements as and when there are material developments.

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

The Company’s ultimate holding company, China COSCO Shipping Corporation Limited, has a well-established logistics business network throughout the People’s Republic of China (“PRC”), which the Company will be able to leverage on this existing logistics business platform to potentially develop new business opportunities in the logistics sector in South and Southeast Asia, taking advantage of the “Belt and Road Initiative” formulated by the PRC Government in 2013. The Company will also be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Company’s competitive edge in relation to its global competitors and entrenching its customers.

With respect to the Group’s shipping business, the Company’s subsidiary, COSCO SHIPPING (Singapore) Pte Ltd, currently has a total of 3 vessels with a total tonnage of 163,000 tons and with an average age of 15 years. In the first half of 2020, the international dry bulk shipping market declined over the same period in 2019. The Baltic Dry Index averaged 685 points in the first half of 2020, a decline of 23% from the average of 895 points in the first half of 2019.

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

As a result of the COVID-19 pandemic, the Group’s financial performance has been adversely impacted in the first half of 2020, largely due to rental waiver granted to tenants under the Government Rental Relief Framework and difficult market conditions. Given that the COVID-19 situation continues to evolve, there remains uncertainty in terms of the length and depth of its economic impact. The Company will continue to monitor the evolving situation.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

The Company is evaluating various strategic moves to expand its business, ensure sustainable growth and create long-term shareholders' value. As such, the Board has resolved not to recommend payment of dividend for 1H 2020.

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	Nature of relationship	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)	
		1H 2020 S\$'000	1H 2020 S\$'000	
<u>Between Subsidiaries and:</u>				
China Marine & Seamen Service Shanghai Corporation	Subsidiaries of Controlling Shareholders	-	385	
China Seafarers Management Limited		-	897	
Cosco (Cayman) Mercury Co., Ltd		-	338	
Cosco (Qidong) Offshore Co., Ltd		-	1,118	
Cosco (Shanghai) Shipyard Co., Ltd		-	398	
Cosco Petroleum Pte Ltd		-	1,595	
Cosco Shipping (Hong Kong) Insurance Brokers Limited		-	300	
Cosco Shipping (South East Asia) Pte Ltd		-	553	
Cosco Shipping Lines Co., Ltd.		-	104	
Cosco Shipping Lines (Vietnam) Company Limited		-	125	
Cosco Shipping Specialized Carriers Co., Ltd		-	205	
Cosco Shipping Tanker (Shanghai) Co., Ltd		-	282	
Golden Land (26) Pte Ltd		-	397	
Golden Land (27) Pte Ltd		-	203	
Golden Logistics & Storage Sdn. Bhd.		-	217	
Refined Success Limited		-	9,280	
Tosco Keymax International Ship Management Co., Ltd		-	397	
<u>Between Associates and:</u>				
OOCL (Vietnam) Co., Ltd.			-	472
Total			-	17,266

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 Zhu Jian Dong
Chairman and President
13/8/2020

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 June 2020 financial results to be false or misleading.

On behalf of the directors

Mr Zhu Jian Dong
Chairman and President

Mr Li Xi Bei
Director

13/8/2020