



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

**Unaudited Full Year Financial Statement And Dividend Announcement for the Financial Year Ended 31 December 2007**

**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) Income Statement

	<b>Group</b>		
	S\$'000		%
	2007	2006	Change
Turnover	2,261,700	1,215,469	86
Cost of sales	(1,651,507)	(837,846)	97
Gross profit	610,193	377,623	62
Other gains - net			
- Miscellaneous [1]	111,204	52,048	114
- Exceptional gain	-	24,136	NM
Expenses			
- Distribution	(64,713)	(37,199)	74
- Administrative	(147,704)	(96,968)	52
- Finance (Interest)	(11,444)	(17,944)	(36)
Share of results of associated companies [2]	537	600	(11)
Profit before income tax	498,073	302,296	65
Income tax expense	(19,512)	(22,981)	(15)
Net profit	478,561	279,315	71
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>336,568</b>	<b>205,353</b>	<b>64</b>
Minority interests	141,993	73,962	92
Net profit	478,561	279,315	71
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)			

- basic	15.09	9.30	62
- diluted	15.02	9.27	62

**(ii) Breakdown and Explanatory Notes to Income Statement**

	<b>Group</b>		
	S\$'000		%
	2007	2006	Change
Profit before tax is arrived at after (charging)/crediting:			
Investment income	586	208	182
Other income including interest income	93,053	56,360	65
Interest on borrowings	(11,444)	(17,944)	(36)
Depreciation	(80,585)	(61,738)	31
Reversal of/(Allowance) for impairment of receivables and bad debts written off	95	(225)	NM
Write-off for stock obsolescence and allowance for impairment in inventories	(173)	(4)	NM
Reversal of impairment in value of trading properties	177	130	36
Reversal of impairment in value of other long-term investments	62	34	82
Property, plant and equipment written off	(135)	(315)	(57)
Foreign exchange gain/(loss)	18,060	(4,684)	NM
Loss on disposal of property, plant and equipment	(2,347)	-	NM
Gain on dilution of interest in a subsidiary	1,606	-	NM
Gain on disposal of financial assets, available for sale	7	-	NM
The Group's exceptional item comprises the following:			
Gain on disposal of property, plant and equipment	-	24,136	NM
Adjustment for over provision of tax in respect of prior years:			
Income tax	11,631	7,108	64
Deferred tax	11,086	-	NM

**NOTES:**

NM denotes not meaningful.

[1] Other net miscellaneous gains include sale of scrap materials, interest income, gain on dilution of interest in a subsidiary, net loss on disposal of property, plant and equipment and foreign exchange differences.

[2] Share of results of associated companies is after tax and minority interest.

**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.**

	<b>Group</b>		<b>Company</b>	
	31/12/2007 S\$'000	31/12/2006 S\$'000	31/12/2007 S\$'000	31/12/2006 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	1,082,794	277,868	108,604	25,687
Forward currency contracts	33,523	472	-	-
Trade and other receivables	828,075	267,229	733	9,415
Inventories	443,328	183,493	-	-
Construction contract work-in-progress	43,132	18,064	-	-
Trading properties	977	800	-	-
	<b>2,431,829</b>	<b>747,926</b>	<b>109,337</b>	<b>35,102</b>
<b>Non-current assets</b>				
Forward currency contracts	8,778	45	-	-
Trade and other receivables	-	-	65,868	70,361
Financial assets, available for sale	3,067	2,208	-	-
Club memberships	479	412	236	175
Investments in associated companies	1,794	2,227	-	400
Investments in subsidiaries	-	-	284,399	256,259
Investment properties	11,472	11,350	-	-
Property, plant and equipment	1,478,453	1,110,179	932	582
Intangible assets	9,302	9,319	-	-
Deferred tax assets	21,996	-	-	-
	<b>1,535,341</b>	<b>1,135,740</b>	<b>351,435</b>	<b>327,777</b>
<b>Total assets</b>	<b>3,967,170</b>	<b>1,883,666</b>	<b>460,772</b>	<b>362,879</b>
<b>Current liabilities</b>				
Trade and other payables	2,416,393	529,707	7,021	5,846
Current income tax liabilities	24,040	11,891	969	293
Borrowings	111,528	128,246	-	-
Provision for other liabilities	5,064	6,309	-	-
	<b>2,557,025</b>	<b>676,153</b>	<b>7,990</b>	<b>6,139</b>
<b>Non-current liabilities</b>				
Forward currency contracts	42,264	-	-	-
Borrowings	64,910	283,806	-	-
Provision for other liabilities	65	3,571	65	76
Deferred income tax liabilities	152	189	-	-
	<b>107,391</b>	<b>287,566</b>	<b>65</b>	<b>76</b>

<b>Total liabilities</b>	2,664,416	963,719	8,055	6,215
<b>Net assets</b>	1,302,754	919,947	452,717	356,664
<b>Shareholders' equity</b>				
Share capital	266,852	239,947	266,852	239,947
Revaluation and other reserves	82,806	70,855	24,554	11,931
Retained earnings	590,249	359,256	161,311	104,786
<b>Total shareholders' equity</b>	939,907	670,058	452,717	356,664
Minority interest	362,847	249,889	-	-
	1,302,754	919,947	452,717	356,664

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

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

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
19,748,000	91,780,000	18,627,000	109,619,000

**Amount repayable after one year**

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
64,910,000	-	124,205,000	159,601,000

**Details of any collateral**

The collaterals for secured borrowings include the group's leasehold land and buildings, motor vessels and motor vehicles with net book value totalling \$182,833,000 (2006: \$255,481,000).

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

	Group	
	2007 S\$'000	2006 S\$'000
<u>Cash flow from operating activities</u>		
Net profit	478,561	279,315
Adjustments for:		
Income tax expense	19,512	22,981
Share of results of associated companies	(537)	(600)

Depreciation	80,585	61,738
Employees share option expense	12,623	6,622
Reversal of impairment in value of transferable country club memberships	(62)	(34)
Fair value loss/(gain) on forward currency contracts	483	(524)
Loss/(gain) on disposal of property, plant and equipment	2,347	(24,136)
Property, plant and equipment written off	135	315
Gain on dilution of interest in a subsidiary	(1,613)	-
Gain on disposal of financial assets, available for sale	(7)	-
Dividend income	(586)	(208)
Interest expense (financing)	11,444	17,944
Interest income (investing)	(14,030)	(6,158)
	588,855	357,255
Changes in working capital:		
Trading properties	(177)	18,470
Inventories and construction contract work-in-progress	(284,903)	(93,565)
Trade and other receivables	(560,598)	(116,281)
Trade and other payables	1,885,617	246,403
Provision for other liabilities	(4,751)	1,595
Exchange differences	(7,726)	(10,013)
Cash generated from operations	1,616,317	403,864
Income tax paid	(29,475)	(18,541)
<b>Net cash from operating activities</b>	<b>1,586,842</b>	<b>385,323</b>
<u>Cash flows from investing activities</u>		
Proceeds from liquidation of an associated company	423	695
Proceeds from disposal of property, plant and equipment	9,350	55,552
Proceeds from disposal of financial assets, available for sale	127	-
Purchase of property, plant and equipment	(471,330)	(313,445)
Purchase of financial assets, available for sale	(975)	-
Dividend received	983	340
Interest received	13,934	6,141
Purchase of transferable club memberships	(11)	(7)
<b>Net cash used in investing activities</b>	<b>(447,499)</b>	<b>(250,724)</b>
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(231,788)	(166,369)
Proceeds from borrowings	1,800	189,231
Repayment of finance lease liabilities	(31)	(50)
Decrease/(Increase) in cash collateral	99	(2,730)
Cash received from minority shareholders for increase in registered capital of a subsidiary	-	14,261
Dividends paid to shareholders of the Company	(89,348)	(44,141)
Dividends paid to minority shareholders of subsidiaries	(29,307)	(4,502)
Proceeds from issuance of ordinary shares	26,905	11,360
Interest paid	(12,648)	(16,941)
<b>Net cash used in financing activities</b>	<b>(334,318)</b>	<b>(19,881)</b>
<b>Net increase in cash and cash equivalents held</b>	<b>805,025</b>	<b>114,718</b>
Cash and cash equivalents at the beginning of the financial year	273,561	158,843
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,078,586</b>	<b>273,561</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	651,358	110,533

Short-term bank deposits	431,436	167,335
Less: Cash collaterals	(4,208)	(4,307)
	1,078,586	273,561

**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	Share Premium S\$'000	Revaluation and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
<b>The Group Balance at 1 January 2007</b>	239,947	-	70,855	359,256	249,889	919,947
Currency translation differences	-	-	(16,899)	-	17	(16,882)
Net loss recognised directly in equity	-	-	(16,899)	-	17	(16,882)
Net profit	-	-	-	336,568	141,993	478,561
<b>Total recognised (loss)/gains</b>	-	-	<b>(16,899)</b>	<b>336,568</b>	<b>142,010</b>	<b>461,679</b>
Employee share option scheme:						
- value of employee services	-	-	12,623	-	-	12,623
- proceeds from shares issued	26,905	-	-	-	-	26,905
Minority interests share of increase in registered capital of a subsidiary	-	-	-	-	27,036	27,036
Increase in minority interests of a subsidiary	-	-	-	-	2,527	2,527
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	-	(58,615)	(58,615)
Dividend for 2006	-	-	-	(89,348)	-	(89,348)
Reserves realised on dilution of interest in a subsidiary	-	-	(383)	383	-	-
Transfer from retained earnings to translation reserves	-	-	440	(440)	-	-
Transfer from asset revaluation reserve	-	-	-	-	-	-

to retained earnings	-	-	(3,217)	3,217	-	-
Transfer from retained earnings to statutory reserves	-	-	19,387	(19,387)	-	-
<b>At 31 December 2007</b>	<b>266,852</b>	<b>-</b>	<b>82,806</b>	<b>590,249</b>	<b>362,847</b>	<b>1,302,754</b>
<b>At 1 January 2006</b>	<b>219,753</b>	<b>8,834</b>	<b>60,634</b>	<b>230,484</b>	<b>175,744</b>	<b>695,449</b>
Effects of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-	-
Currency translation differences	-	-	(28,841)	-	(8,588)	(37,429)
Net loss recognised directly in equity	-	-	(28,841)	-	(8,588)	(37,429)
Net profit	-	-	-	205,353	73,962	279,315
<b>Total recognised (loss)/gains</b>	<b>-</b>	<b>-</b>	<b>(28,841)</b>	<b>205,353</b>	<b>65,374</b>	<b>241,886</b>
Employee share option scheme:						
- value of employee services	-	-	6,622	-	-	6,622
- proceeds from shares issued	11,360	-	-	-	-	11,360
Minority interests share of increase in registered capital of a subsidiary	-	-	-	-	46,132	46,132
Dividend paid by subsidiaries to minority shareholders of subsidiaries	-	-	-	-	(37,361)	(37,361)
Dividend for 2005	-	-	-	(44,141)	-	(44,141)
Transfer from retained earnings to translation reserves	-	-	757	(757)	-	-
Transfer from asset revaluation reserve to retained earnings	-	-	(3,233)	3,233	-	-
Transfer from retained earnings to statutory reserves	-	-	34,916	(34,916)	-	-
<b>As at 31 December 2006</b>	<b>239,947</b>	<b>-</b>	<b>70,855</b>	<b>359,256</b>	<b>249,889</b>	<b>919,947</b>
<b>The Company</b>						
<b>At 1 January 2007</b>	<b>239,947</b>	<b>-</b>	<b>11,931</b>	<b>104,786</b>	<b>-</b>	<b>356,664</b>
Net profit	-	-	-	145,873	-	145,873
Employee share option scheme:						
- value of employee						

services	-	-	12,623	-	-	12,623
- proceeds from shares issued	26,905	-	-	-	-	26,905
Dividend for 2006	-	-	-	(89,348)	-	(89,348)
	<u>266,852</u>	-	<u>24,554</u>	<u>161,311</u>	-	<u>452,717</u>
<b>At 1 January 2006</b>	219,753	8,834	5,309	77,907	-	311,803
Effects of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-	-
Net profit	-	-	-	71,020	-	71,020
Employee share option scheme:						
- value of employee services	-	-	6,622	-	-	6,622
- proceeds from shares issued	11,360	-	-	-	-	11,360
Dividend for 2005	-	-	-	(44,141)	-	(44,141)
<b>At 31 December 2006</b>	<u>239,947</u>	-	<u>11,931</u>	<u>104,786</u>	-	<u>356,664</u>

**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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

During FY2007, the issued and paid-up capital of the Company was increased from \$239,947,282 to \$266,852,482. This was due to the allotment and issue of:

- 260,000 ordinary shares at \$0.3675 each from the exercise of option granted in 2004 under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme");
- 4,750,000 ordinary shares at \$0.807 each from the exercise of option granted in 2005 under the Scheme; and
- 18,680,000 ordinary shares at \$1.23 each from the exercise of option granted in 2006 under the Scheme.

On 5 February 2007, share options totalling 16,270,000 were granted to eligible employees and directors of the Group at the exercise price of \$2.48 per share pursuant to the Scheme.

The outstanding share options under the Scheme as at 31 December 2007 was 20,340,000 (2006: 27,760,000).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2007, share capital of the Company comprised 2,237,664,954 ordinary shares (2006: 2,213,974,954).



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

The Company does not have any treasury shares.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2006.

**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.**

In 2007, the Group and the Company adopted the Financial Reporting Standards (FRS) below:

FRS40, Investment Property

FRS107, Financial Instruments: Disclosures, and a complementary Amendment to FRS 1, Presentation of Financial Statements-Capital Disclosures

The adoption of the above FRS did not result in changes to the Group's and Company's accounting policies except as discussed below:

**Effect of changes to the financial statements  
Group – 2007**

	Increase/(Decrease) \$'000		
	FRS 40		
<u>Consolidated Balance Sheets</u>	31.12.2007	31.12.2006	1.1.2006
Investment property	11,472	11,350	11,703
Property, plant and equipment	(11,472)	(11,350)	(11,703)
<u>Consolidated income statement</u>	FY2007	FY2006	
Depreciation of investment properties	354	353	
Depreciation of property, plant and equipment	(354)	(353)	

There is no effect on the net profit for the financial year ended 31 December 2007 and 31 December 2006 as the Group has elected to adopt the cost model method to measure its investment properties in accordance with the requirements of FRS 16 Property, Plant and Equipment.

**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	
	2007	2006
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	15.09	9.30
Weighted average number of ordinary shares('000)	2,231,022	2,208,145
(ii) On a fully diluted basis (cents per share)	15.02	9.27
Adjusted weighted average number of ordinary shares	2,240,393	2,214,350

**NOTES:**

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

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.

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

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Net asset value per ordinary share (Cents)	42.00	30.26	20.23	16.11

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,237,664,954 (2006: 2,213,974,954)

**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 rang in another strong showing in FY2007 with financial results surging to a record high. Turnover soared 86% to top \$2.3 billion while net profit attributable to equity holders of the Company jumped 64% to \$336.6 million. This was on the back of robust growth in ship repair, ship building and marine engineering business, in particular, strong contributions from the promising shipbuilding operations.

## Turnover

Group turnover swell 86% to \$2.3 billion in FY2007 well supported by solid growth across key business segments.

### *Turnover by activities*

	2007		2006		Change
	S\$' million	%	S\$' million	%	%
Ship repair, ship building and marine engineering	<b>2,032.0</b>	<b>89.8%</b>	1,029.2	84.7	+97.4%
Dry bulk shipping	<b>207.9</b>	<b>9.2%</b>	148.1	12.2	+40.4%
Shipping agency and others	<b>21.8</b>	<b>1.0%</b>	38.2	3.1	-42.9%
<b>Total</b>	<b>2,261.7</b>	<b>100.0%</b>	1,215.5	100.0	+86.1%

The Group's biggest business, ship repair, ship building and marine engineering operations, grew 97% to \$2.0 billion buoyed by strong flow of high-value conversion and offshore projects. The 2 new dry docks which became operational at Cosco Zhoushan in H1 FY2007 also contributed considerably to the increase in revenue.

The Group began its maiden progressive earnings recognition from the building of its first dry bulk carrier in Q3 FY2007, ahead of the originally expected FY2008. This was supported by high efficiency and capability in its shipbuilding operations. With just less than 2 quarters of inaugural contributions, this nascent new growth driver delivered turnover of \$504 million in FY2007.

Dry bulk shipping business provided another source of strength for the Group in FY2007 rising 40% to \$207.9 million. The increase was boosted by firmer Baltic Dry Index despite a smaller fleet size.

Ship repair, ship building & marine engineering business represented the bulk of Group turnover with 89.8% contribution in FY2007 while dry bulk shipping and shipping agency and others accounted for the remaining 10.2%.

## Profitability

Gross profit rose 62% from \$377.6 million in FY2006 to \$610.2 million in FY2007 lifted by higher turnover.

Miscellaneous gains comprised gain from the disposal of scrap metal, interest income and foreign exchange gain. The foreign exchange gain of S\$18.1 million was mainly due to forward currency contracts.

There was no exceptional item in FY2007 compared with an exceptional gain of \$24.1 million in FY2006 arising from the disposal of 4 old bulk carriers in FY2006.

Distribution and administrative costs rose in line with the expanding business volume. Interest expense decreased as the Group has less bank borrowings.

Lower income tax expense is due to tax incentive rebates from the People's Republic of China ("PRC") tax authorities relating to purchase of property, plant and equipment made in PRC for ship repair, ship building and marine engineering operations.

Minority interests increased due to higher contributions from its PRC subsidiaries, involved in ship repair, ship building and marine engineering operations.

Overall, net profit attributable to equity holders of the Company rose 64% from \$205.4 million in FY2006 to \$336.6 million in FY2007 on successful expansion into ship building business.

Had the non-recurring exceptional gain of \$24.1 million in FY2006 been excluded, net profit attributable to equity holders of the Company would have risen 86% from the adjusted \$181.2 million in FY2006 to \$336.6 million in FY2007.

The return on shareholders' fund improved significantly from 34.5% in FY2006 to 41.8% in FY2007.

#### **Balance Sheet and Cash Flow**

Cash and cash equivalents increased from \$277.9 million to \$1.1 billion mainly due to more advances received from customers as the Group secured more shipbuilding contracts. Please refer to item 1(c) Cash Flow Statement for more details.

The increases in Trade and other receivables, Inventories and Construction contract work-in-progress are mainly due to the increase in volume of ship repair, ship building and marine engineering businesses.

Property, plant and equipment increased from \$1.1 billion to \$1.5 billion as a result of facilities expansion of the major shipyards in Cosco Shipyard Group Co., Ltd ("CSG").

Trade and other payables soared from \$529.7 million to \$2.4 billion as more advances are collected from shipbuilding projects.

Total borrowings fell from \$412.1 million to \$176.4 million due to repayments during the year.

Shareholders' equity rose from \$670.1 million to \$939.9 million. The increase was due to the transfer of FY2007 profits to retained earnings and issue of shares under the Scheme. This was partly offset by dividends paid out in FY2007.

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

The Group's results for FY 2007 are in line with the commentary made in paragraph 10 of the Group's Third Quarter Financial Statement Announcement released on 31 October 2007.

**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.**

To sustain long-term organic growth and strong project flow momentum, the Group is positioning to be a key player in ship repair, ship building and marine engineering in the PRC.

In ship repair, the Group is progressively adding capacity to cater to the overwhelming global demand. The Group announced on 4 January 2008 that it has set up a joint venture (“JV”) with the Port of Authority of Lianyungang with CSG owning 60% of the equity. The JV has a registered capital of RMB180 million (S\$36 million) and operates a shipyard in Lianyungang, Jiangsu. It has three new berths of 220 metres each and a land area of 220,000 square metres. The yard had started its ship repair and conversion operations immediately following the date of joint venture. It has added one 80,000 dwt floating dock to bring in additional ship repair and conversion revenue. The Group expects this new yard to contribute to its earnings from FY2008.

In addition, contributions from the two new Zhoushan dry docks with total capacity of 380,000 dwt (that commenced operations in the H1 FY2007) will also increase as they begin their first full-year contributions in FY2008.

On 16 January 2008, the Group announced that through Cosco (Nantong) Shipyard, it had acquired a piece of land at Qidong, Jiangsu province. When fully developed in 4 phases by 2011, it will have 8 new berths for ship repair, conversion and offshore operations.

As the Group continues to enhance its shipbuilding order book, capability, efficiency and capacity, this segment is expected to add substantially to earnings going forward. As of 31 December 2007, the Group has a healthy order book of US\$6.5 billion to be progressively recognised up to Q1 FY2011. Out of the 113 dry bulk vessels that the Group had been contracted for, it expects to deliver the first batch of 10 bulk carriers in FY2008.

With the right resources and organic growth path that the Group had laid out, it is confident of achieving a well-balanced revenue stream from its 3 quality earning pillars by 2010.

Barring unforeseen circumstances, the Board of Directors is confident of the Group’s prospects in FY2008.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Ordinary Share First and Final Dividend (Proposed)	Ordinary Share Special Dividend (Proposed)
Dividend Type	Cash	Cash
Dividend Rate	4.0 cents per ordinary share (one-tier tax)	3.0 cents per ordinary share (one-tier tax)
Tax Rate	N.A.	N.A.

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Ordinary Share First and Final Dividend (Proposed)	Ordinary Share Special Dividend (Proposed)
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Dividend Type	Cash	Cash
Dividend Rate	2.5 cents per ordinary share (one-tier tax)	1.5 cents per ordinary share (one-tier tax)
Tax Rate	N.A.	N.A.

**(c) Date payable**

Details on payment of dividend and related books closure date will be announced in due course.

**(d) Books closure date**

Refer to 11(c).

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) Business segments**

Financial year ended 31 December 2007	Shipping S\$'000	Ship repair, ship building and marine engineering S\$'000	Rental of property and property trading S\$'000	Investment holding S\$'000	Group S\$'000
<b>Sales:</b>					
- External sales	229,041	2,032,034	625	-	2,261,700
- Inter-segment sales	33	808	489	170,368	171,698
	229,074	2,032,842	1,114	170,368	2,433,398
Elimination					(171,698)
					2,261,700
<b>Segment results</b>	121,771	296,108	180	(20,283)	397,776
Other gains – Miscellaneous					111,204
Interest expense					(11,444)
Share of profit of associated companies	-	537	-	-	537
Profit before income tax					498,073
Income tax expenses					(19,512)
<b>Total profit</b>					478,561
<b>Other segment items</b>					

Capital expenditure					
– property, plant and equipment	1,365	473,548	9	567	475,489
Depreciation	13,954	65,950	544	137	80,585
Write-down of inventories	-	173	-	-	173
<b>Segment assets</b>	288,075	3,139,612	21,834	7,753	3,457,274
Associated companies	-	1,794	-	-	1,794
Short-term deposits					431,436
Forward currency contracts					42,301
Financial assets, available-for-sale					3,067
Intangible assets					9,302
Deferred tax assets					21,996
<b>Consolidated total assets</b>					3,967,170
<b>Segment liabilities</b>	75,929	2,343,293	213	2,087	2,421,522
Forward currency contracts					42,264
Borrowings					176,438
Current income tax liabilities					24,040
Deferred income tax liabilities					152
<b>Consolidated total liabilities</b>					2,664,416
<b>Consolidated net assets</b>					1,302,754
<b>Financial year ended 31 December 2006</b>					
Sales:					
- External sales	166,996	1,029,203	19,270	-	1,215,469
- Inter-segment sales	19	766	467	91,303	92,555
	167,015	1,029,969	19,737	91,303	1,308,024
Elimination					(92,555)
					1,215,469
<b>Segment results</b>	85,876	170,670	75	(13,165)	243,456
Other gains – miscellaneous					52,048
Other gains – exceptional gain					24,136
Interest expense					(17,944)
Share of profit of associated companies		532		68	600
Profit before tax					302,296
Income tax expenses					(22,981)
<b>Total profit</b>					279,315
<b>Other segment items</b>					
Capital expenditure					
– Property, plant and equipment	46,266	266,963	-	243	313,472
Depreciation	18,850	42,174	551	163	61,738
Write-down of inventories	-	4	-	-	4
<b>Segment assets</b>	314,007	1,360,540	22,385	5,128	1,702,060
Associated companies	-	1,804	-	423	2,227
Short-term deposits					167,335
Forward currency contracts					517

Financial assets, available-for-sale					2,208
Intangible assets					9,319
<b>Consolidated total assets</b>					<b>1,883,666</b>
<b>Segment liabilities</b>	66,524	471,431	210	1,422	539,587
Borrowings					412,052
Current income tax liabilities					11,891
Deferred income tax liabilities					189
<b>Consolidated total liabilities</b>					<b>963,719</b>
<b>Consolidated net assets</b>					<b>919,947</b>

**(b) Geographical segments**

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

- PRC – the operations in this area are principally in ship repair, ship building and marine engineering activities; and
- Singapore and Malaysia – the Company is headquartered in Singapore and has operations in Singapore and Malaysia. The operations in Singapore and Malaysia are principally in shipping, ship repair and marine related activities, rental of property and investment holding.

With the exception of PRC and Singapore and Malaysia, no other individual country contributed more than 10% of consolidated sales and assets. Sales are based on the country in which the services are rendered to the customer. Total assets and capital expenditure are shown by the geographical area where the assets are located.

	<u>Sales</u>		<u>Total Assets</u>		<u>Capital expenditure</u>	
	\$'000		\$'000		\$'000	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
PRC	2,024,370	1,023,459	3,390,587	1,366,272	473,263	266,889
Singapore and Malaysia *	237,330	192,010	576,583	517,394	2,226	46,583
	<b>2,261,700</b>	<b>1,215,469</b>	<b>3,967,170</b>	<b>1,883,666</b>	<b>475,489</b>	<b>313,472</b>

\* The Group's shipping companies operate in worldwide shipping routes. Hence, it would not be meaningful to allocate sales to any specific geographical segments for shipping activities.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See Paragraph 8 above.



**15. A breakdown of sales**

	<b>2007</b> S\$'000	<b>2006</b> S\$'000	<b>Change</b> %
(a) Sales reported for first half year	868,127	532,941	63
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	182,039	122,843	48
(c) Sales reported for second half year	1,393,573	682,528	104
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	296,522	156,472	90

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

Total Annual Dividend

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	156,637	89,348
Preference	-	-
Total	156,637	89,348

The Directors proposed a first and final exempt (one-tier) ordinary dividend of 4.0 cents per ordinary share (2006: 2.5 cent per ordinary share of \$0.10 each) and a special dividend of 3.0 cents per ordinary share (2006: 1.5 cents per ordinary share) amounting to a total of \$156,637,000 based on current number of shares issued as of 31 December 2007 (2006: \$89,348,000) for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

**17. Interested Person Transactions**

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial year:

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 (S) Pte Ltd		2,161
Chimbusco Dalian Branch		8,905
Chimbusco Guangzhou Branch		1,332
China-Japan International Ferry Co., Ltd		112

Cosco (Cayman) Mercury Co., Ltd		566
Cosco (HK) Shipping Co., Ltd		17,472
Cosco Bulk Carrier Co., Ltd.		34,642
Cosco Container Lines Co., Ltd		17,751
Cosco Finance Co., Ltd		276
Cosco Nantong Steel Co., Ltd		2,653
Cosco Network (Beijing) Ltd		1,538
Cosco Shanghai Container Shipping Agency Co., Ltd		348
Cosco Shanghai Ship Management Co., Ltd		6,827
Cosco Shipping Co., Ltd		932
Cosco Wallem Ship Management Co., Ltd		4,073
Dalian Ocean Shipping Company		2,438
Dalian Yuan Chang Shipping Co., Ltd		168
Guangzhou Ocean Shipping Company		16,155
Nantong Chimbusco Marine Bunker		2,078
Nantong Cosco Ship Equipment Company		2,097
Qingdao Manning Co-operation Ltd		3,899
Qingdao Ocean Shipping Co.		36,999
Shanghai Ocean Crew Co.		7,798
Shanghai Ocean Shipping Co.		6,944
Shanghai Pan-Asia Shipping		234
Shengzhen Ocean Shipping Company		4,817
Tosco Keymas International Ship Management Ltd		3,642
Xiamen Ocean Shipping Company		1,155
Total	Nil	188,012

**BY ORDER OF THE BOARD**

Mr Ji Haisheng  
Vice Chairman and President  
21/02/2008

## **CONFIRMATION BY THE BOARD**

We, Ji Haisheng and Min Jianguo being two directors of Cosco Corporation (Singapore) Limited (the "Company"), do hereby confirm on behalf of the directors 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 full year 2007 financial results to be false or misleading.

On behalf of the directors

Mr Ji Haisheng  
Vice Chairman and President

Mr Min Jianguo  
Director

21/02/2008