



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

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**UPDATE ON SHIPBUILDING CONTRACTS FOR:**

- (1) THE CONVERSION OF TWO SEMI-COMPLETED HULLS TO HIGH-END FLOATING ACCOMMODATION UNITS; AND**  
**(2) ONE FLOATING ACCOMMODATION UNIT**
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The Board of Directors (the “**Board**”) of COSCO Corporation (Singapore) Limited (the “**Company**”) refers to the Company’s announcement on 6 August 2015 in relation to, *inter alia*:

- (i) the extension of delivery date of the second floating accommodation unit (“**N381**”) by COSCO (Nantong) Shipyard Co., Ltd. (“**COSCO Nantong**”), a subsidiary of the Company’s 51% owned subsidiary, COSCO Shipyard Group Co., Ltd.; and
- (ii) the extension of delivery date of a third floating accommodation unit (“**N675**”) by COSCO (Qidong) Offshore Co., Ltd. (“**COSCO Qidong**”), a subsidiary of the Company’s 51% owned subsidiary, COSCO Shipyard Group Co., Ltd.

As announced on 6 August 2015, at the shipowner’s request:

- (i) the delivery date of N381 was extended for a period of not more than 12 months from its original delivery date of October 2015; and
- (ii) the delivery date of N675 was extended by 120 days to 2Q2017.

The Board wishes to provide the following update from COSCO Nantong and COSCO Qidong in respect of N381 and N675:

- (i) N381

On 17 May 2016, following discussions between the shipowner and COSCO Nantong, the parties agreed to further extend the delivery date of N381 from October 2016 until 8 October 2017. Under the extension agreement, the shipowner agreed that it would not exercise its right to cancel the shipbuilding contract or to terminate the shipbuilding contract unilaterally during the extension period.

However, on 26 June 2016, the shipowner issued a notice to COSCO Nantong to cancel the shipbuilding contract unless COSCO Nantong agreed to new terms proposed by the shipowner. The new terms included the extension of the delivery date of N381 by a further 3-year period, that the shipowner would not bear any expenses and interest payment that may be incurred during the 3-year period and that the shipowner would not

be required to take delivery of the floating accommodation unit after the expiry of the 3-year period. Taking into account that the shipowner had breached the agreement by unilaterally terminating the contract during the extension period and that the new terms proposed by the shipowner were not acceptable to COSCO Nantong, after much deliberations, COSCO Nantong decided to accept the shipowner's breach of the N381 shipbuilding contract on 15 July 2016 and to hold that the shipowner is in breach of the contract. As a result, the N381 shipbuilding contract has now been terminated arising from the shipowner's breach. Notwithstanding that, over the past few months, COSCO Nantong has taken steps to negotiate with the shipowner through various channels with a view to obtaining compensation from the shipowner for the loss suffered without having to resort to formal legal proceedings. COSCO Nantong is not excluding the possibility of finally resolving the matter with the shipowner through further negotiations so as to reach an amicable resolution.

(ii) N675

By way of a notice issued to COSCO Qidong on 26 June 2016, the shipowner terminated the shipbuilding contract relating to N675 by exercising its right of termination under the contract. Following the shipowner's termination of the shipbuilding contract, COSCO Qidong has over the past few months been studying its options and remedies that may be pursued, including the possibility of reaching an amicable resolution of the matter with the shipowner.

In view that it is uncertain as to whether and how COSCO Nantong and COSCO Qidong will be able to settle the above matters amicably with the shipowner, it is not possible to ascertain the financial impact of the termination of the shipbuilding contracts at this point in time. The Company will announce any significant development in the above matters at the appropriate juncture. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board  
Gu Jing Song  
Vice Chairman and President  
25 October 2016