COSCO SHIPPING

COSCO SHIPPING INTERNATIONAL
(SINGAPORE) CO., LTD.

STRENGTHENING OUR CORE

ANNUAL REPORT 2020

VISION

To become the best-integrated shipping and logistics service provider in South and Southeast Asia.

MISSION

To provide customers with professional one-stop shipping and logistics solutions.

INVESTOR RELATIONS CONTACT

COSCO SHIPPING International (Singapore) Co., Ltd.

Mr Wang Hui
Vice President

Mr Yang Xiao Qing
General Manager, Investor Relations

Tel: (65) 6885 0888
Fax: (65) 6885 0858
Email: enquiry@coscoshipping.com.sg

CONTENTS

OVERVIEW

KEY MESSAGE

OPERATIONS AND FINANCIAL REVIEW

CORPORATE GOVERNANCE AND TRANSPARENCY

SUSTAINABILITY REPORT

FINANCIAL STATEMENTS

CORPORATE PROFILE

COSCO SHIPPING International (Singapore) Co., Ltd. ("Company" or "Group") aims to become one of the leading integrated logistics service providers in South and Southeast Asia. We are also involved in dry bulk shipping, ship repair and marine engineering, as well as property management through various subsidiaries.

Cogent Holdings Pte. Ltd. ("Cogent"), a wholly-owned subsidiary acquired in 2018, has a wide range of clientele ranging from local SMEs to multinational companies. As the owner of one of Singapore's largest one-stop integrated logistics hub, Cogent 1.Logistics Hub, Cogent's main businesses comprise warehousing, container depot, automotive logistics, transportation, and property management in Singapore. It also operates warehousing and container depot businesses in Malaysia.

Cogent, through its wholly-owned subsidiary, SH Cogent Logistics Pte Ltd, acquired 80% shares of Guper Integrated Logistics Sdn. Bhd., Gem Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd., and East West Freight Services Sdn. Bhd. in 2020. This acquisition expanded the Company's logistics services in Malaysia.

The logistics services in Malaysia now include container haulage, freight forwarding, forwarding agency services, container depot, and warehousing.

The Company has also acquired 40% of PT. Ocean Global Shipping Logistics in 2018, an Indonesian shipping logistics company specializing in logistics services, freight forwarding, ship agency, bunkering, and container depot services.

COSCO SHIPPING Southeast Asia Container Logistics Services Pte. Ltd., a partially owned subsidiary of the Company, owns 30% of TAN CANG-COSCO-OOCL Logistics Company Limited's shares. TAN CANG-COSCO-OOCL Logistics Company Limited is a company incorporated in Vietnam that provides storage and warehouse services, container station and depot service, maintenance and repair of equipment, and freight transport agency services.

COSCO SHIPPING (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, is involved in dry bulk shipping and is mainly focused on voyage charter and time charter.

Through COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd., a subsidiary of the Company, the Company is also involved in ship repair and marine engineering activities.

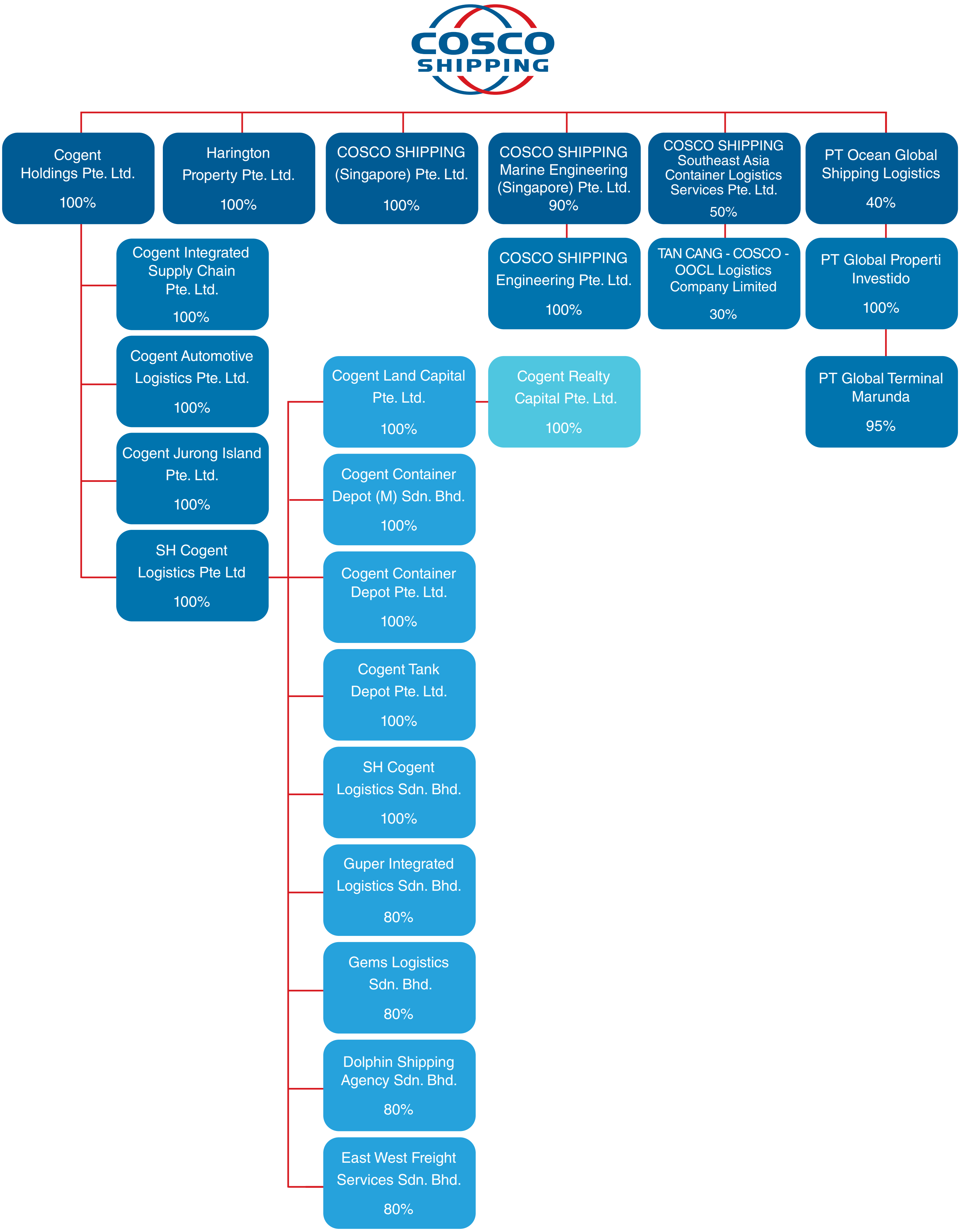
Under property management, Cogent has redeveloped and transformed the former Turf Club, a 1 million square foot state-property, into a vibrant lifestyle hub named The Grandstand. Harington Property Pte. Ltd., a wholly-owned subsidiary of the Company, provides property management services.

The Company will actively expand its logistics networks through strategic acquisitions and investments as it continues to build a regional logistics presence in the South and Southeast Asian region.

The Company will also tap on its core competencies to actively strengthen its diversified business portfolio.

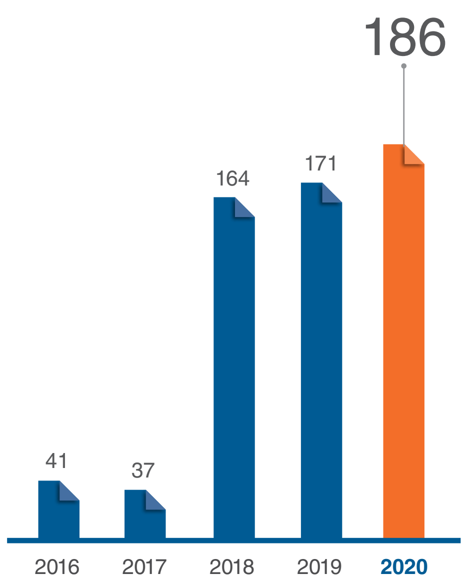
The Company is ultimately controlled by China COSCO SHIPPING Corporation Limited ("Parent Company"), a state-owned enterprise established in the People's Republic of China ("PRC").

CORPORATE STRUCTURE

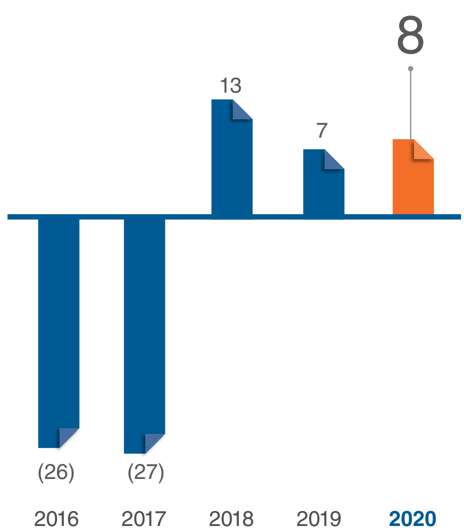


FINANCIAL HIGHLIGHTS

Turnover from Continuing Operations ($'million)

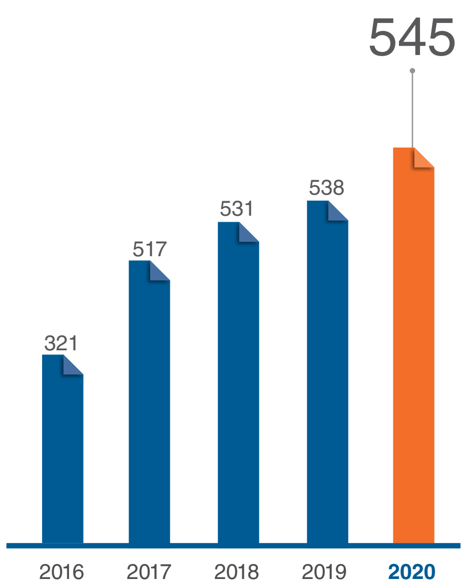


Net Profit Attributable to Equity Holders from Continuing Operations ($'million)

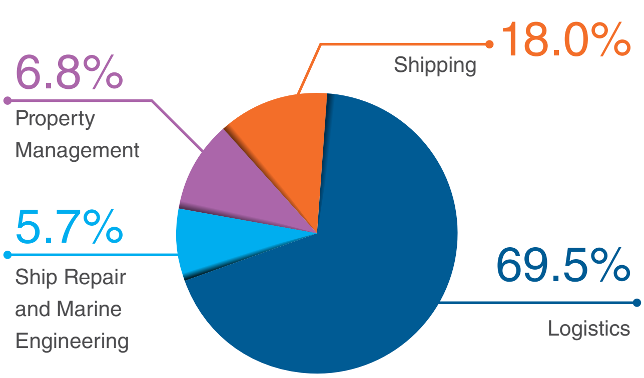


* The comparative figures for 2016 have been restated as a result of the disposal of subsidiaries in the financial year ended 31 December 2017.

Net Assets ($'million)



Revenue from Continuing Operations by Activities (%)



2,239.2
Number of Shares (m)

0.5
Gearing Ratio (net of cash)(times)

0.4
Basic Earnings per Share (cents)

1.6
Return on Equity (%)

18.1
Net Tangible Assets per Share (cents)

0.8
Return on Assets (%)

23.9
Net Assets Value per Share (cents)

5-YEAR PROFIT OR LOSS ACCOUNTS ($'M)	2016[1]	2017[2]	2018	2019	2020
Turnover from continuing operations	40.5	37.2	163.7	171.5	**185.8**
(Loss)/profit from continuing operations	(26.0)	(27.1)	13.2	7.7	**9.1**
(Loss)/profit from discontinued operations	(950.1)	92.4	-	-	**-**
Total (loss)/profit	(976.1)	65.3	13.2	7.7	**9.1**
(Loss)/profit attributable to equity holders of the Company	(466.5)	189.4	13.0	7.4	**8.3**

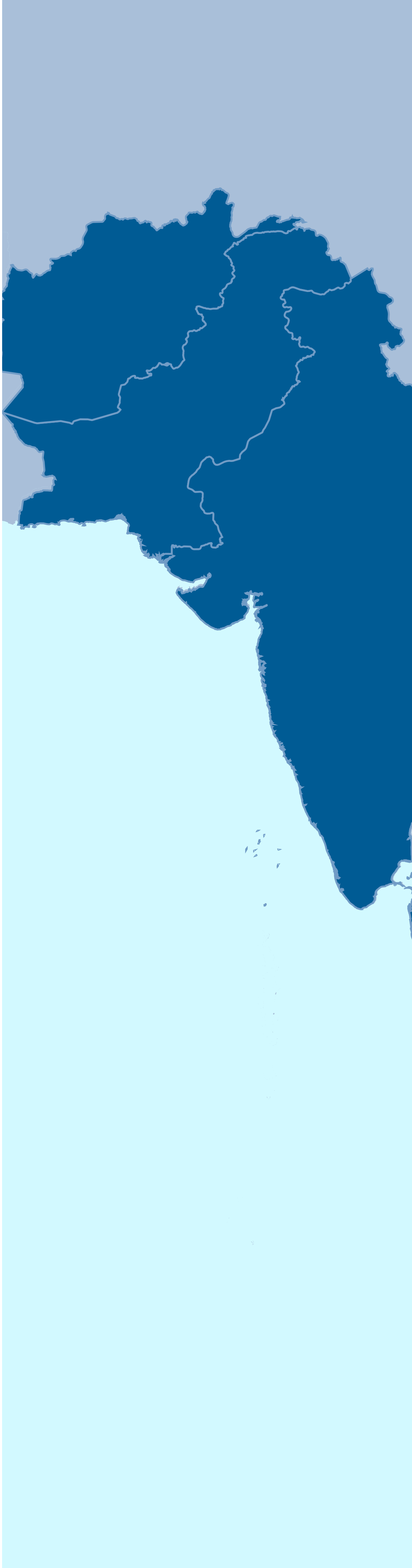
OTHER KEY STATISTICS	2016	2017[2]	2018	2019	2020
Number of Shares (m)	2,239.2	2,239.2	2,239.2	2,239.2	**2,239.2**
Basic Earnings per Share (cents)	(20.8)	8.5	0.6	0.3	**0.4**
Net Tangible Assets per Share (cents)	14.6	23.0	17.6	18.1	**18.1**
Net Assets Value per Share (cents)	15.0	23.0	23.7	24.0	**23.9**
Gearing Ratio (net of cash)(times)	17.2	Net Cash	0.2	0.4	**0.5**
Return on Equity (%)	(80.6)	44.5	2.5	1.4	**1.6**
Return on Assets (%)	(4.6)	3.7	1.9	0.8	**0.8**

[1] The comparative figures for 2016 have been restated as a result of the disposal of subsidiaries in the financial year ended 31 December 2017.

[2] The comparative figures for 2017 have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Expanding logistical networks through strategic acquisitions and investments

We will continue to build a regional logistics integrated network in the South and Southeast Asian region




Vietnam
Malaysia
Singapore
Indonesia

CHAIRMAN AND PRESIDENT'S STATEMENT

"With our core competencies as foundation, we would focus on steadily strengthening and solidifying our diversified portfolio. This will help ensure profitability and enhance our stability across various business cycles."

Zhu Jian Dong
Chairman and President

Dear Shareholders,

Due to the COVID-19, 2020 has been a challenging year for many businesses. According to the International Monetary Fund's World Economic Outlook, the global growth contraction for 2020 is estimated to be -3.5%, much more than during the financial crisis in 2008-2009, largely due to the impact COVID-19 has left on the world's economy in 2020.

For the financial year ended 31 December 2020 ("FY2020"), the Group recorded net profit of $9.1 million on turnover of $185.8 million. Net profit attributable to equity holders was $8.3 million for FY2020 compared to $7.4 million in FY2019. The Group's net asset value per share for financial year ended 31 December 2020 was 23.9 cents.

A Year in Review

In 2020, the world faced the sudden attack of COVID-19, which negatively affected global economic development and many businesses around the world. The pandemic has brought new challenges to companies and changed the way we work and connect with each other. In response to the COVID-19, we placed our employees' health as a priority and acted swiftly in implementing additional pandemic preventive measures than what was required by the relevant Government advisories.

With the rapidly evolving situation surrounding the pandemic, it is crucial for businesses to remain agile in order to ensure profitability.

Apart from our efforts to curb the spread, we continued strengthening our business portfolio to better serve our customers' needs and placing focus on ensuring smooth operations and improving cooperation and long-term partnership terms with our key customers.

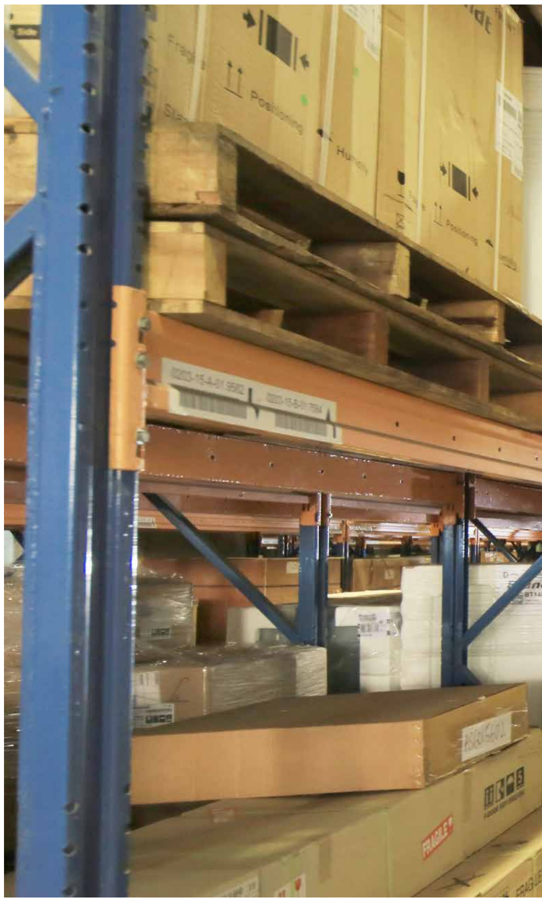
In February this year, the Company completed the acquisition of 80% stake in Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. (collectively the "Newly Acquired Malaysia subsidiaries") for 88 million Malaysia Ringgit ("RM"), allowing us to provide a more comprehensive and end-to-end service to our Malaysian customers.

CHAIRMAN AND PRESIDENT'S STATEMENT

Since the acquisition, we have obtained the trust and support from clients, reflecting our growing logistics presence in Malaysia. The acquisition of the logistics assets from Golden Logistics has further helped complement the Company's expansion plan. In 2020, we also improved business and operational efficiency for Cogent's logistics operations in Malaysia by increasing the warehouse utilization rate and a mix in its customer portfolio. To fuel the expansion, the Company plans to increase investments in the construction of warehouses as well. Following the completion of the various acquisitions and developments in Malaysia, the Company will be able to benefit from potential synergies and economies of scale.

For our Singapore's logistics operations, we have completed the first to third storeys of the Jurong Island Chemical Logistics Facility ("JICLF"). The JICLF is an 8-storey general warehouse building with mezzanine offices, a chemical warehouse, an ISO tank depot, and a few container depots. The JICLF will cater to the growing demand for one-stop logistics services within Jurong Island. With the completion, we have also begun the marketing efforts for the JICLF.

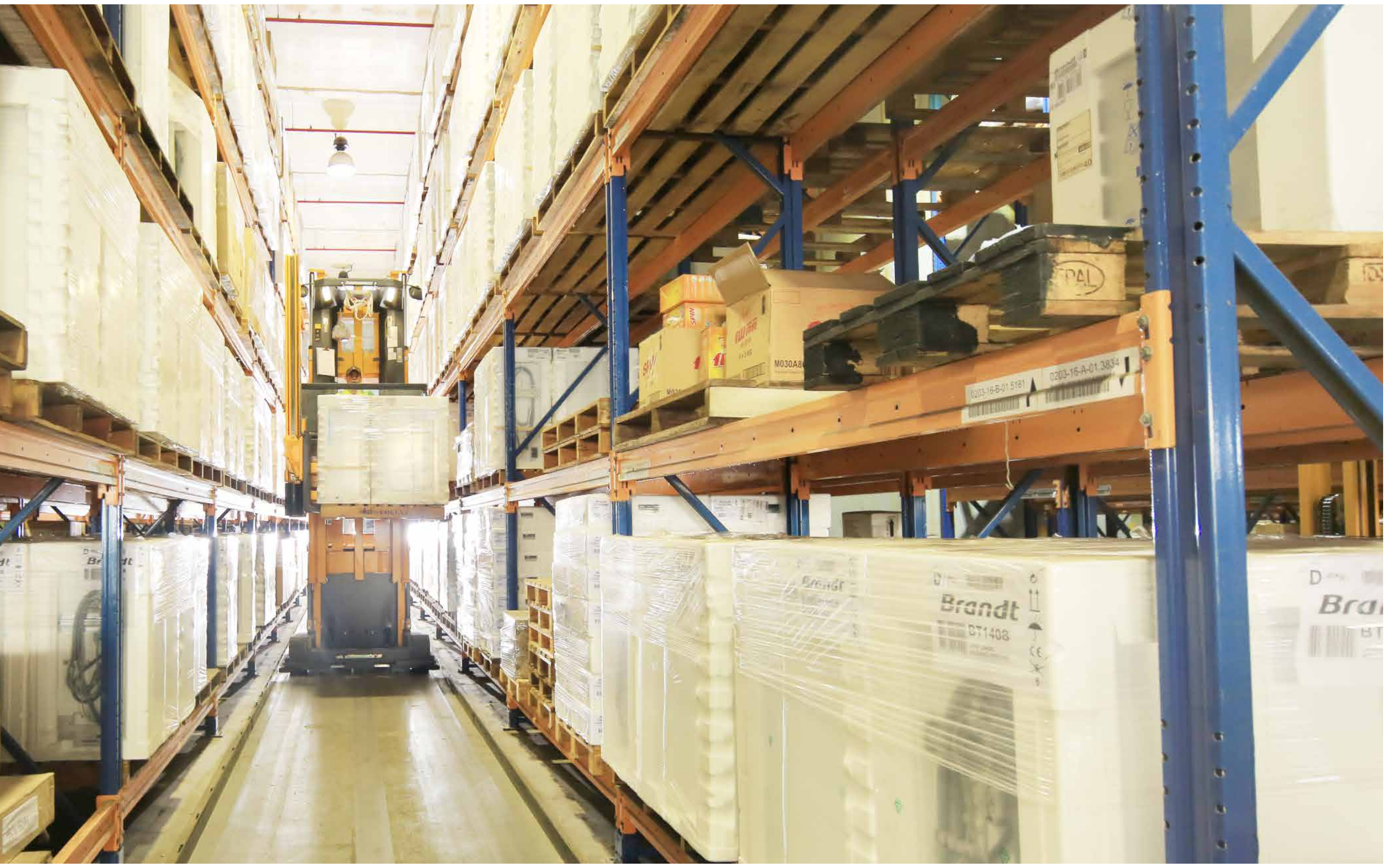
Other than Singapore and Malaysia, the Group has logistics presence in Indonesia and Vietnam



through its acquisitions of PT Ocean Global Shipping Logistics and TAN CANG-COSCO- OOCL Logistics Company Limited respectively.

We will continue to develop our logistics network in the South and Southeast Asian region to provide comprehensive services across the entire logistics value chain.

In June 2020, the Company adopted the COSCO SHIPPING Group Executives Share Option Scheme 2020,



which serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance.

We will continue to balance the Company and its stakeholders' interests through corporate governance measures and incentives, as well as strict compliance with regulatory requirements in all countries that we operate in.

Future Outlook

Vision: To become the best-integrated shipping and logistics service provider in South and Southeast Asia.

Mission: To provide customers with professional one-stop shipping and logistics solutions.

Development Opportunities in South and Southeast Asia

The region is gradually recovering from the economic damage caused by COVID-19. According to the Asian Development Outlook Supplement December 2020 released by the Asian Development Bank, the growth rate of South and Southeast Asia is expected to rebound to 7.2% and 5.2% respectively.

The South and Southeast Asian region has many new development opportunities. For instance, the Regional Comprehensive Economic Partnership Agreement (RCEP) initiated by ASEAN will bring new impetus to the development of relevant countries in the region.

CHAIRMAN AND PRESIDENT'S STATEMENT

The continuous improvement of infrastructure in the South and Southeast Asian Region will also provide an ideal environment for the growth of the logistics businesses.

Development Goals

With our core competencies as a foundation, we would focus on steadily strengthening and solidifying our diversified portfolio to create value for our stakeholders, enhance our stability across various business cycles, increase profitability, and enhance sustainable development capabilities.

The Company will continue to look for suitable partnership and acquisition opportunities to strengthen our logistics business portfolio and expand our logistics network in the region, taking into consideration the targets' business scale and scope, historical performance, growth potential, and synergy with the Company's operations. This will help develop the Company into a more comprehensive one-stop logistics provider, capable of serving growing customer demand as South and Southeast Asia continue its economic growth.

Besides our logistics business, we will also look out for development opportunities in the other businesses of our portfolio.

While exploring new development opportunities, we will continue optimizing operations through improving cooperation and long-term partnership terms with our key customers, innovating our existing businesses, reducing operating costs, improving service quality, increasing business development efforts, and striking deals with quality customers. To enable us to meet the ongoing challenges in this competitive landscape, we will also continue creating synergies with the Parent Company's business portfolios and resources through strategic partnerships.

As the Company places great importance on corporate social responsibility and sustainable development, we will continue our efforts in environmental conservation, paying attention to social development in the region, caring for the growth of our employees, and promoting technological innovation in our business.

Updates on Existing Projects

Construction of the other storeys in the JICLF is currently ongoing, albeit on a gradual and partial basis, as the contractor strives to abide by strict safe management guidelines at the worksites due to the COVID-19 pandemic. We would strengthen the oversight of the project's construction to speed up the completion of the JICLF. The completion of other parts of the JICLF is expected to take place in the first half of 2021.

We are also in discussion with Westports Malaysia Sdn. Bhd. to lease a piece of land situated at Port Klang, Malaysia for construction of a warehouse of approximately 300,000 square feet.

Continue Playing Our Part to Curb the COVID-19

The health of our employees will remain our top priority. While we steadily scale up our operations, the Company will make a persistent effort to stay vigilant while adopting the Government's guidelines and measures.

The Company strives to achieve sustainable growth by improving our risk management system and carefully evaluating the markets we operate in. We will continue to maintain operational capacity to meet customers' demands and provide the necessary support to other stakeholders.

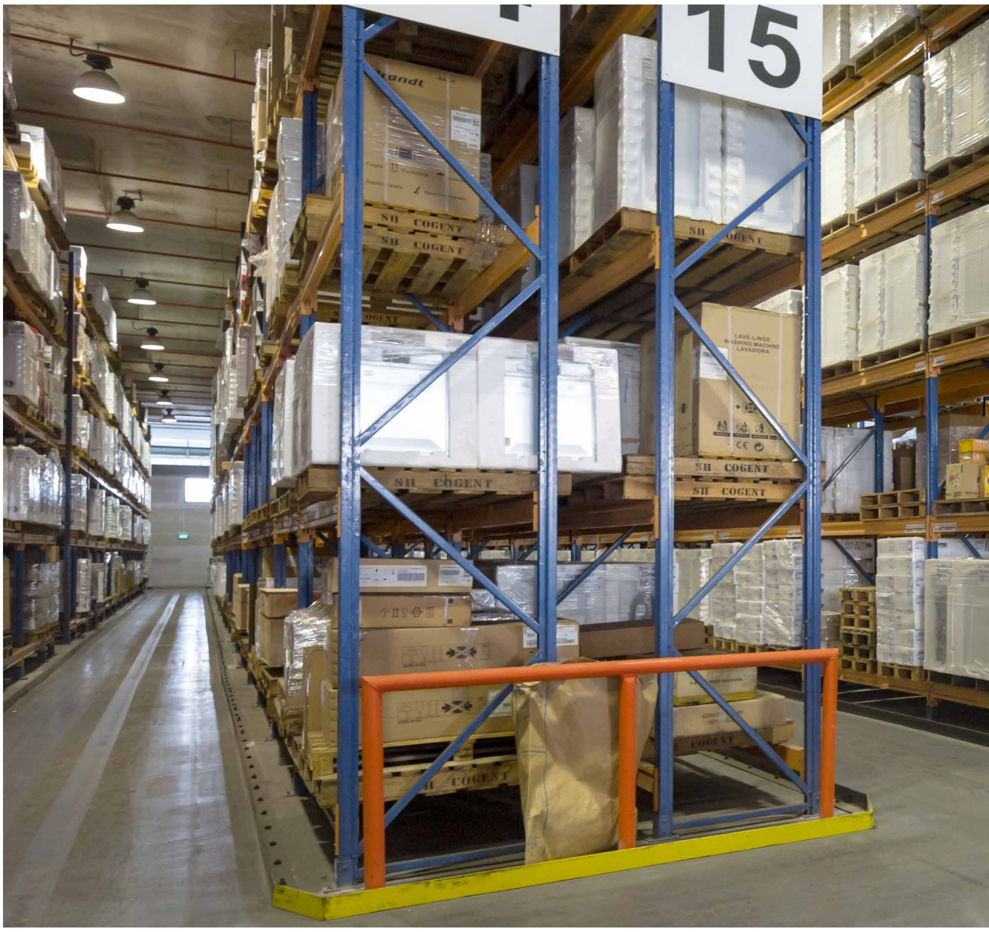
Appreciation

I would like to express my heartfelt thanks to our employees who have contributed to the Group, especially in the midst of the pandemic and changes to our daily operations. I would also like to express appreciation towards our shareholders who have provided us with their trust and support. We will continue to create value for our stakeholders and achieve sustainable growth.

ZHU JIAN DONG
Chairman and President

OPERATIONS REVIEW

Logistics



The business operations for the Company's core logistics business in Singapore and Malaysia continued to operate as part of essential services during Circuit Breaker period in Singapore and Movement Control Order period in Malaysia. Although there were some temporary disruptions to aspects of operations, the Company was able to continuously carry on operations in Singapore and Malaysia with the adoption of safe management measures and guidelines set by local Governments. The Company was also able to receive support through several Government support schemes.

In the face of unprecedented difficulties, the Company's employees worked together and responded calmly, focusing on pandemic prevention and control while ensuring production capability. We will continue to maintain close communication with all customers to ensure minimal disruption to operations, and to apply for support from relevant Government authorities.

With recent acquisitions and investments, we were also able to integrate the Company's multiple logistics industry resources to provide customized logistics solutions based on our customers' needs. While ensuring smooth operations and enhancing profitability, we continue to place the health and safety of our employees as the top priority.

Dry Bulk Shipping

COSCO SHIPPING (Singapore) Pte. Ltd., the Company's wholly-owned subsidiary, currently has three vessels with a total tonnage of 163,000 tonnes and an average age of 15 years. The Baltic Dry Index (BDI), a measure of shipping costs for commodities, started the year at 976 points and ended 2020 at 1,366 points, averaging 1,066 points for the entire year, lower than the average of 1,353 points in 2019.

Ship Repair and Marine Engineering

Through the Company's subsidiary, COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd., the Company engages in ship repair and marine engineering activities, including annual inspection, ship store supply, fabrication work services and production of marine outfitting components. While the Company's ship repair network was originally concentrated in Singapore, Malaysia and Indonesia, the Company has expanded its business beyond the region

due to customer demands. Together with its business partners, the Company now provides ship repair and other services in numerous countries including Indonesia, Malaysia, Philippines, Vietnam, Thailand, Sri Lanka, India and Bangladesh.

Under ship repair and marine engineering, we obtained the certifications issued by DNV for ISO 9001 quality management system, ISO 45001 safety management system, and ISO 14001 environmental management system in September 2020.

Property Management

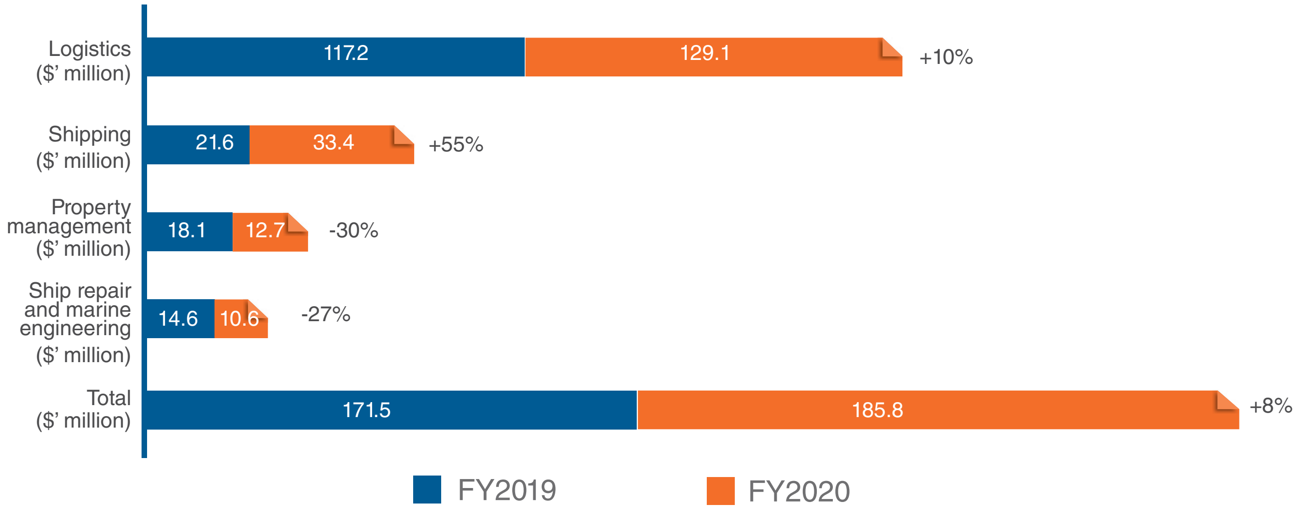
Cogent manages The Grandstand, a 1 million square foot state property and one of the largest shopping and lifestyle hub in Singapore. The Company's subsidiary, Harington Property Pte Ltd also owns office units in Suntec City, with a total floor area of 1,336 sqm and the units are currently rented out to a key tenant.

The property management business's revenue from The Grandstand and office units in Suntec City was affected due to rental waiver granted to tenants under the Government Rental Relief Framework and lower rental rates for its retail and office properties this year. We will continue working with our tenants through understanding their difficulties to overcome the challenges ahead.

Moving forward, the Company will continue its expansion plans in the logistics industry in South and Southeast Asia. We will also explore development opportunities in feasible and profitable businesses to strengthen our portfolio.

FINANCIAL REVIEW

SALES



Group sales revenue for FY 2020 totalled $185.8 million, 8% higher than FY 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 "Newly Acquired Malaysia subsidiaries"); and revenue from the chartered in of bulk carriers.

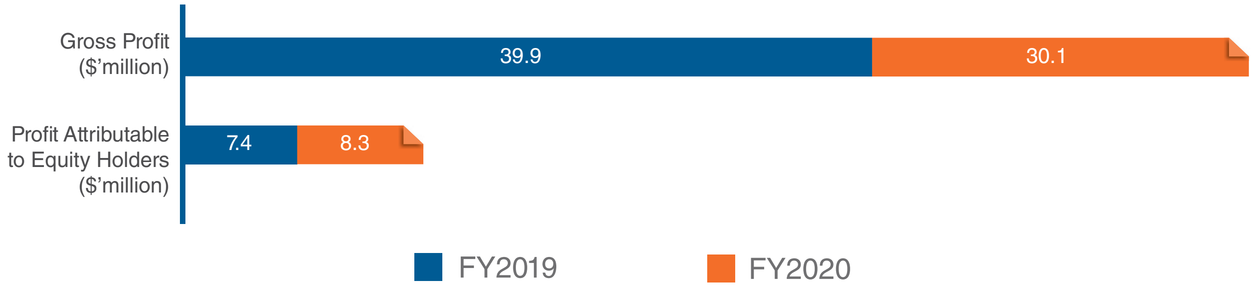
Logistics activities accounted for about 69% of the Group's revenue in FY 2020. Revenue from logistics activities increased by 10% to $129.1 million mainly due to revenue contribution of $18.4 million from the Newly Acquired Malaysia subsidiaries. Excluding the revenue from the Newly Acquired Malaysia subsidiaries, revenue from logistics activities would be $110.7 million for FY 2020, about 6% lower than FY 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.

Revenue from shipping activities increased by 55% from $21.6 million to $33.4 million mainly due to revenue contribution from an increased fleet of bulk carriers that the Group had chartered in during FY 2020 as compared to FY 2019. Excluding the revenue from charter-in bulk carriers of $21.9 million (FY 2019: 5.1 million), revenue from owned bulk carriers has decreased by about $5.0 million due to lower charter rates in FY 2020 as compared to FY 2019. The Baltic Dry Index (BDI), a measure of shipping costs for commodities, averaged 1,066 points in FY 2020, a decline of 21% from the average of 1,353 points in FY 2019.

Revenue from property management decreased by about 30% or $5.4 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 FY 2020 as compared to FY 2019.

Revenue from ship repair and marine engineering decreased by 27% mainly due to lower volume of ship repair and fabrication works as a result of COVID-19 related disruptions to its customers.

COSTS AND PROFITABILITY



Cost of sales increased by 18% or $24.2 million was mainly due to the inclusion of the cost of sales of the Newly Acquired Malaysia subsidiaries, increase in charter-hire costs for the increased number of bulk carriers chartered-in during FY 2020 and higher operational costs.

Gross profit decreased by 25% from $39.9 million in FY 2019 to $30.1 million in FY 2020 mainly due to lower rental revenue as a result of rental waiver and lower gross margins.

Other income increased by 574% to $13.6 million in FY 2020 was mainly due to Singapore government grants of $12.4 million under the various support measures in relation to the COVID-19 pandemic.

Other gains and losses in FY 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 $2.7 million arose from the differences in the purchase consideration against the fair values of assets and liabilities of the Newly Acquired Malaysia subsidiaries as at the completion date on 14 February 2020.

Distribution expense decreased by 4% mainly due to lower marketing and advertising expense.

Administrative expense increased by 7% mainly due to the inclusion of the administrative expense of the Newly Acquired Malaysia subsidiaries.

Finance expense decreased by 14% to $7.6 million mainly due to lower borrowing costs.

Share of profit of associated companies was contributed by the Group's 40% shareholdings in PT. Ocean Global Shipping Logistics ("PTOGS") and the 30% shareholdings in Tan Cang-COSCO-OOCL Logistics Company Limited. Share of profit of associated companies decreased by 8% or $0.1 million from $2.0 million in FY2019 to $1.9 million in FY2020 was mainly due to lower profits from PTOGS as a result of COVID-19 impact.

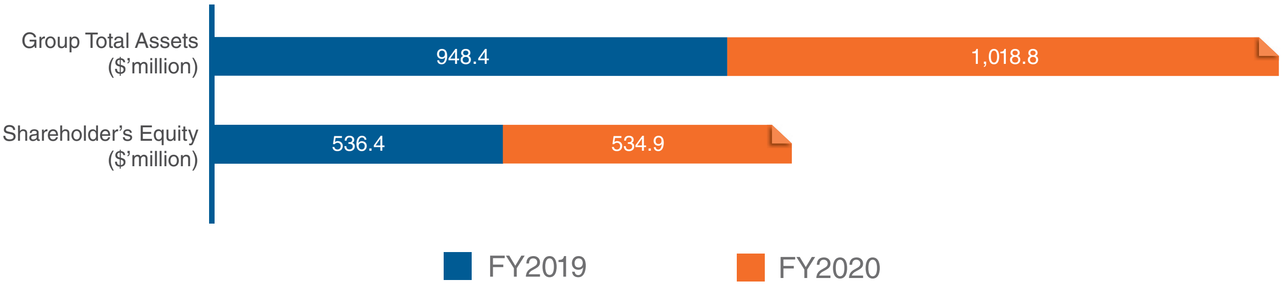
Income tax expense decreased by 4% to $2.8 million mainly due to higher income not subject to tax in FY 2020.

Overall, net profit attributable to equity holders was $8.3 million, 13% higher than FY 2019 mainly due to government grants and contribution from Newly Acquired Malaysia subsidiaries, partially offset by rental waiver granted to tenants, weak shipping charter rates and lower profit margins.

FINANCIAL REVIEW

BALANCE SHEET

(31 December 2020 vs 31 December 2019)



Cash and cash equivalents increased from $67.2 million to $76.3 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.

Trade and other receivables increased by $2.7 million to $44.0 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 Newly Acquired Malaysia subsidiaries.

Property, plant and equipment increased by $46.5 million to $718.9 million mainly due to the fair values of the property, plant and equipment acquired for the Newly Acquired Malaysia subsidiaries and the progressive construction of Jurong Island Chemical Logistics Facility ("JICLF").

Total assets increased by $70.4 million to $1.0 billion as at 31 December 2020.

Trade and other payables increased by $11.8 million to $61.8 million mainly due to the trade and other payables assumed for the Newly Acquired Malaysia subsidiaries and the recognition of redemption liability of $7.5 million in relation to the present value of the expected future payments associated to the purchase of the non-controlling interest holdings in the Newly Acquired Malaysia subsidiaries. The increase in trade and other payables was partially offset by the payments of outstanding construction costs for JICLF.

Total borrowings increased from $299.8 million to $342.9 million mainly due to the borrowings procured to finance the acquisition of the Newly Acquired Malaysia subsidiaries and the construction costs of JICLF, and borrowings assumed for the Newly Acquired Malaysia subsidiaries. As a result, the Group's gearing ratio (net of cash) increased from 0.4 times at the end of 2019 to 0.5 times at the end of 2020.

Total liabilities increased by $63.3 million to $473.4 million as at 31 December 2020.

For details of the identifiable assets acquired and liabilities assumed, at fair values of the Newly Acquired Malaysia subsidiaries, please refer to pages 140 to 143 in Note 16 of the Financial Statements for details.

Shareholder's equity decreased by $1.5 million to $534.9 million mainly due to the recognition of a debit balance in other reserves for redemption liability of $7.5 million and a decrease in currency translation reserves in FY 2020, partially mitigated by profits in FY 2020.

CASH FLOWS

SUMMARISED CASH FLOWS ($'MILLION)	2019	2020
Net cash provided by operating activities	51.8	64.8
Net cash used in investing activities	(64.9)	(53.8)
Net cash provided by/(used in) financing activities	7.9	(1.5)
Net (decrease)/increase in cash and cash equivalents	(5.2)	9.5

Net cash provided by operating activities for FY 2020 was $64.8 million as compared to $51.8 million in FY2019. The improvement in cash provided by operating activities was mainly due to better management of working capital.

Net cash used in investing activities for FY 2020 was $53.8 million. This was mainly related to cash used for acquisition of the Newly Acquired Malaysia subsidiaries and the payments for property, plant and equipment.

Net cash used in financing activities for FY 2020 was $1.5 million. This was mainly related to the repayment of borrowings and interest costs, partially offset by proceeds from borrowings.

As at 31 December 2020, Group Cash and Cash equivalents was $76.3 million.

Creating a consolidated platform for one-stop integrated services

We aim to provide customers with one-stop integrated services, which includes container haulage, freight forwarding, container depot and warehousing

CORPORATE GOVERNANCE

COSCO SHIPPING International (Singapore) Co., Ltd. ("COSCO SHIPPING" or the "Company" and together with its subsidiaries, the "Group") believes that good corporate governance is essential to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the Group's business.

The Board of Directors (the "Board"), guided by the Singapore Code of Corporate Governance 2018 (the "Code") issued by the Monetary Authority of Singapore (the "MAS") and the disclosure guide developed by the Singapore Securities Trading Limited (the "Guide"), remains committed to the provisions and guidelines stated therein to achieve high standards of business integrity, ethics and professionalism across all its activities to ensure greater transparency, to protect shareholders' interests and to enhance long-term shareholders' value.

Statement of Compliance

The Board confirms that, for the financial year ended 31 December 2020 ("FY2020"), the Company has adhered to the principles and guidelines set out in the Code, save as otherwise highlighted in the report in relation to certain provisions of the Code.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

The primary function of the Board is to provide effective leadership and strategic direction and work with Management to enhance long-term value of the Group to shareholders of the Company and other stakeholders. Governance is overseen by the Board together with Management, led by the Group President and accountable to the Board.

The principal functions of the Board apart from its statutory responsibilities are:

a) to provide entrepreneurial leadership; set the strategic objectives, corporate policies and authorisation matrix of the Company; and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
b) to approve the nominations to the Board and appointment of key management, as may be recommended by the Nominating Committee;
c) to oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls; approve annual budget, key operational matters, major acquisition and divestment proposals, major funding proposals of the Company;
d) to assume responsibility for corporate governance framework of the Company and establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and company's assets;
e) to review management performance;
f) to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

g) to set values and standards (including ethical standards) of the Company and ensure that obligations to shareholders and others are understood and met;
h) to monitor and manage potential conflict of interest between the key management personnel, the Board and the shareholders; and
i) to promote corporate social responsibilities throughout the Group and include environmental and social factors as part of its strategic formulation.

Directors are fiduciaries who make decisions objectively in the best interests of the Company and have exercised due diligence and independent judgment in so doing. The Board has put in place a code of conduct and ethics. It also sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group. Any Director who faces a conflict of interest or a possible conflict of interest, in relation to matter, must promptly declare his interest at a meeting of Directors or send a written notice to the Company containing details of his interest and the conflict and recuses himself from discussions and decisions on the matter.

Provision 1.2

Newly appointed directors would receive a formal letter setting out the director's duties and obligations and receive comprehensive and tailored induction and training in areas such as accounting, legal and industry-specific knowledge on joining the Board. They will also be given an orientation program with materials provided to familiarise themselves with the profile of the Group and the Management, business and organizational structure of the Group, strategic plans and mission of the Company.

In addition, the newly-appointed Directors will undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. The Company will also arrange for any new Director with no prior experience as a director of a listed company in Singapore to undergo training conducted by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties and responsibilities.

The Directors are provided with regular updates on relevant new laws and regulations, and evolving commercial risks and business conditions from the Company's relevant advisors. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Audit and Risk Management Committee and management on the new or revised financial reporting standards on an annual basis.

Provision 1.3

The Company has adopted internal guidelines setting forth matters which are reserved for the Board's decision. These matters, amongst others, the following:

- the recommendations of the Strategic Development Committee;
- the Group's long-term objectives and commercial strategy;
- the making of any decision to cease to operate all or any material part of the business of the Group or to extend the Group's activities into new business;
- the consideration of any proposal to merge or amalgamate the Company with any other company;

CORPORATE GOVERNANCE

- the approval of any acquisition of any investment, asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a substantially different nature or character to any activity from time to time carried on by the Company or any of its subsidiaries;
- the approval of any changes relating to the Group's capital structure including changing the amount or currency of the Company's share capital, reduction of capital, share issues (except under employee share options scheme);
- the approval of risk management policy for the Company and its subsidiaries;
- the approval of the Company's interim financial results, annual audited financial statements and other appropriate statements for inclusion in the Company's Annual Report as well as the issuance of Annual Report;
- the recommendation of the payment of any dividend by the Company or any exercise of the powers of the Board in relation to reserves or capitalisation of profit;
- appointment or removal of director from the Board (with recommendation made by the Nominating Committee) and the appointment or removal of the Company Secretary;
- make changes to the structure and size of the Board, following receipt of recommendation from the Nominating Committee;
- in the case of any conflict of interest which the Board, after being appropriately advised, considers to be material, as to whether such conflict should be authorised and, if so, authorise such conflict upon such terms and conditions as the Board considers appropriate;
- determining the remuneration packages for senior executives of the Company (following receipt of recommendation by the Remuneration Committee);
- reviewing the performance of the Board annually; and
- any matter required to be considered or approved by the Board as a matter of law or regulation.

Provision 1.4

To facilitate effective management, the Board has delegated specific responsibilities to the following committees, namely:

- Audit and Risk Management Committee
- Nominating Committee
- Remuneration Committee
- Strategic Development Committee

These committees operate under clearly defined terms of reference and operating procedures. The Chairman of the respective Committees reports to the Board with their recommendations.

Provision 1.5

During the financial year, the Board held three (3) meetings and had on various occasions used circular resolutions in writing to address any specific matters that may arise. Day to day management of the Group has been delegated to the Group President and Executive Directors.

The attendance of the Directors at meetings of the Board and Board Committees as well as the General Meetings for financial year ended 31 December 2020 is set out in the table below:

	Board	Audit and Risk Management	Nominating	Remuneration	Strategic Development	General Meeting
Number of meetings held	**3**	**4**	**2**	**1**	**1**	**2**
Attendance:						
Zhu Jian Dong	3	4*	2	1*	1	2
Li Xi Bei	3	4*	NA	NA	1	2
Ang Swee Tian	3	4	2	1	1	2
Wang Kai Yuen	3	4	2	1	1	2
Er Kwong Wah	3	4	2	1	1	2

** By Invitation*
NA - Not Applicable

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the Nominating Committee will evaluate whether or not the Director is able and has been adequately carrying out his duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Provision 1.6

The Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. Prior to each Board meeting, members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Such information includes budgets, forecasts, interim and annual financial statements, related materials, facts, risk analysis, financial impact, expected outcomes, conclusions and recommendations.

The Group President also briefs and updates Directors on an ongoing basis on the Group's businesses, operations, policies and regulatory and environment to assist them to discharge their duties and responsibilities effectively. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise.

For effective planning, the schedule of all Board and Board Committee meetings for the next calendar year is always planned in advance. A special Board meeting will be conducted for special project whenever it is required. The Company's Constitution (the "Articles") allows Board meetings to be conducted by way of telephone and video conferencing.

As a general rule, notices are sent to the Directors at least 10 days in advance of Board and Board Committees meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

CORPORATE GOVERNANCE

Provision 1.7

All Board members have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all Board and Board committees meetings during the financial year. He is responsible for ensuring that Board procedures are followed and that applicable rules and regulations such as the SGX-ST Listing Manual ("Listing Manual"), Companies Act (Chapter 50), Securities and Futures Act (Chapter 289) and the Constitution of the Company and all governance matters are complied with. The appointment and the removal of the Company Secretary are subject to the Board's approval.

All Board members also have separate and independent access to the senior management of the Company and the Group. Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1

The Board of COSCO SHIPPING comprises the following members:

Zhu Jian Dong	Chairman, President and Non-Independent Executive Director
Li Xi Bei	Non-Independent Executive Director
Ang Swee Tian	Non-Executive Lead Independent Director
Wang Kai Yuen	Non-Executive Independent Director
Er Kwong Wah	Non-Executive Independent Director

The Directors' profiles are set out on pages 56 to 58 of this Annual Report.

The Board believes that there is a strong and independent element on the Board and allows the Board to exercise objective judgment on corporate affairs independently from Management, its related corporation or its substantial shareholders. No individual or group of individuals dominates the Board's decision-making. Collectively, the Executive Directors and Non-Executive Independent Directors bring a wide range of experience and expertise as they all currently occupy or have occupied senior positions in industry and public life, and as such, each contributes significant weight to Board decisions. None of the Non-Executive Independent Directors has any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

The Nominating Committee is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and no individual or small group of individuals dominates the Board's decision-making process.

Rigorous reviews have been carried out by the Board to assess the independent status of Wang Kai Yuen (who was appointed on 2 May 2001), Er Kwong Wah (who was appointed on 20 December 2002) and Ang Swee Tian (who was appointed on 13 November 2007), who have served on the Board beyond nine years and was of the view that these Directors are objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees. All of them are considered independent in accordance with the Provision 2.1 of the Code. All the Independent Directors had confirmed that they do not have any relationship and business dealing with the Management, its related corporations or its substantial shareholders.

The Board will continue reviewing the size and composition of the Board and the independent status of its directors on an ongoing basis.

Please refer to Provision 4.4 which highlights that pusuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, the approval of the shareholders of the Company would be sought via a Two-Tier Voting Process of the forthcoming annual general meeting of the Company for each of the independent Directors to continue in office as an independent Director come 1 Janaury 2022.

Provision 2.2 and 2.3

The Board currently comprises five (5) Directors, three (3) of whom are Non-Executive Independent Directors. Accordingly, the Board has satisfied the requirements for (i) independent directors to make up a majority of the Board where Chairman of the Board is not independent; and (ii) non-executive directors to make up a majority of the Board.

Provision 2.4

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise, experience, balance, diversity and knowledge of the Company and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management and strategic planning as well as industry and customer-based experience and knowledge.

The Board has examined its and its Board Committees' size and is of the view that they are of an appropriate size, taking into account the scope and nature of the operations of the Company and the requirements of the business. The Board and the Board Committees comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and gender so as to avoid groupthink and foster constructive debate for effective decision-making. There is no individual or small group of individuals who dominates the Board's decision-making.

The Board assesses its effectiveness as a whole and the contribution by each Director to the effectiveness of the Board annually. It is of the view that the current size of the Board is appropriate and will facilitate effective decision-making. The Board, collectively, possess an appropriate balance and diversity of skills, experience and knowledge of the Company, which provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.

The Board adopted a board diversity policy which recognises the importance of having an effective and diverse Board. The main objective of the policy is to have the appropriate balance of skills,

CORPORATE GOVERNANCE

experience, knowledge and other aspects of diversity (eg. gender, age and nationality) on the Board to support the long-term success of the Group. Under the policy, the Nominating Committee is responsible for recommending to the Board the relevant practices to promote and achieve diversity on the Board. The Board is making progress on the implementation of the board diversity policy.

The Company will continuously assess the existing attributes and core competencies of the Board with a view to enhance the efficacy of the Board and the strategic direction of the Group to determine the skill set of the Directors required when appointing new directors and/or re-appointment of incumbent directors to ensure Board balance and diversity.

STRATEGIC DEVELOPMENT COMMITTEE

The Strategic Development Committee ("SDC") comprises the following directors, majority of whom are independent directors:

Zhu Jian Dong (Chairman)	Non-Independent Executive
Li Xi Bei	Non-Independent Executive
Ang Swee Tian	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent
Er Kwong Wah	Non-Executive Independent

The Board acknowledges the importance of strategic planning and development. SDC assists the Board in fulfilling its responsibilities for developing, evaluating and monitoring the Company's long and short-term strategic goals. The SDC operates at the Board level but does not assume the Board's governance accountability or to make final strategic decisions. The SDC acts solely to address and develop current and future strategy-related issues. It has the responsibility for creating and driving the Company's strategy development and planning and Management takes responsibility for implementing the Company's strategies after the SDC received approval from the Board.

The SDC has the following authority and responsibilities:

a) Review and develop Company Strategies: Meet with Management periodically to review, develop and evaluate the Company's evaluation and implementation of its business strategy;
b) Provide Resource Support: Support the Board or Management in the evaluation and/or refining of the Company's strategic plans;
c) Assess Progress: Review and assess the status of implementation of the Company's business strategy and whether the results are consistent with the goals of the strategic plan as adopted by the Board; and
d) Recommend Improvements: Recommend areas of improvement and provide feedback to the Board and Management regarding the overall success of the business strategy.

The SDC discussed its strategic planning and future development and had used circular resolutions in writing to approve the proposed strategic development plan.

Provision 2.5

Where necessary or appropriate and at least once a year, the Non-Executive Directors and Independent Directors, led by the Lead Independent Director, will meet without the presence of the Management. The Non-Executive Directors and Independent Directors communicate regularly to discuss matters related to the Group, including the performance of the Management. Where appropriate, the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Mr Zhu Jian Dong holds both the positions of Chairman of the Board and the President of the Company.

As the Executive Chairman, he is responsible for workings of the Board by ensuring effectiveness in all aspects of its roles, including setting the agenda for Board meetings with input from Management and exercising control over the quality and timeliness of information flow between the Board and Management to encourage constructive relations within the Board and between the Board and Management.

To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda item, in particular, strategic issues and he also facilitates the effective contribution of Non-Executive Independent Directors.

He is also responsible for promoting high standards of corporate governance by ensuring compliance with the Group's guidelines on corporate governance and ensuring effective communication with shareholders and other stakeholders.

Provision 3.2

As the President and the most senior executive in the Company, Mr Zhu Jian Dong has full executive responsibilities over the business directions and operational decisions of the Group. He works closely with the Management to implement the Company's strategies and policies set by the Board for the long-term success of the Company.

Provision 3.3

In view that Mr Zhu Jian Dong is both the Executive Chairman and President of the Company, the non-executive independent Directors make up majority of the Board and the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee are chaired by independent Directors. Mr Ang Swee Tian has been appointed as the Lead Independent Non-Executive Director of the Company and is available to stakeholders should they have concerns which cannot be resolved through the normal channel of the Chairman or for which such contact is inappropriate.

Despite the positions of the Chairman and President are being held by one individual, the Board is of the view that as all major decisions are made in consultation with the Board and with the establishment of the Board committees, there are adequate safeguards in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

The Chairman, in consultation with the Management, ensures:

- the Board meetings are held as and when necessary to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;
- that the agenda for Board meetings are prepared, with the assistance of the Company Secretary;
- the exercise of control over the quality, quantity and timeliness of information between the

CORPORATE GOVERNANCE

Management and the Board and the facilitation of effective contribution from the Non-Executive and Independent Directors; and
- effective communication with shareholders and compliance with corporate governance best practices.

As such, the Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision-making without any individual being able to exercise considerable concentration of power or influence.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

NOMINATING COMMITTEE

The Board established the Nominating Committee ("NC") with written terms of reference which clearly set out its authority and duties, and reports to the Board directly.

The terms of reference of the NC sets out its duties and responsibilities. Amongst them, the NC is responsible for:

a) regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;
b) identifying, reviewing and recommending candidates for appointment as Directors (including the appointment of alternate directors, if any) of the Company and appointment to the Board committees as well as to senior management positions in the Company;
c) making recommendations to the Board the process and criteria for evaluation of the performance of the Board, its committees and directors;
d) reviewing the effectiveness of the Board as a whole and assess the contribution by each Director, to the effectiveness of the Board;
e) reviewing the independent status of non-executive directors annually;
f) making recommendations to the Board on re-appointment of Board and Board committee members; and
g) reviewing the training and professional development programs for the Board.

Provision 4.2

The NC comprises four (4) Directors, majority of whom including the Chairman are independent. The NC members are as follows:

Wang Kai Yuen (Chairman)	Non-Executive Independent
Zhu Jian Dong	Non-Independent Executive
Ang Swee Tian	Non-Executive Lead Independent
Er Kwong Wah	Non-Executive Independent

The NC meets at least once a year. During the financial year, the NC held two (2) meetings and had on various occasions used circular resolutions in writing to resolve certain decisions which were then recommended to the Board.

Provision 4.3

Recommendations for nominations of new directors and retirement of directors are made by the NC and considered by the Board as a whole. In arriving at their decisions on the new appointments, the NC took into consideration the incumbents' academic qualifications, experience, their individual field of expertise and their potential contributions to the effectiveness of the Board.

The process for the appointment of new directors begins with the NC, together with the Chairman and President of the Company, conducting a needs analysis and identifying the critical requirement in terms of expertise and skills that are needed in the context of the strengths and weaknesses of the existing Board and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and abilities when recommending new directors to the Board. When a candidate has been endorsed by the NC, the NC will then make a recommendation to the Board for the approval of his appointment.

In accordance with the provisions of the Constitution, one-third of the Directors retires by rotation and subjected themselves to re-election at every Annual General Meeting ("AGM") of the Company. In addition, new directors who were appointed by the Board during the year will hold office only until the next AGM and will be eligible for re-election.

The dates of initial appointment and last re-election of each of the Directors of the current Board are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election/ Re-appointment
Zhu Jian Dong	Chairman, President and Non-Independent Executive	19.09.2019	25.06.2020
Li Xi Bei	Non-Independent Executive	30.08.2016	25.06.2020
Ang Swee Tian	Non-Executive Lead Independent	13.11.2007	29.04.2019
Wang Kai Yuen	Non-Executive Independent	02.05.2001	29.04.2019
Er Kwong Wah	Non-Executive Independent	20.12.2002	27.04.2018

NA - Not Applicable

The NC assesses and recommends to the Board whether retiring directors are suitable to be nominated for re-election. In evaluating a director's contribution and performance for the purpose of re-nomination, the NC takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

The NC has recommended that the following directors be nominated for re-election at the forthcoming AGM pursuant to Article 101 of the Company's Constitution:

a) Dr Wang Kai Yuen
b) Mr Er Kwong Wah

In making the recommendation, the NC has considered the directors' overall contributions and performance. The Board recommends the shareholders to approve the re-election of the aforesaid directors. The details of the proposed resolutions are stipulated in the Notice of AGM.

CORPORATE GOVERNANCE

Provision 4.4

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence set out in the Code. In respect of the Company's current Independent Directors, namely Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian, the Board is of the view that they are independent in accordance with Provision 2.1 of the Code, the Practice Guidance and the SGX-ST Listing Manual. Details of the review process are set out under Provision 2.1 of this Annual Report.

Rule 210(5)(d)(iii) of the Listing Manual

Under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which is effective from 1 January 2022, a director will not be independent if he has been a director for aggregate period of more than nine years and his continued appointment as an independent director has to be sought and approved in a separate resolutions by (a) all shareholders; and (b) shareholders excluding the directors and the CEO of the Company, and their respective associates (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting ("AGM") following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

By 1 January 2022, each of Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian would have served the Board beyond nine years from the date of his first appointment. Accordingly, the approval of the shareholders of the Company via the Two-Tier Voting process at the forthcoming annual general meeting of the Company would be required for Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian to continue in office as independent Directors come 1 January 2022.

The Board is of the view that the independence of the Independent Directors should be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years which they have served on the Board.

The NC and the Board have reviewed the independence of each Independent Director. Pursuant to the review and NC's recommendation, the Board was of the view that each Independent Director has engaged the Board in constructive discussions, his contributions were relevant and reasoned and he has exercised independent judgement. In coming to this view, the Board took into account the criteria of independence as set out in the Code and each of the Independent Directors' demonstration of independence in character and judgement through the many discussions the Board had over matters and issues concerning the Group in both formal and informal settings. Each of the Independent Directors expressed constructive viewpoints, objectively raised issues and demonstrated independent mindedness in conduct at Board and/or committee meetings. His length of service has not interfered with his exercise of independent judgment. The Board also recognised that over time each of the Independent Directors developed significant insights in the Group's businesses and operations and could continue to provide significant and valuable contributions objectively to the Board as a whole.

Taking into account of the above, the Board has affirmed their independence status as resolved that Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian continue to be considered independent directors notwithstanding that they have served on the Board beyond nine years from the date of their appointment.

The Board is proposing that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for the continuation of office of Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian as independent directors of the Company come 1 January 2022.

The additional information on directors seeking re-election and/or continued re-appointment as independent directors are set out on pages 50 to 54 of this Annual Report.

Provision 4.5

The NC ensures that new Directors are aware of their duties and obligations.

During the financial year under review, the NC has ascertained that all Directors, including those who have multiple board representations, have devoted sufficient time and attention to the Group's affairs and have discharged their duties and responsibilities adequately. As time requirements of each director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

The list of current directorships in other listed companies and/or other principal commitments held by the respective Directors are set out in the table below:

Director	Current directorship in other listed companies
Zhu Jian Dong	Nil
Li Xi Bei	Nil
Ang Swee Tian	• China JinJiang Environment Holding Company Limited (Non-Executive Lead Independent Director)
Wang Kai Yuen	• ComfortDelGro Corporation Limited (Non-Executive Independent Director) • Ezion Holdings Ltd (Non-Executive Independent Chairman) • HLH Group Ltd (Chairman and Non-Executive Independent Director) • Emas Offshore Limited (Non-Executive Independent Director)
Er Kwong Wah	• CFM Holdings Limited (Non-Executive Independent Director) • The Place Holdings Limited (Lead Independent Director) • EcoWise Holding Limited (Non-Executive Lead Independent Director) • Chaswood Resources Holding Ltd. (Suspended) (Non-Executive Independent Director) • Luxking Group Holdings Limited (Non-Executive Independent Director) • Full Apex (Holdings) Limited (Under Delisting) (Non-Executive Independent Director)

CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its board committees and individual directors.

Provision 5.1 and 5.2

A formal assessment process is in place to assess the effectiveness of the Board as a whole and the contribution by the Chairman and each Director to the effectiveness of the Board. The NC uses objective and appropriate quantitative and qualitative criteria to assess the performance of the Board as a whole and the contribution of each Director to the effectiveness of the Board. Assessment parameters include evaluation of the Board's access to information, risk management, accountability, the Board's performance in relation to discharging its principal functions, communication with management and stakeholders, the business performance of the Company, the quality of Board processes, the attendance records of the Directors at Board and Committee meetings and the level of participation at such meetings.

The evaluation of the Board is conducted annually. As part of the process, the Directors will complete appraisal forms which are collated by the Company Secretary. The Company Secretary will then review the results of the appraisal and present the results to the Chairman of the NC who will then present a report to the Board.

An individual assessment of each Director is also undertaken annually. The process of the assessment is through self-assessment where each Director will complete appraisal forms which are collated by the Company Secretary. The Company Secretary consolidates the appraisal forms and presents the results to the Chairman of the NC who will then present a report to the Board.

The NC has assessed the current Board's performance to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole and each individual Director were satisfactory.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provision 6.1 and 6.2

REMUNERATION COMMITTEE

The Board established the Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties, and reports to the Board directly.

The RC comprises all independent directors of the Company. The RC members are as follows:

Er Kwong Wah (Chairman)	Non-Executive Independent
Ang Swee Tian	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent

The principal functions of the RC are to:

a) reviews and recommends to the Board, a framework of remuneration for the Directors and senior management personnel;
b) recommends to the Board base salary level, benefits and incentive programmes, and identify components of salary which can best be used to focus management staff on achieving corporate objectives;
c) approves the structure of compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options, shares-based incentives & awards and benefits in kind) for the Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
d) reviews, on annual basis, the compensation package of the Company's Directors and senior management personnel and determine appropriate adjustments; and
e) reviews the Company's obligations arising in the event of termination of EDs and key management personnel contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Provision 6.3

In carrying out its duties, the RC considers all aspects of remuneration, including termination terms, to ensure they are fair. No Director or member of the RC is involved in deciding his or her own remuneration.

The recommendations for approval of the remuneration of the Executive Directors are forwarded to the Board. The RC also reviews and approves the remuneration of senior management. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees are subjected to approval by shareholders at the AGM.

The RC meets at least once a year to discuss the performance assessment of the Executive Directors as well as to discuss the level of emoluments to pay.

Provision 6.4

No remuneration consultants were engaged by the Company in FY2020. The RC has full authority to engage external professional to advise on remuneration matters as and when the need arises. The expenses of such services shall be borne by the Company.

LEVEL AND MIX OF REMUNERATION

Principle 7: The Level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1 and 7.3

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, effort, time spent, skills, expertise and contribution, industry practices and norms in compensation.

CORPORATE GOVERNANCE

In reviewing the remuneration packages of the Executive Directors, the RC takes into account the respective performance of the Group and the individual. In its deliberation, the RC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies. The RC ensures the level and structure of remuneration of the key management personnel aligned with the long-term interest and risk policies of the Company as well as attract, retain and motivate them to provide good stewardship and management the operations to the meet the desired objectives of the Company.

The Company adopts a remuneration strategy that supports a pay-for-performance philosophy. The Company has key performance indicator to link with Company's performance and shareholders' returns. Executives participate in an annual performance review process that assesses the individual's performance and contributions.

The Company currently adopts a remuneration policy for staff consisting of a fixed component and a variable component. The fixed component is in the form of a base / fixed salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. The remuneration structure for the President and other key management personnel consists of the following components:

- SALARY

Fixed pay comprises basic salary and the Company's contribution towards the Singapore Central Provident Fund where applicable.

- BONUS

Bonus is paid based on the Company's and individual's performance.

- OTHER BENEFITS

Other benefits comprise of tax and other allowances and other benefits-in-kind.

- SHARE OPTION

The Company has adopted the COSCO SHIPPING Group Executives Share Option Scheme 2020 (the "Option Scheme") which has been approved at the Extraordinary General Meeting on 25 June 2020.

The Option Scheme serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. The Option Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Details of the Option Scheme can be found in the "Directors' Statement" section of the Annual Report.

During the financial year, the RC held one (1) meeting. The issues deliberated at the meeting and through the circular resolutions in writing included reviewing the Option Scheme and options granted, the bonus payments to key management personnel and the compensation programme for the Directors and key management personnel.

Provision 7.2

Non-Executive Independent Directors are paid a basic fee for their responsibilities as Independent Directors and servicing various committees. Such fees are approved by the shareholders of the Company as a lump sum payment at the AGM.

The Company would be seeking shareholders' approval at the forthcoming AGM for the payment of the Directors' fees of S$184,000 for the financial year ended 31 December 2020.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 and 8.3

DIRECTORS' AND KEY MANAGEMENT PERSONNEL REMUNERATION

The Directors' and the top two key management personnel's remuneration table for the financial year ended 31 December 2020 is as follows:

	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Non-Independent Executive Directors in the Band of S$500,000 to S$750,000					
Li Xi Bei	-	39	14	47	100
Non-Independent Executive Directors in the Band of S$250,000 to S$500,000					
Zhu Jian Dong	-	54	6	40	100
Independent Directors in the Band of below S$250,000					
Wang Kai Yuen	100	-	-	-	100
Er Kwong Wah	100	-	-	-	100
Ang Swee Tian	100	-	-	-	100

	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Executives in the Band of between S$250,000 to S$500,000					
Wang Kang Tian	-	39	13	48	100
Li Man[1]	-	36	5	59	100

Note:
[1] *Li Man resigned as Vice President on 31 December 2020.*

CORPORATE GOVERNANCE

The Company, after weighing the advantages and disadvantages of such disclosure, has decided to disclose the remuneration of each of the directors in bands of S$250,000 (instead of on a quantum basis) which is a deviation from Provision 8.1 of the Code. The Company is of the view that full disclosure of the specific remuneration of each individual Director is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The Company is of the view that the disclosure of the indicative range of the directors and key management personnel remuneration in bands of S$250,000 and the total remuneration of key management personnel provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the directors and other two key management personnel. The fees to the non-executive directors are put forward to shareholders for approval on an annual basis at the Company's annual general meeting.

During the year under review, there were only two personnel (who are not directors or CEO) who are considered as key management personnel of the Company. The total remuneration paid to the top two key management personnel (who are not directors or CEO) for the financial year ended 31 December 2020 is approximately $961,000.

Provision 8.2

None of the employees of the company who is a substantial shareholder of the Company, or is an immediate family member of a director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 during the financial year ended 31 December 2020.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1

The Board, supported by the Audit and Risk Management Committee ("ARMC"), is responsible for the overall risk governance, risk management and internal control framework of the Group. The Board ensures that Management maintains sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The Group maintains a robust and effective system of internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, for all companies within the Group, but recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting the Group's interim and annual financial results to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Management provides the Board with management accounts and other financial statements on a quarterly basis or as and when required by the Board. The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange.

The Group's key internal controls include:

a) establishment of risk management policies and systems;
b) establishment of policies and approval limits for key financial and operational matters, and issues reserved for the Board;
c) documentation of key processes and procedures;
d) segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected;
e) maintenance of proper accounting records;
f) safeguarding of assets;
g) ensuring compliance with appropriate legislation and regulations; and
h) engaging qualified and experience persons to take charge of important functions.

Operational risk management measures implemented by the Group include the implementation of safety, security and internal control measures and taking up appropriate insurance coverage.

Details of the Group's financial risk management measures are outlined on pages 171 to 177 in the Notes to the Financial Statements.

The Board notes that the system of internal controls and risk management put in place by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen. In this regard, the Board also notes that no system of controls and risk management can provide absolute assurance against irregularities especially those arising from poor judgment in decision-making, human error and fraud.

The ARMC and the Board of Directors, with the assistance of internal and external auditors, reviews the effectiveness of the key internal controls, including financial, operational, compliance, information technology controls and risk management systems on an on-going basis. There are formal procedures in place for both the internal and external auditors to report independently their findings and recommendations to the ARMC.

In the course of the year, the ARMC have reviewed, together with Management and the internal and external auditors, the major business risks and effectiveness of the Group's internal controls, including controls for managing financial, operational, compliance and information technology controls, and risk management systems. Internal Control Standards are set with the objective of providing reasonable assurance that risks are effectively managed by the Group.

CORPORATE GOVERNANCE

Based on the existing practices and reviews conducted by the Management and the Group's internal auditors and external auditors for FY2020, the Board with the concurrence of the Audit and Risk Management Committee, is of the opinion that as at 31 December 2020, the Group's framework of internal controls including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value. In overall internal control assessment for FY2020, ARMC and the Board of Directors noted that no material control deficiencies were identified.

Provision 9.2

For FY2020, the Board has received assurance from:

(i) the President and Chief Financial Officer that the financial records as at 31 December 2020 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances; and

(ii) the President and Chief Risk Officer that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 10: The Board has an Audit Committee which discharge its duties objectively

Provision 10.1

The role of the Audit and Risk Management Committee ("ARMC") is to, inter alia, assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls.

The ARMC has written terms of reference and meets periodically to perform the following functions including but not limited to:

(a) review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company; and any announcements relating to the Company's financial performance;
(b) review the audited financial statements of the Company and the consolidated balance sheet and profit and loss account, before submission to the Board for approval;
(c) discuss problems and concerns, if any, arising from interim and annual financial statements, in consultation with the internal and external auditors, where necessary;
(d) review the interim and annual financial statements of the Company before submission to the Board for approval, focusing in particular, on:
   (i) changes in accounting policies and practices;
   (ii) major risk areas;
   (iii) significant adjustments resulting from the audit;
   (iv) key audit matters;

(v) the going concern statement;
(vi) compliance with accounting standards; and
(vii) compliance with stock exchange and statutory/regulatory requirements.

(e) review periodically and report to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls and risk management policies (such review can be carried out internally or with the assistance of any competent third parties);
(f) review at least annually the adequacy, effectiveness and independence of the scope and results of the external audit and the Company's internal audit function;
(g) review the assurance from the President and the CFO on the financial records and financial statements;
(h) ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company. For the avoidance of doubt, the internal audit function may be performed in-house, or outsourced to a reputable accounting/audit firm or corporation;
(i) review the internal audit programme and ensure co-ordination between the internal auditors and external auditors and management;
(j) review the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced;
(k) review the scope and results of the internal audit procedures, including interaction with management and other matters related to the conduct of the internal audits;
(l) review significant findings and recommendations of the internal auditors and management's responses;
(m) ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management; and
(n) review the financial management of the Company and the Group, and in particular the access and freedom allowed to the internal auditors, and all reports on the Company and the Group from the internal auditors.

Apart from the abovementioned duties, the ARMC shall commission the findings of internal investigations in the event of suspected fraud, irregularity, failure of controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material adverse impact on the Group's operating results and/or financial position.

The ARMC has full access to, and cooperation from the Management including internal and external auditors, and has full discretion to invite any Director or executive officer to attend its meetings. The ARMC has also expressed power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

Provision 10.2 and 10.3

The ARMC comprises all independent directors of the Company, namely:

Ang Swee Tian (Chairman)	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent
Er Kwong Wah	Non-Executive Independent

None of the ARMC members is affiliated to the external audit firm.

CORPORATE GOVERNANCE

The Board is satisfied with the composition of the ARMC and the ARMC members are appropriately qualified to discharge their responsibilities. All members of the ARMC have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment.

By briefings given by the external auditors, the ARMC and Management are always kept abreast of changes to accounting standards and issues which have a direct impact on financial statements. ARMC members will also attend trainings regarding the new accounting standards as and when such need arises.

Provision 10.4

INTERNAL AUDIT

The Group recognises the importance of the internal audit function which, being independent of Management is one of the principal means by which the ARMC is able to carry out its responsibilities effectively. The ARMC reviews the adequacy, effectiveness and independence of the internal audit function annually. The ARMC also ensures that the internal auditors have the necessary resources to perform its functions adequately. The internal auditors report directly to the ARMC on audit matters and administratively to the President of the Company. The internal auditors have unrestricted access to the ARMC as well as the Group's documents, records, properties and personnel that are relevant to their work.

The internal audit function of the Group has been carried out by the in-house internal auditors who have the requisite skills set and experience to carry out their function. The internal auditors plan their internal audit schedules in consultation with the Management and submit their respective plans to the ARMC for approval. During the financial year under review, 8 internal audit reviews were conducted.

Based on a review on the internal audit function, and activities performed, the ARMC is satisfied with the independence and objectivity of the in-house internal auditors and believes that they have appropriate standing to perform their functions effectively; in view of the continuing expansion of the Group's activities, and to ensure that the internal audit function is adequately resourced, the Group has accepted the ARMC's recommendation to engage the services of an external professional auditing firm to support the in-house internal audit team.

Provision 10.5

The ARMC meets at least twice a year. Apart from the meetings scheduled on a half-yearly basis, the ARMC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meetings may be carried out from time to time, as circumstances require. The Company held four (4) ARMC meetings during the financial year.

The amount of fees paid to PricewaterhouseCoopers LLP for audit and non-audit services for the financial year ended 31 December 2020 are $497,000 and $78,000 respectively.

After reviewing the non-audit services provided by the external auditors, PricewaterhouseCoopers LLP to the Group, the ARMC is satisfied with the independence and objectivity of the external auditors and recommends to the Board of Directors, the nomination of the external auditors for re-appointment.

In appointing the audit firm of the Group, the ARMC takes into account several factors such as the adequacy of resources and experience of the auditing firm, the audit engagement partner assigned to the audit, the firm's other audit engagement, the size and complexity of the Group being audited as well as the number and experience of supervisory and professional staff assigned to the audit.

The ARMC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to appointing appropriate auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies.

FINANCIAL REPORTING MATTERS

In its review of the financial statements, the Audit and Risk Management Committee ("ARMC") has discussed with management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. The following significant financial reporting matters impacting the financial statements were reviewed by the ARMC and discussed with the management and the external auditor:

Significant Financial Reporting Matters	How the ARMC reviewed these matters
Impairment assessment of goodwill	The ARMC considered the approach and methodology used by management in determining the recoverable amount of the cash-generating unit ("CGU") in which goodwill has been attributable to. The ARMC was satisfied that the approach and methodology used by management in this process was appropriate. Impairment assessment of goodwill was also an area of focus for the external auditors who have included this item as a key audit matter in their independent auditor's report for the financial year ended 31 December 2020.
Purchase Price Allocation ("PPA") in relation to the acquisition of Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. (collectively referred to as the "Newly Acquired Malaysia subsidiaries")	The ARMC considered the judgement and estimates applied by management in determining the allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed. The ARMC was satisfied that the judgement and estimates applied by management were reasonable. The accounting for acquisition of the Newly Acquired Malaysia subsidiaries was also an area of focus for the external auditors who have included this item as a key audit matter in their audit report for the financial year ended 31 December 2020.

CORPORATE GOVERNANCE

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are to be sent to the internal audit function. The ARMC, President and Chief Financial Officer of the Company will be informed immediately of all whistle-blowing reports received.

Details of the whistle-blowing policy and arrangements are given to all staff for their easy reference. New staff is briefed on these during the orientation programme.

There has been no reports of fraudulent or inappropriate activities or malpractice received to date

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 11.1 and 12.1

COSCO SHIPPING treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. The Company strives for timeliness and transparency in its disclosures to the shareholders and the public. All information on the Company's new initiatives will be disseminated via SGXNet to ensure fair communication with the shareholders and the public.

All announcements will be disseminated via SGXNet timely in accordance with the Listing Manual. The Company holds analyst briefings upon the release of its financial results if necessary. In addition to the analyst briefings, the Company has taken part in various IR-related conferences. This allows the Board to understand the view of the shareholders about the Company.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNet, before the Company meets with any group of investors or analysts. Subsequently, all released announcements will be uploaded to the Company's website at www.coscoshipping.com.sg. Where there is inadvertent disclosure made to a select group, the Company ensures it would make the same disclosure publicly to others as promptly as possible.

All half-yearly and full year results announcements, annual reports, dividend declaration and notice of book closure are announced via SGXNet or issued within the prescribed period under Listing Manual.

CONDUCT OF SHAREHOLDER MEETINGS

COSCO SHIPPING encourages shareholders to participate actively in general meetings. At general meetings of the Company, shareholders are given the equitably opportunity to participate effectively in and vote at the meeting and express their views and ask questions regarding the Company and the Group. Notices of general meetings and related information are sent out at least 14 days' in advance. The Company's Constitution allows a shareholder entitled to attend and vote to appoint a proxy who need not be a shareholder of the Company to attend and vote at the meetings.

The Company Secretary is present to brief the attendees the rules governing general meetings, including voting procedures, upon request by the shareholder. The proceeding of the AGM is properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings are opened to the inspection of shareholder within one month after the general meeting was held when requested by any shareholder.

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable shareholders to understand the nature and effect of the proposed resolutions. Where the resolutions are "bundled", the Company would explain the reasons and material implication in the notice of meeting.

Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

Provision 11.3

The Board members and chairpersons of the Audit and Risk Management, Nominating, Remuneration, and Strategic Development Committees are present and available to address shareholders' questions at general meetings. The external auditors are also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report.

Directors' attendance at the AGM/EGM held on 25 June 2020 is disclosed on page 25 in this Annual Report.

Provision 11.4

The Company's Constitution also allows shareholders who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Provision 11.5

The Company publishes minutes of general meetings of shareholders, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management, on its corporate website as soon as practicable.

CORPORATE GOVERNANCE

For FY2020, due to the COVID-19 outbreak, the Company's AGM and EGM on 25 June 2020 were held by way of electronic means, through "live webcast" and "audio-only means". The notices of AGM and EGM were not published on the newspaper, but were instead disseminated to shareholders through publication on SGXNet and the Company's website. The Company had also released announcements to shareholders, together with the notices of AGM and EGM, detailing the alternative arrangements for the AGM and EGM held on 25 June 2020, during the COVID-19 pandemic. Shareholders participated in the AGM and EGM via electronic means, and their questions in relation to any resolution set out in the notices of AGM and EGM were sent to the Company in advance of the AGM and EGM. The Company provided their response to the substantial queries and relevant comments from shareholders at the AGM and EGM via electronic means, and the response were subsequently published on the SGXNet and the Company's website together with the minute of AGM and EGM.

Provision 11.6

DIVIDEND POLICY

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNet.

The Board has resolved not to recommend payment of dividend for the financial year ended 31 December 2020 as the Company is evaluating various strategic moves to expand its businesses.

Provision 12.2 and 12.3

The Company has put in place an investor relations policy to promote regular and effective communication with shareholders. The Company has a team of investor relations personnel who focus on facilitating the communications with all stakeholders on a regular basis and attend to their concerns and queries as well as to keep the stakeholders informed of the Company's key updates and strategies.

All questions raised by the shareholders and other stakeholders would be escalated to and addressed by the Senior Management, General Manager of Investor Relations and / or relevant person-in-charge.

Details of the Group's investor relations initiatives are set out on page 60 of this Annual Report.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1, 13.2 and 13.3

The Company values input from all stakeholder groups and uses a variety of channels and platforms to engage with them as well receive their feedback. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its businesses, as well as those external organisations that have expertise in aspects that the Company considers material.

Detailed approach to stakeholder engagement and materiality assessment are disclosed in the Company's Sustainability Report on pages 70 to 72 of this Annual Report.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTIONS ("IPTS") POLICY
- Listing Manual 907

Our ultimate holding company, China COSCO SHIPPING Corporation Limited, is a state-owned enterprise under the State-owned Assets Supervision and Administration Commission ("SASAC") of the State Council (the "State Council") of the People's Republic of China ("PRC"). SASAC is a governmental entity in the PRC under the direct leadership and supervision of the State Council and exercises its functions by virtue of PRC law. It is responsible for the supervision, guidance and monitoring of the enterprises under its supervision. SASAC also despatches supervisory panels to supervise different state-owned enterprises on behalf of the State Council and promulgates guidelines and policies with respect to the management of state-owned property. Nevertheless, as provided under the applicable PRC law, SASAC does not interfere in the daily operations of the state-owned enterprises it supervises. As SASAC exercises its supervisory functions pursuant to, and as required by, the laws of the PRC on behalf of the State Council, SASAC is not regarded as an interested person with respect to the Company.

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions with the China COSCO SHIPPING Corporation Limited and its associates, which are covered by a Shareholders' Mandate approved at each general meeting.

The ARMC reviews the Shareholders' Mandate at regular intervals, and is satisfied that the review procedures for IPTs and the reviews to be made periodically by the ARMC in relation thereto are adequate to ensure that the IPTs will be transacted on normal terms and will not be prejudicial to the interests of the Company and its minority shareholders.

CORPORATE GOVERNANCE

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 $100,000)
		FY2020 S$'000	FY2020 S$'000
Between Subsidiaries and:			
China Marine & Seamen Service Shanghai Corporation	Subsidiaries of Controlling Shareholders	-	803
China Seafarers Management Limited		-	1,766
COSCO (Cayman) Mercury Co., Ltd		-	338
COSCO (Dalian) Shipyard Co., Ltd		-	836
COSCO (Hong Kong) Shipping Co., Ltd		-	2,170
COSCO (Qidong) Offshore Co., Ltd		-	2,546
COSCO (Shanghai) Shipyard Co., Ltd		-	398
COSCO Petroleum Pte Ltd		-	1,581
COSCO SHIPPING (Singapore) Petroleum Pte Ltd		-	476
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited		-	734
COSCO SHIPPING (South East Asia) Pte. Ltd.		-	894
COSCO SHIPPING Energy Transportation Co Ltd		-	282
COSCO SHIPPING Specialized Carriers Co., Ltd		-	205
COSCO SHIPPING Technology Co., Ltd.		-	392
Golden Logistics & Storage Sdn. Bhd.		-	766
Refined Success Limited		-	18,332
COSCO SHIPPING Lines Co. Ltd		-	561
OOCL (Vietnam) Co., Ltd.		-	467
COSCO SHIPPING Lines (Vietnam) Company Limited		-	124
Tosco Keymax International Ship Management Co., Ltd		-	397
Chimbusco International Petroleum (S) Pte Ltd		-	392
Xing Yuan Pte Ltd		-	477
Golden Land (27) Pte. Ltd.		-	407
Golden Land (26) Pte. Ltd.		-	781
Total		**-**	**36,125**

DEALING IN SECURITIES
-Listing Manual Rule 1207(19)

In line with Chapter 12 Rule 1207(19) of the Listing Manual on dealings in securities, the Company has adopted an internal compliance code which provides guidance to its Directors and officers in relation to dealings in its securities.

The Listing Manual prohibits securities dealings by the Directors and employees while in possession of price-sensitive information. The Management should not deal in the Company's shares on short-term considerations. The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the aforementioned prohibition and to remind them of the requirement to report their dealings in shares of the Company. The Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing one month before the announcement of the Company's half year or full year financial statements.

MATERIAL CONTRACTS
-Listing Manual Rule 1207(8)

There was no material contract entered into by the Company involving the interest of the President, any Director, or controlling shareholder, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("Listing Rules"), the following is the information relating to the Directors seeking re-election as Directors and/or continued re-appointment as Independent Directors as set out in Appendix 7.4.1 of the Listing Rules:

	Wang Kai Yuen	Er Kwong Wah	Ang Swee Tian
Date of Appointment	2 May 2001	20 December 2002	13 November 2007
Date of last re-appointment (if applicable)	29 April 2019	27 April 2018	29 April 2019
Age	73	74	72
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to the Corporate Governance section in the Company's 2020 Annual Report	Please refer to the Corporate Governance section in the Company's 2020 Annual Report	Please refer to the Corporate Governance section in the Company's 2020 Annual Report
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title	Independent Non-Executive Director	Independent Non-Executive Director	Lead Independent Non-Executive Director
Professional Qualifications	Please refer to the Board of Directors section in the Company's 2020 Annual Report	Please refer to the Board of Directors section in the Company's 2020 Annual Report	Please refer to the Board of Directors section in the Company's 2020 Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2020 Annual Report	Please refer to the Board of Directors section in the Company's 2020 Annual Report	Please refer to the Board of Directors section in the Company's 2020 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Direct: 900,000 shares Indirect: 100,000 shares	Direct: 650,000 shares	Direct: 130,000 shares Indirect: 5,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No

	Wang Kai Yuen	Er Kwong Wah	Ang Swee Tian
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Please refer to Page 33 under Provision 4.5 of the Corporate Governance Report	Please refer to Page 33 under Provision 4.5 of the Corporate Governance Report	Please refer to Page 33 under Provision 4.5 of the Corporate Governance Report
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Er Kwong Wah was an Independent Non-Executive Director of China Sky Chemical Fibre Co., Ltd which has been placed under the judicial management of a judicial manager pursuant to an order made by the Court under Section 227B and the provisions of Part VIIIA of the Companies Act.	No
c) Whether there is any unsatisfied judgment against him?	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

	Wang Kai Yuen	Er Kwong Wah	Ang Swee Tian
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	Wang Kai Yuen	Er Kwong Wah	Ang Swee Tian
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	(i) Yes In 2011, the board of directors of China Sky Chemical Fibre Co. Ltd, including Mr Er who was an Independent Non-Executive Director, were reprimanded by the Singapore Exchange for the directors' disregard of the Singapore Exchange's Directive to engage a special auditor to investigate the company on issues related to interested party transaction, high cost of equipment maintenance, and the purchase of a piece of land. (ii) No (iii) No (iv) No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

	Wang Kai Yuen	Er Kwong Wah	Ang Swee Tian
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes Mr Er, together with the other directors of China Sky Chemical Fibre Co., Ltd, was reprimanded by the Singapore Exchange on 16 December 2011 and was placed under the Director Watchlist, due to certain non-compliance of SGX Directive by China Sky Chemical Fibre Co., Ltd. The non-compliance concerned the appointment of a Special Auditor as mentioned on (j)(i) above. Mr Er was subsequently removed by from the Director Watchlist by the Singapore Exchange on 24 July 2018.	No

CORPORATE INFORMATION

Board of Directors

Zhu Jian Dong
Chairman, President and Non-Independent Executive Director

Li Xi Bei
Non-Independent Executive Director

Ang Swee Tian
Non-Executive Lead Independent Director

Wang Kai Yuen
Non-Executive Independent Director

Er Kwong Wah
Non-Executive Independent Director

Audit and Risk Management Committee

Ang Swee Tian
Chairman

Wang Kai Yuen
Er Kwong Wah

Remuneration Committee

Er Kwong Wah
Chairman

Wang Kai Yuen
Ang Swee Tian

Nominating Committee

Wang Kai Yuen
Chairman

Zhu Jian Dong
Er Kwong Wah
Ang Swee Tian

Strategic Development Committee

Zhu Jian Dong
Chairman

Li Xi Bei
Ang Swee Tian
Wang Kai Yuen
Er Kwong Wah

Registered Office and Business Contact Information

30 Cecil Street
#26-01 Prudential Tower
Singapore 049712
Telephone: 6885 0888
Facsimile: 6885 0858
Website: www.cosco.com.sg

Company Registration Number

196100159G

Auditors

PricewaterhouseCoopers LLP
7 Straits View
Marina One, East Tower,
Level 12
Singapore 018936
Partner-in-charge:
Alex Toh Wee Keong
(since FY2020)

Company Secretary

Lee Wei Hsiung
Wang Shin Lin, Adeline

Share Registrar and Share Transfer Office

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd)
80 Robinson Road
#11-02
Singapore 068898
Telephone: 6236 3333
Facsimile: 6236 3405

BOARD OF DIRECTORS

MR ZHU JIAN DONG

Chairman, President and Non-Independent Executive Director

MR LI XI BEI

Non-Independent Executive Director

MR ANG SWEE TIAN

Non-Executive Lead Independent Director

DR WANG KAI YUEN

Non-Executive Independent Director

MR ER KWONG WAH

Non-Executive Independent Director

MR ZHU JIAN DONG

Chairman, President and Non-Independent Executive Director

Mr Zhu Jian Dong was appointed as President and Non-Independent Executive Director on 19 September 2019 and Chairman on 13 November 2019. Mr Zhu also chairs the Strategic Development Committee and is a member of the Nominating Committee.

Mr Zhu has held key managerial roles before his appointment and he brings vast skills, knowledge and experience to his current role. Prior to his current appointment, Mr Zhu was Deputy Managing Director of COSCO SHIPPING Lines Co., Ltd, Deputy Managing Director of COSCO SHIPPING Holdings Co., Ltd and Director of The Orient Overseas Container Line Ltd.

Mr Zhu was Deputy Managing Director of COSCO Container Lines Co., Ltd from September 2013 to January 2016, Executive Vice President of COSCO Americas Co., Ltd from October 2010 to September 2013 and Executive Vice President of COSCO Container Lines (Americas) Co., Ltd. from March 2008 to September 2013.

Mr Zhu holds a Master of Business Administration (International) from The University of Hong Kong. Mr Zhu has also attended training courses in 2019 to familiarize himself with the roles and responsibilities of a director of a public listed company in Singapore.

MR LI XI BEI

Non-Independent Executive Director

Mr Li Xi Bei was appointed Non-Independent Executive Director on 30 August 2016 and is a member of the Strategic Development Committee

Mr Li brings to his current role extensive experiences in human resources development, discipline inspection and corporate management. Prior to his current appointment, Mr Li was Manager, Deputy General Manager and then General Manager in Supervision Division of China Ocean Shipping (Group) Company from June 2001 to March 2016. He has been Vice President of COSCO SHIPPING (South East Asia) Pte. Ltd. (formerly known as COSCO Holdings (Singapore) Pte. Ltd) since March 2016.

Mr Li served as Deputy Manager and Manager in Personnel Division of COSCO Industry Company from January 1998 to June 2001. He was Deputy Section Chief and Section Chief in Human Resources Division of China Ocean Shipping (Group) Company from March 1994 to January 1998. Prior to that, he was working in Personnel Division of China Ocean Shipping Company and COSCO Manning Cooperation Inc. from November 1990 to March 1994.

Mr Li started his career in 1979 onboard ships of Guangzhou Ocean Shipping Company. He graduated from Naval Academy of Engineering and specialised in Engineering Management.

MR ANG SWEE TIAN

Non-Executive Lead Independent Director

Mr Ang Swee Tian was appointed as a Non-Executive Independent Director on 13 November 2007 and subsequently appointed as Non-Executive Lead Independent Director on 27 April 2018. He chairs the ARMC and is a member of the Remuneration, Nominating and Strategic Development Committees.

Mr Ang was the President of Singapore Exchange Ltd ("SGX") from 1999 to 2005 during which he played an active role in successfully promoting SGX as a preferred listing and capital raising venue for Chinese enterprises. Mr Ang also played a pivotal role

BOARD OF DIRECTORS

in establishing Asia's first financial futures exchange, the Singapore International Monetary Exchange ("SIMEX") in Singapore in 1984 and was instrumental to establishing SGX AsiaClear which started offering OTC clearing facility in 2006. Following his retirement in January 2006, Mr Ang served as Senior Adviser to SGX until December 2007.

In March 2007, Mr Ang became the first person from an Asian Exchange to be inducted into the Futures Industry Association's Futures Hall of Fame which was established to honour and recognise outstanding individuals for their contributions to the global futures and options industry. Mr Ang graduated from Nanyang University of Singapore with a First Class Honours Degree in Accountancy in 1970. He was conferred a Master Degree in Business Administration with distinction by the Northwestern University in 1973.

DR WANG KAI YUEN

Non-Executive Independent Director

Dr Wang Kai Yuen was appointed Non-Executive Independent Director on 2 May 2001. He chairs the Nominating Committee and is a member of the ARMC, Remuneration and Strategic Development Committees. Dr Wang served as a Member of Parliament for the Bukit Timah Constituency from December 1984 until April 2006. He was the Chairman of Feedback Unit from 2002 until his retirement from politics. He retired as the Centre Manager of Fuji Xerox Singapore Software Centre in December 2009. He graduated from the University of Singapore with a First Class Honours degree in Electrical and Electronics engineering.

Dr Wang holds a Master of Science in Electrical Engineering, a Master of Science in Industrial Engineering and a PhD in Engineering from Stanford University, USA. He received a Friend of Labour Award in 1988 for his contributions to the Singapore labour movement.

MR ER KWONG WAH

Non-Executive Independent Director

Mr Er Kwong Wah was appointed Non-Executive Independent Director on 20 December 2002. He chairs the Remuneration Committee and is a member of the ARMC, Nominating and Strategic Development Committees. A Colombo Plan and Bank of Tokyo Scholar, Mr Er obtained a First Class Honours degree in Electrical Engineering at the University of Toronto, Canada, in 1970 and an MBA from the Manchester Business School of the University of Manchester, UK in 1978.

Mr Er spent 27 years in the Singapore Civil Service and served in various departments including the Ministry of Defence, Public Service Commission, Ministry of Finance, Ministry of Education and Ministry of Community Development. He was Permanent Secretary in the Ministry of Education from 1987-1994, and then in the Ministry of Community Development until his retirement in 1998. Thereafter, he took up an appointment as Executive Director of a private tertiary college in Singapore and retired from this institution at the end of 2016.

For his outstanding service in the Government and in the community, Mr Er was awarded the PPA (E) or Public Administration Medal (Gold), the BBM (Public Service Star) and the PBM (Public Service Medal). In 1991, the Government of France conferred him a National Honour with the award of Commandeur dans l'Ordre des Palmes Academiques.

KEY MANAGEMENT

MR ZHU JIAN DONG
Chairman, President and Non-Independent Executive Director

Mr Zhu Jian Dong was appointed as President and Non-Independent Executive Director on 19 September 2019 and Chairman on 13 November 2019. Mr Zhu also chairs the Strategic Development Committee and is a member of the Nominating Committee.

Mr Zhu has held key managerial roles before his appointment and he brings vast skills, knowledge and experience to his current role. Prior to his current appointment, Mr Zhu was Deputy Managing Director of COSCO SHIPPING Lines Co., Ltd, Deputy Managing Director of COSCO SHIPPING Holdings Co., Ltd and Director of The Orient Overseas Container Line Ltd.

Mr Zhu was Deputy Managing Director of COSCO Container Lines Co., Ltd from September 2013 to January 2016, Executive Vice President of COSCO Americas Co., Ltd from October 2010 to September 2013 and Executive Vice President of COSCO Container Lines (Americas) Co., Ltd. from March 2008 to September 2013.

Mr Zhu holds a Master of Business Administration (International) from The University of Hong Kong.

MR WANG KANG TIAN
Chief Financial Officer and Chief Risk Officer

Mr Wang Kang Tian was appointed Chief Financial Officer and Chief Risk Officer of the Company in 14 November 2017.

Mr Wang started his career in July 1988 as Vice General Manager of Finance Division of Guangzhou Shipping Company Limited. In July 1997, he joined China Shipping Group Company Limited as General Manager of Finance Division. In July 2002, Mr Wang joined China Shipping Development Company Limited where he served as Chief Financial Officer and Vice President for 14 years.

Prior to his existing appointment at COSCO SHIPPING, Mr Wang was Chief Finance Officer of China COSCO Energy Transportation Company Limited from July 2015 to October 2017.

Mr Wang graduated from Anhui University of Finance and Economics in July 1988 and obtained a Master's degree in Economics in 2005 from Renmin University of China.

MR WANG HUI
Vice President

Mr Wang Hui was appointed Vice President of the Company on 22 February 2021.

Mr Wang started his career in July 1994 as Assistant and Deputy Manager of the Seaman Service Department of COSCO Manning Corporation. In September 2000, he joined China Ocean Shipping (Group) Company as Manager of the Public Relations Department. In March 2010, Mr Wang joined COSCO SHIPPING International (Singapore) Co., Ltd where he served as General Manager in the Investor Relations Department for 7 years.

Prior to his existing appointment at COSCO SHIPPING, Mr Wang was Deputy Chief Economist of the Global Procurement Centre in China COSCO SHIPPING Corporation Ltd since August 2018.

Mr Wang graduated from Beijing International Studies University with a Bachelor's Degree.

INVESTOR RELATIONS

COSCO SHIPPING International (Singapore) Co., Ltd ("COSCO SHIPPING" or the "Company") will continue to strive for timely, accurate, and clear dissemination of price-sensitive information via the SGXNet platform and our Company website, to help investors make informed decisions on the Company's shares.

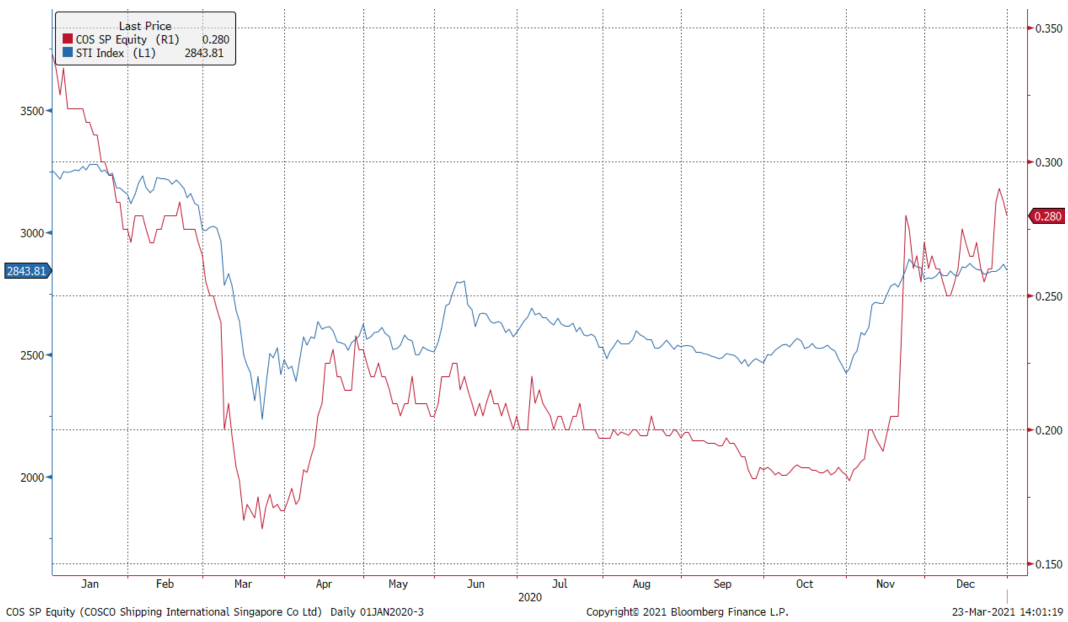
In 2020, due to the COVID-19 restrictions, the Company did not participate in any investor relations events organised by external parties. However, we continued to nurture and maintain strong links with research analysts to allow them to gain better understanding on the Company's business operations. The senior management and investor relations team will continue to engage all stakeholders through multiple communication platforms, such as shareholders meetings, analysts' briefings, corporate roadshows and press releases to keep stakeholders informed of the Company's key updates and strategies.

The Annual General Meeting and/or extraordinary general meetings will continue to be an important platform for the Board of Directors and the senior management to update the shareholders on the Company's developments and provide them with a two-way communication channel for them to communicate with the Company. All Annual General Meeting and/or extraordinary general meetings this year were held through electronic means.

Major Investor Relations Events in 2020

Date	Organiser	Event
28 February 2020	COSCO SHIPPING	FY2019 Full Year Results Announcement, Analysts Briefing
25 June 2020	COSCO SHIPPING	Annual General Meeting Through Live Webcast
25 June 2020	COSCO SHIPPING	Extraordinary General Meeting Through Live Webcast
13 August 2020	COSCO SHIPPING	1HFY2020 Half Year Results Announcement

COSCO SHIPPING vs STI Index



RISK MANAGEMENT

INTRODUCTION

Risk management and internal controls have been the main focus of the various objectives of the Corporate Governance Council ("CG Council") to raise the standard of corporate governance in its 2012 Code of Corporate Governance. In the 2012 Corporate Governance Code, the CG Council introduced the revised Principle 11 to focus on Risk Management and Internal Controls. Immediately on 10 May 2012, a Risk Governance Guidance for Listed Boards was also released by CG Council. The revised Code of Corporate Governance 2018 (the "Code") was announced in August 2018 and relevant provisions on Risk Management and Internal Controls have also been further amended. These efforts by CG Council are aimed at providing guidance to listed companies' boards and management on risk management which aims to ultimately contribute to better and sustained value to investors, raise investor confidence and enhance Singapore's reputation as a leading and trusted international financial center.

At COSCO SHIPPING International (Singapore) Co., Ltd. ("COSCO SHIPPING" or the "Company"), the Board believes that good corporate governance is an effectual balance of promoting the long-term success of the Company and providing accountability and control systems which are symmetric with risks involved. It is essential to facilitate effective, entrepreneurial and prudent management.

The Board has delegated the risk management and internal controls of the Group to an Audit and Risk Management Committee ("ARMC"). In the ever-changing business environment, the risk management process of the Group is constantly reviewed and updated by the ARMC. The risk management process is aiming to identifying the risk factors that may have a material impact on the Group's operation, and to manage them appropriately.

The Company has adopted an Enterprise Risk Management Policy since August 2012 which aims to:

- provide a consistent and structured philosophy and process in managing COSCO SHIPPING's risks;
- enable a uniform approach in prioritizing, managing, monitoring and mitigating COSCO SHIPPING's risks; and
- establish clear responsibilities, lines of authority, accountabilities and decision-making processes.

With the above policy, the risks identification and management have been carried out and placed under the purview of the ARMC.

The material risk factors identified by the Group's risk management process are set out below. Each of these could have a material and adverse impact on the Group, including its business, financial condition, results of operation and prospect. These risk factors have been divided into three categories: external, internal and financial.

RISK MANAGEMENT PROCESS

The Group's enterprise risk management program is a long-term initiative that calls for commitment and inputs from various stakeholders. The enterprise risk management policies have been implemented in phases with constant education and training of local management staff and risk owners.

Each operating subsidiary is asked to carry out a self-assessment exercise which requires all operating units to confirm compliance with the Group's policies and also to confirm that key operational controls are in place and working effectively. The results of this exercise, together with a review of specific plans for strategic risks, enable the Board to confirm that the

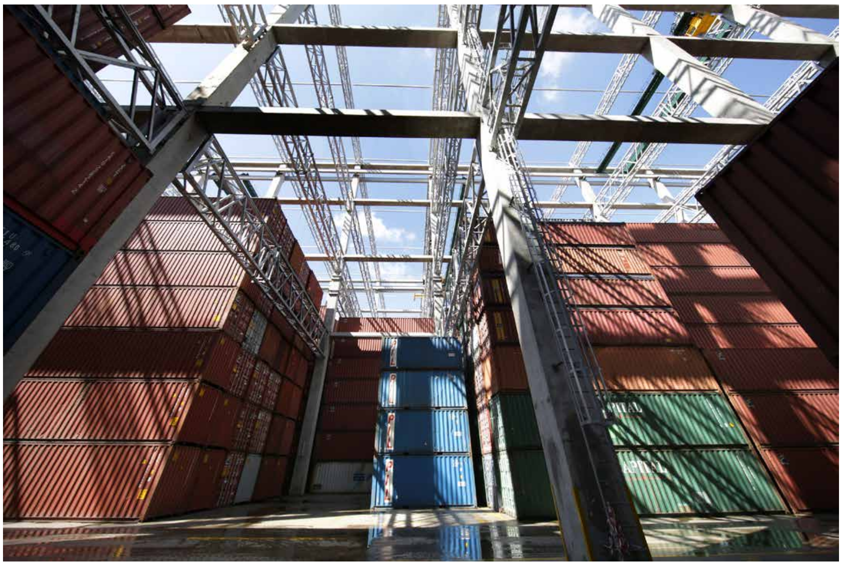
RISK MANAGEMENT

business has a sound risk-based framework of internal controls.

The Group's Auditors, internal and external, provide independent reassurance that the standard of risk management, compliance and control meet the needs of the business. Group Audit status reports are discussed with ARMC and Board on a regular basis. The Board also recognises that the risks facing the business may sometimes change over short time periods. Every quarter, each operating subsidiary provides an update on new and emerging risks and reports to update the Group's risks are provided to the ARMC and the Board.

The Board concurred with the opinions of its sub-committees, i.e. ARMC, of the adequacy of the internal controls system (of which risk management is one of its crucial segments) to addressing its financial, operational, compliance and information technology risks in meeting the current scope of the Group's business operations.

It is not possible and practical to identify and anticipate every risk that may impact the Group. While the Group's risk management process attempts to identify and manage (where possible) the key risks it faces, no such process can totally eliminate risks or guarantee that every risk is identified, or, that it is possible, economically viable, or prudent to manage such risks.



Consequently, there can never be an absolute assurance against the Group failing to achieve its objectives or a material loss arising. Some material risks may not be known, others, even though currently deemed as immaterial, could become material and new risks may also emerge.

The Board affirms its overall responsibility on risk management and to review the adequacy and integrity of the control system on an annual basis.

1. EXTERNAL RISKS

The Group is subject to a number of external risks. The Group defines external risks as those that stem from factors which are mainly outside of its control. These risks will often arise from the nature of the Group and the industry in which it operates.

GLOBAL ECONOMIC DOWNTURN AND UNCERTAINTIES

The global capital and credit markets have been experiencing periods of volatility and disruption. The global economic uncertainties, potential pandemic outbreaks, concerns over recession, inflation or deflation, energy costs, geopolitical issues, commodity prices and the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets. These factors, combined with others, precipitated a severe global economic uncertainty.

LEGAL, REGULATORY, POLITICAL AND SOCIETAL RISKS

The Group is at risk from significant and rapid change in the legal systems, regulatory controls, custom and practices in the regions in which it operates.

Political uncertainties, regime change and change in society, including increased scrutiny of the Group, its businesses or its industry, for example by governmental and non-governmental organisations or the media may result in, or increase the rate of, material legal and regulatory change, and changes to custom and practices. These affect a wide range of areas and are expected to have material and adverse impacts on the performance and financial condition of the Group if they are not pre-empted appropriately.

FLUCTUATIONS IN THE BALTIC DRY INDEX ("BDI")

The BDI is a benchmark of the dry bulk shipping industry and is an indication of the price of moving major raw materials by sea. It is generally recognised as an economic indicator of the movement and volume of global trade.

An increase in the BDI is generally considered to indicate an increase in demand for dry bulk shipping, whereas a decrease in the BDI is generally considered to indicate a decrease in demand for dry bulk shipping, and the capital expenditure of dry bulk shipping companies are usually driven mainly by the BDI outlook.

The index has recovered from the historical low in 2016 but remained at a relatively low level. The fluctuations and relatively low level in the BDI resulted in an uncertain outlook for the dry bulk shipping industry, which typically has an impact on vessel owners' willingness to place new orders for bulk carrier vessels, which in turn affects demand for the Group's services and products.

2. INTERNAL RISKS

Internal risks are those arising from factors primarily within the Group's control, including from the Group structure and processes.

INFORMATION TECHNOLOGY INFRASTRUCTURE

The Group depends on accurate, timely information and numerical data from key software application to aid day-to-day business and decision-making. Any disruption caused by failings in these systems, of underlying equipment or of communication networks could delay or otherwise impact the Group's day- to-day business and decision-making and have materially adverse effects on the Group's performance.

EMPLOYEES

The Group depends on the continued contributions of its executive officers and employees, both individually and as a group. While the Group reviews its people policies on a regular basis and invests significant resources in training and development and recognising individuals with high potential, there can be no guarantee

RISK MANAGEMENT

that it will be able to attract, develop and retain these individuals at an appropriate cost and ensure that the capabilities of the Group's employees meet its business needs. Any failure to do so may affect the Group's performance.

The ability to recruit, develop and retain appropriate skills for the Group is made difficult by competition for skilled labor. The failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delays in existing and new projects.

A number of strategies are implemented to mitigate this risk including attention to an appropriate suite of reward and benefit structures and ongoing refinement of the Group as an attractive employee proposition.

3. FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board. The Board approves guidelines for overall risk management, as well as policies covering these specific areas.

MANAGING FINANCIAL RISKS

The main financial risks facing the Group are fluctuations in foreign currency, interest rate risk, availability of financing to meet the Group's needs and default by counterparties and customers. Any of these financial risks may materially and adversely impact the Group's business, financial condition, results of operation and prospects.

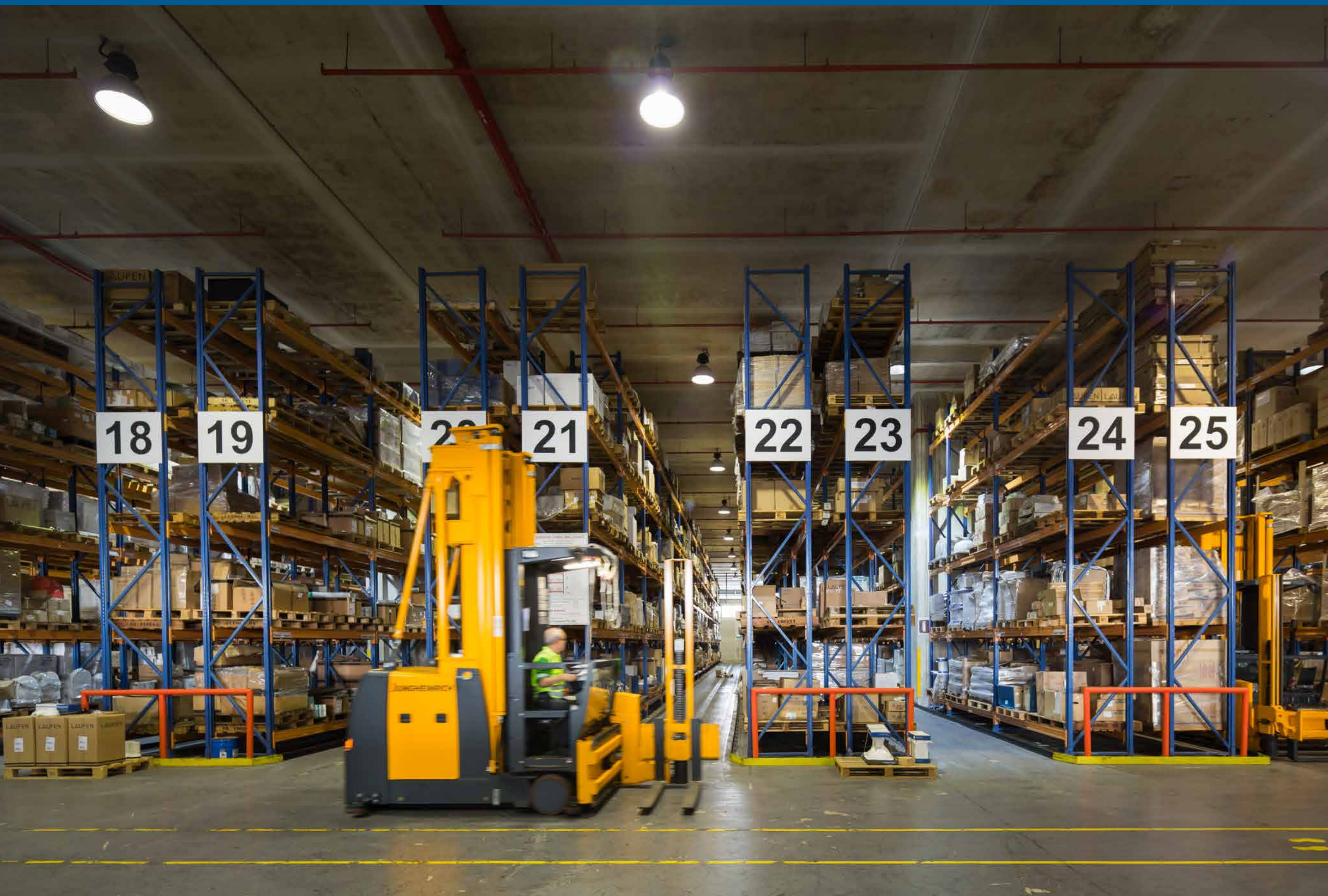
The Group has established policies, guidelines and control procedures to manage and report exposure to such risks.

The Group also engaged the guidance of the holding company in managing its financial risks. The holding company has an experienced Treasury operations team responsible for managing the funding requirements and liquidity risks.

A detailed disclosure of the Group's financial risks can be found on pages 171 to 177 in the Notes to the Financial Statements.

SUSTAINABILITY REPORT

CONTENTS



BOARD STATEMENT

The COSCO SHIPPING International (Singapore) Co., Ltd. ("Company" or "Group") Board of Directors ("The Board") is responsible for the long-term success of the Group and takes into account sustainability issues as part of its strategy formulation.

The Board is committed to sustainability and fully subscribes to the disclosure of its sustainability strategy and practices and its application of the SGX sustainability reporting guidelines. It has determined the Group's material Economic, Environmental, Social and Governance ("EESG") topics, and exercises oversight in the management and monitoring of its material EESG topics.

This Sustainability Report is the fourth sustainability report issued, providing an update of the Group's performance and targets on sustainability which was set out in the FY2019's Sustainability Report dated 20 April 2020.

The EESG topics selected in the FY2019 report have been re-evaluated for its materiality to the Group in FY2020. The Board is of the view that for FY2020, the material topics continued to be the same as those in FY2019.

COVID-19 has impacted global economic development and trade volume, affecting businesses all around the world. In the midst of the pandemic and disruptions to daily operations, the Company strives to maintain operational capacity to meet our customers' demands.

Apart from our property management business that has felt the impact of COVID-19 more keenly, our business operations for logistics, dry bulk shipping, and ship repair and marine engineering services continue to be operating throughout the year with the adoption of safe management measures and guidelines set out by local governments. The health of our employees is the Company's top priority. Apart from adopting guidelines and measures set out by the government, the Company has also taken additional steps to protect the health of our employees.

The Company will continue putting in emphasis to stay committed in integrating and improving sustainability practices throughout our business operations, becoming a better service provider for our customers and a better partner for our suppliers, and having better career development platforms for our employees. We will also focus our efforts on maintaining a safe working environment with a zero workplace fatality target, having good corporate governance practices with a zero tolerance for corruption or fraud and on furthering our participation in environmental conservation activities.

ABOUT THIS SUSTAINABILITY REPORT

This Sustainability Report summarizes the Group's sustainability efforts in FY2020, for the period 1 January 2020 to 31 December 2020. The previous Sustainability Report was published on 20 April 2020.

The information in this section is organised and presented in accordance with the GRI Standards: Core option, established by the Global Reporting Initiative ("GRI") and published in 2016.

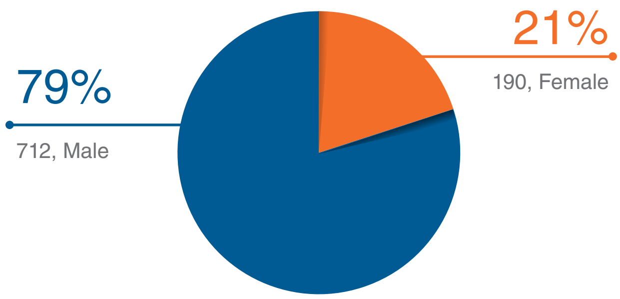
This report aims to disclose our EESG performance against the issues deemed most material to our Group's stakeholders, including our shareholders, suppliers, customers, management and employees. The objective of preparing this report is to inform our stakeholders of the initiatives and strategies related to sustainability that we are currently embarking on.

This report is also prepared in accordance with SGX-ST Listing Rules 711A and 711B and the relevant SGX Practice Notes on Sustainability Reporting Guide. Our data is reported in good faith and to the best of our knowledge. Currently, there is no external assurance for this report.

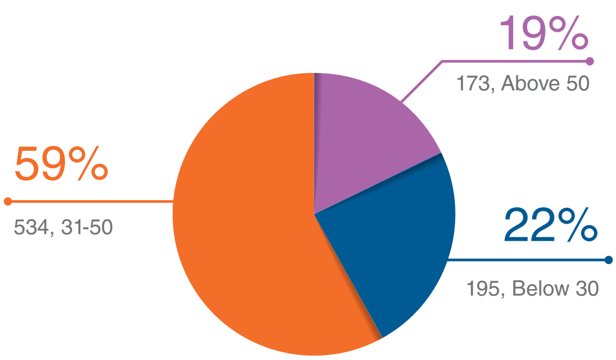
HUMAN RESOURCES OF THE GROUP

The Group has 902 employees (full-time) under its employment in the Singapore and Malaysia offices. The employees fall under the following categories:

Employees by Gender



Employees by Age Group



Our employees are our most valuable assets as they form the pillars of strength that support the Group's operations. Their expertise and contributions help drive the Group's growth beyond its existing capacity.

We strive to provide a conducive working environment that empowers every employee to achieve personal and organisational growth. Through well-structured programmes encompassing recruitment, training, incentives and benefits, employees are given ample opportunities to expand their competencies and optimise the work operations of the Group.

As we expand our business across the region, we strive to nurture local talents in respective markets to achieve better results. As we also believe that the younger generation is the future of tomorrow, we hope to provide the younger employees in our Company with development opportunities in order to groom them into future leaders.

HUMAN RESOURCES OF THE GROUP

As the Group requires a highly-skilled talent pool to lead and execute complex and specialised job scopes, we will continue to improve on our talent development system to select and cultivate talents.

Hiring Policy

Employees are recruited fairly, justly and openly by arranging necessary interviews and/or written assessments as required in the "Job Description" of the Company. We use formal methods to select individuals and ensure that the right candidates are employed. It helps us employ individuals with the right knowledge, skills and abilities needed to achieve the Company's objectives.

We choose selection methods that are suitable for the job. These methods include using application forms, interview reference checks and formal tests (if necessary). We also perform a final job analysis of the applicant, and both the Hiring Manager and HR personnel will state their views of each candidate after each interview. Generally, we record our reasons for choosing the successful candidate, which gives us a benchmark when we hire for similar roles in the future.

Policy for Existing Employees

Technical employees are also required to undergo an annual assessment conducted in a simulated environment to ensure that they remain equipped and competent in meeting the necessary standards and safety measures at the worksite. We recognise the importance of employee recognition and organisational growth. Besides maintaining fair management through open communication channels, we encourage employees to attend management courses and partake in the decision-making process. We also seek to entrust them with greater shared responsibilities. These approaches complement well with our performance and achievement appraisal system that aligns employees' work goals with personal career development and competitive remuneration.

Apart from tangible rewards, the Company also gives attention to employees' overall well-being. Seminars relating to wellness are periodically conducted to help raise health awareness among employees and to improve their mental well-being.

SUSTAINABILITY GOVERNANCE

The Sustainability Governance Structure of the Group is as follows:

The Sustainability Working Committee, comprising discipline-specific working groups, identifies possible material topics and to reach an agreement on the action plan for the reporting process.

The Sustainability Steering Committee, comprising key management executives, provides guidance on the Group's sustainability strategies. The Sustainability Steering Committee reviews and reports progress for delivering targets and plans to the Board of Directors on the sustainability management performance of the Group and key material issues identified by stakeholders. The Board will then review and endorse the targets and plans accordingly.

Reporting Framework

This section primarily focuses on sustainability topics pertaining to the Company's logistics, dry bulk shipping, ship repair and marine engineering, and property management business in Singapore. Information presented in the section are sourced directly from our operations. We have set up sustainability targets as mentioned in our previous year's report and will be reporting on the same in subsequent years. Our sustainability-related goals are as follows:

Governance (Economic) Goals

- Increase focus on innovative business practices
- Enhance shareholder value

Environmental Goals

- Reduction of energy consumption
- Improve on waste management techniques

Social Goals

- Increase operations with local community and conduct impact assessment
- Increase programs for upgrading employee skills

The GRI Standards Content Index at the end of this section confirms that all disclosures required as per 'in-accordance core' criteria of the GRI Standards, are accurately included in this Sustainability Report, as required by disclosures GRI 102-54 and 102-55. For any further query, suggestion or feedback related to the Group's sustainability initiatives, please reach out to us at enquiry@coscoshipping.com.sg

STAKEHOLDER ENGAGEMENT

Our stakeholders are people or entities that are directly or indirectly influenced by our business operations and outcomes, or who can significantly influence our businesses. Feedback from our key stakeholders form a crucial part of our strategic and business planning, and is viewed as a valuable insight for the Group to continuously improve its sustainability performance. Through internal discussions and review, key stakeholder groups are identified across the entire value chain.

We are committed to expand our engagement methods and to use any subsequent outputs in our future disclosures. The Company's management is very much determined to continuously improve by engaging with key stakeholder groups with these methods as follows:

Employees	• Monthly management meetings are held to discuss daily operational issues. • Newsletters are circulated on a daily basis to keep employees updated. • Regular training sessions and transitional assistance programs are conducted.
Industry and Government	• We work with various industry associations and with governments on areas related to our key business activities. • Classification associations: DNV Norway, NK Japan, CCS China. • Industry associations: Protection & Indemnity (P&I) (Steamship P&I Club), Singapore Business Federation (SBF), China Enterprise Association (CEA). • Government: Port Authority of Singapore (PSA), Maritime Port Authority (MPA).
Customers	• Customer related surveys and engagement activities are conducted to collect feedback.
Suppliers and Contractors	• Safety briefings are conducted regularly for employees and contractors working on site. • Assessment and evaluation of contractors are conducted regularly.
Local Communities and NGOs	• Regular dialogues are held with our endorsed charity organisations which shape our community outreach initiatives.
Shareholders and Investors	• Shareholders are kept abreast of the Group's key developments through press releases and Annual Reports. • Annual General Meetings and investor meetings are conducted to engage our shareholders and investors in two-way communication.

REPORTING SCOPE AND BOUNDARIES

The content of this report is defined by the 4 Content Reporting Principles established by GRI as follows:

Principles	Objectives
Stakeholder Inclusiveness	Defining stakeholders and explain how the Group has responded to their expectations and interests.
Sustainability Context	Presenting the Group's performance in the wider context of sustainability.
Materiality	Identifying the Group's significant EESG factors.
Completeness	Disclosing significant EESG factors and boundaries to assess the Group's performance in the reporting period.

MATERIALITY ASSESSMENT

The Sustainability Consultants conducted a formal materiality assessment workshop with the Sustainability Working Committee to identify potential sustainability matters most relevant and significant to the Company in FY2018.

The list of potential sustainability matters was identified through:
(i) identification of internal and external stakeholders; and
(ii) discussion with the Sustainability Working Committee to understand their concerns and the concerns of the key external stakeholders they communicate with on a regular basis.

The sustainability matters were compiled into a questionnaire by the Consultants using an online survey tool to identify the EESG topics that the Group considered important to internal and external stakeholders in FY2018. The significance of each matter is determined by (i) relevance to the Company's business model, strategies and outcome and (ii) likelihood and impact of the business.

The online survey was made available to a range of external stakeholders including suppliers and customers. The questionnaire was also made available to internal stakeholders including employees selected by the Sustainability Working Committee. The survey results were collated and presented to the Board for selection and monitoring accordingly.

The Sustainability Working Committee aims to conduct an annual review of the Group's material topics as well as monitor the performance of the topics as part of the Company's sustainability strategy.

As there were no significant changes to the operating business and model of the Group in FY2020, we are of the view that we can continue to rely on the survey results from FY2018. The Group adopts a four-step process to define the material topics:

MATERIALITY ASSESSMENT

The Group adopts a four-step process to define the material topics:

Identification

Identify material topics that are important to the Group.

Prioritisation

Prioritise material topics under the respective GRI Topic-specific Standards and identifies key sustainablity factors to be reported upon.

Validation

Validate completeness of the key sustainability factors to finalise report content.

Review

Re-examine the material topics taking into consideration changing business landscape and emerging trends.

MATERIAL TOPICS AND BOUNDARIES

The Steering Committee re-evaluated the topics from FY2018 and FY2019 and all topics were deemed to continue to be material to the Group in FY2020. As such, the Committee recommended to the Board the same six topics to be the material topics to be reported in FY2020 which was subsequently approved.

- Economic Performance GRI 201-1
- Anti-Corruption Practices GRI 205-3
- Compliance to Environmental Regulations GRI 307-1
- Safe Working Environment GRI 403
- Staff Training GRI 404-1
- Privacy of Customers' Data GRI 418-1

Economic Performance GRI 201-1

Economic performance is defined as our most material topic because, like most companies, our economic success ensures our long-term viability and enables the execution of our sustainability strategies.

In the Group, our corporate culture, value chain and business models are aimed towards creating value for all stakeholders.

The emergence of COVID-19 has negatively affected global economic development and many businesses around the world.

Despite the tough market conditions, we are in a healthy financial position as at FY2020. The shareholders' equity attributable to shareholder of the Company was $534.9 million as at 31 December 2020, which ensures long-term viability of the Group and enables the execution of sustainability strategies.

With strategic planning, corporate governance practices, incentives, and other initiatives, we will continue to coordinate and balance interests of our shareholders, customers, suppliers, employees, and other stakeholders. This will help to further enhance stakeholders' value and the Company's profitability.

For a detailed breakdown of our financial results, please refer to the Group's Financial Statements for FY2020.

Anti-Corruption Practices GRI 205-3

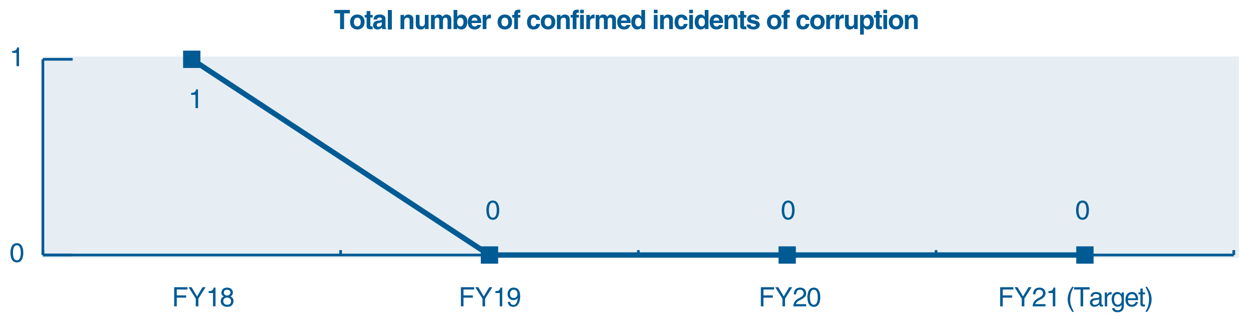
The management has established zero tolerance for instances of corruption or bribery and has implemented policies and procedures (for example, performance of duties and business entertainment) to provide guidance for all employees to abide by and will continually review its policies to ensure effectiveness so as to uphold good business practices. As such, this topic is deemed to be material to the Group.

The Group has in place a whistle-blowing policy and arrangements, embedded within the Code of Conduct section in the Employee Handbook, by which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are to be sent to the internal auditors. The Audit and Risk Management Committee, President and Chief Financial Officer of the Group will be informed immediately of all whistle-blowing reports received. Details of the whistle-blowing policy and arrangements are given to all employees for their easy reference. New employees are briefed on these during the orientation programme. In the event of any discovery of corruption or fraud, a full disclosure will be provided.

For FY2020, the Group has met the target set in FY2019 and there were no incidents of corruption. The Group has a target of zero incidents perpetually.

MATERIAL TOPICS AND BOUNDARIES



In FY2018, there had been one incident of corruption involving two employees in a subsidiary, Cogent Container Depot Pte. Ltd. Two forklift operators collected bribes from truck drivers and gave them priority for collection or return of containers. Both employees were charged and sentenced to 2 and 4 months imprisonment respectively. Information extracted from article ('https://www.cpib.gov.sg/press-room/press-releases/jailed-over-one-dollar-bribes') dated 10 January 2019 and ('https://www.cpib.gov.sg/press-room/press-releases/jailed-over-small-value-bribes') dated 15 February 2019 from the Corrupt Practices Investigation Bureau website.

Compliance to Environmental Regulations GRI 307-1

The Group is committed to adhere to all necessary regulations for all our operational business units.

The Group places importance on caring for the impact that the business activities have on the environment and the stakeholders. As such, this topic is deemed to be material to the Group.

As part of the logistics services, the Group adheres to the following legislations and regulations in the Singapore market:
1. MOM Workplace Safety & Health Act; Workplace Safety and Health (General Provision) Regulations; Workplace Safety and Health (Major Hazard Installation) Regulations;
2. SCDF Fire Safety Act 1993 (Part VI) – Control of Petroleum and Flammable Materials; SCDF Fire Safety (Petroleum & Flammable Materials) Regulations;
3. NEA Environmental Protection and Management Act, Environmental Protection and Management (Hazardous Substances) Regulations; Environmental Protection and Management (Vehicular Emissions) Regulations; and
4. NEA Environment Public Heath (Toxic Industrial Waste) Regulations; Sewerage and Drainage Act - Sewerage and Drainage (Protection of Public Sewage System) Regulations

In addition to the above, the Group also adheres to the relevant legislations and regulations related to all its subsidiaries including for the newly-acquired logistics operations in Malaysia.

The following are some of the processes that are in place for the transportation of hazardous substances, storage and handling of hazardous substances and vehicular emissions:

TRANSPORTATION OF HAZARDOUS SUBSTANCES

Instruction for Drivers	Transport emergency response plan is provided to drivers and all drivers transporting hazardous materials are required to attend Hazmat training (every 2 years) which is conducted by an external provider.
Transport Routes	Transport routes are approved by authority as stated in the TERP. Drivers are informed of the transport routes and if a different route is required, management shall seek approval from authority before proceeding.
Hazard Warning Panels and Labels	Proper hazard warning panels and labels are installed based on the SS586: 2014 Specification for hazard communication for hazardous chemicals and dangerous goods.

STORAGE AND SUPPLY OF HAZARDOUS SUBSTANCES

Permission to Store and use Hazardous Substances	Hazardous Substance Storage permit is obtained before being allowed to operate the chemical warehouse.
Records of Storage of Hazardous Substances	Inventory is properly recorded and controlled so that the quantity will not exceed the allowed maximum storage quantity.
Storage Requirements	Design, construction and maintenance of the facility is according to code of practice, including proper labelling at the storage area.
Instruction and Training	Workers handling hazardous substance are briefed on the Safe Work Procedure and reminded of the hazards during tool box meetings and refresher training. Workers are sent for external training courses on handling of hazardous materials.

VEHICULAR AND MACHINERY EMISSIONS

Smoky Motor Vehicles	Pre-use inspection shall be carried out by prime mover drivers, and if any smoky motor vehicles observed, it shall be sent to the workshop for inspection and rectification.
Stationary Motor Vehicles	Drivers are to turn off the engine when the vehicle is stationary and they are reminded through posters and communication sessions.
Exhaust Emission for All Vehicles	Follow the standard set by the authority. As required by law, vehicles are sent for yearly inspection which includes checking the Exhaust Emission Level. We are also phasing out old vehicles and upgrading our trucks to EURO 5 and EURO 6 models and there is plan to replace the EURO 5 trucks at the appropriate time.
Monitor Diesel Consumption	We monitor the consumption of diesel (by litre) to analyse if there is any abnormalities on the level of diesel usage by each vehicle.
Reduce Use of Energy Intensive Machines	We reduce the use of energy-intensive machines. At the same time, increase equipment maintenance efforts to prevent oil and gas leakage from polluting the environment.

MATERIAL TOPICS AND BOUNDARIES

We keep track of changes in the laws/regulations so that we can take actions to ensure compliance with the changes. Some key licences obtained are as follows:

- Petroleum & Flammable Storage Licence
- Hazardous Substance Storage Permit
- Petroleum & Flammable Transportation Licence
- Certificate of Major Hazard Installation Registration

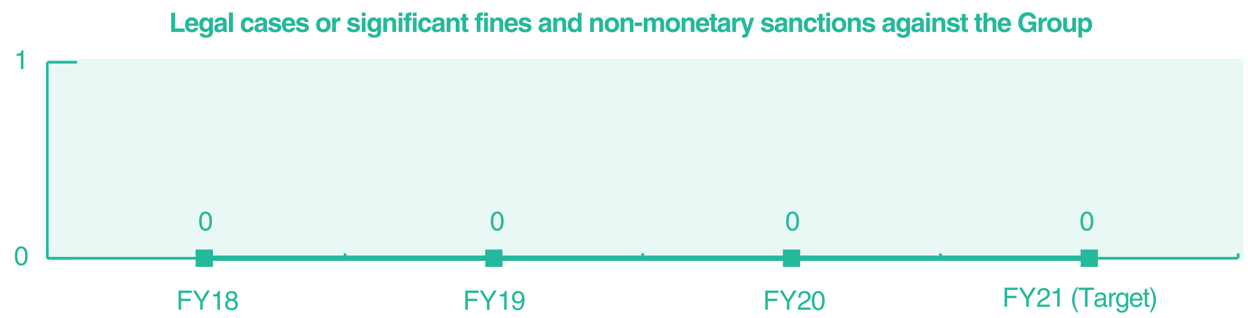
A dedicated team of employees have been assigned to monitor and track all licences and regulations to ensure full compliance. As part of the compliance to local regulations, an emergency response team made up of trained members are set up to deal with emergency situations (chemical spillages and fires). In addition, regular audits are conducted by NEA accredited auditors and SCDF and we have to ensure that these audits are successful so that our licences can be continuously renewed.

To further improve, subsidiaries of Cogent, SH Cogent Logistics and Cogent Land Capital embarked on establishing Environmental Management System ISO 14001:2015 and will strive to achieve accreditation in the near future. The Group will continue to track any changes to the laws and regulations and will take steps to implement any new measures accordingly.

During the pandemic, the Company and its subsidiaries have complied with all new regulations set out by the authorities and have implemented COVID-19 safe management measures, i.e. safe distancing at workplaces, work-from-home arrangements, segregated work teams, and wearing mask at all times. It is crucial that we take preventive measures seriously as part of our business continuity plan and ensure undisruptive continuation of our business operations.

Placing employees' health as top priority, Cogent started its business continuity plan ("BCP") on 16 March 2020. 15 Safe Management Officers have been appointed to inspect the facilities and ensure that employees observe all safe management measures. While observing safe management measures, we were still able to carry on with our business operations smoothly due to our highly adaptable and cooperative customers. About one month after BCP started, all employees in Cogent have gotten used to the BCP due to the digitalization of our backend functions. All safe management measures continued to be observed even after Singapore moved into Phase 3 of Re-opening.

For FY2020, the Group has met the target set of zero legal cases, fines or sanctions against any companies of the Group and the target will be to maintain this performance perpetually.



Safe Working Environment GRI 403

The Group is committed to provide a safe and healthy workplace for all employees, so as to safeguard their safety and health which the Group deems it to be of utmost importance. Due to the environment that the Group operates in, there is a proper safety management system in place for all employees which includes proper incident investigations and reporting procedures.

The Group enforces strict adherence to the Safety Guidelines that are underpinned by training plans and matrixes such as Behaviour-Based Safety (BBS) and Job Safety Analysis (JSA) as it contributes directly to productivity. In safeguarding the health and safety of all our employees, programmes have been established such as purchasing insurance and providing annual health screening for all employees.

In addition, a Workplace Safety and Health ("WSH") Committee was set up, comprising members from both the safety and operational team to oversee all safety-related issues. Main roles and responsibilities of the WSH Committee are listed below:

Ensure	Ensure effective implementation of safety management system, policies and safe work procedures.
Identify	Identify hazards and related risk control measures.
Promote	Promote safety awareness and keep track of regulatory changes.

As Cogent's operations continue to form the main part of the Company's revenue, the following are the key safety policies that were developed by Cogent in response to legal requirements or recognised risk management standards:

GRI403-1 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Cogent consigns workplace safety and health of all employees as one of the integral parts of the Company's interest and targets to achieve zero injuries at all phases of work. The integrated Quality, Environmental, Health and Safety Management system ("QEHSMS") is developed and implemented by Cogent under legal and other requirements while also considering the risks the Group identified.

Some of the key QEHSMS are:
1. Workplace Safety and Health Act
2. Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009
3. Workplace Safety and Health (Major Hazard Installation) Regulations
4. Environmental Protection and Management (Hazardous Substances) Regulations
5. ISO 45001: 2018 Occupational Health and Safety Management System
6. ISO 14001: 2015 Environmental Management System
7. ISO 9001: 2015 Quality Management System, etc

MATERIAL TOPICS AND BOUNDARIES

A Quality, Environmental, Health and Safety Policy is in place, which sets out the goals as follows:

- Provide a safe and healthy working environment for all stakeholders
- Prevent injuries, ill health and pollution to the environment
- Minimise wastes and environmental, health and safety risks
- Promote recycling, re-using and reduction of materials and resources
- Promote environmental and workplace health and safety awareness, responsibility, provide relevant training and suitable protective equipment for all our employees

Management Representatives are appointed, as qualified persons, to develop and maintain the QEHSMS of the operational business units; and competent internal auditors are appointed to conduct regular internal audits to ensure the QEHSMS is implemented during daily operations.

We review the effectiveness of the management system regularly during the Management Review Meeting. The QEHSMS key performance indicator, the adequacy of resources, recommendation of continuous improvement, and other relevant issues are discussed and reported to the senior management. External auditing firms are also engaged to conduct independent annual external audit to ensure that the system adheres to the QEHSMS standards.

As part of continuous improvement, Cogent has constantly reviewed the QEHSMS. The WSH Committee launched a series of initiatives to promote Workplace Safety and Health (WSH), as well as identifying gaps and areas for improvement:

- Regular site inspections and walkabouts by safety team, operational heads and senior management to ensure implementation of safety policies and procedures and to identify potential safety hazards.
- Provision of regular WSH-related trainings and courses conducted by certified institutions for employees.
- Regular safety briefings, weekly toolbox meetings and fire drills are conducted to communicate and improve safety awareness.
- Other measures such as sharing of WSH alerts, regular employee engagement by members of the committee and annual Safety and Health Week to raise awareness on safety.
- Smoke-Free Workplace Policy is effected from 1 January 2020 to restrict smoking to designated outdoor areas.

We always work to achieve greater heights and strive to achieve multiple accreditation at various operational premises of the Group. To date, Cogent has achieved the following safety management systems for the Group:

- SH Cogent Logistics Pte Ltd for land transportation and warehousing services
  - ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, and ISO 22001:2018 with SAC Accreditation
  - bizSAFE Star and bizSAFE Partner

- Cogent Automotive Logistics Pte. Ltd. for vehicle logistics services
  - ISO 45001:2018 and ISO 9001:2015 with SAC Accreditation
  - bizSAFE Star

- Cogent Land Capital Pte. Ltd. for facilities management
  - OHSAS 18001:2007 with UKAS Accreditation
  - bizSAFE Star
  - Note: Cogent Land Capital Pte. Ltd. is currently in the process of migrating from OHSAS 18001:2007 to ISO 45001: 2018 to meet the new standards.

- Cogent Container Depot Pte. Ltd. for storage, handling, repair and maintenance of containers
  - ISO 45001:2018, ISO 9001:2015, and ISO 14001:2015 with SAC Accreditation
  - bizSAFE Star

- Cogent Tank Depot Pte. Ltd.
  - bizSAFE Level 3
  - Cogent Tank Depot Pte. Ltd. has embarked on establishing the QEHSMS - ISO 45001:2018, ISO 9001:2015, and ISO 14001:2015 for ISO tank cleaning, repair, inspection and storage services. We are conducting stage 2 certification audit by independent certification bodies this end of year

GRI 403-2 HAZARDS IDENTIFICATION, RISK ASSESSMENT

The Group believes that the objective of our QEHSMS is to mitigate hazards and prevent injury. If a hazard is not assessed, the risk could not be controlled. We developed Risk Management ("RM") as part of the requirement of Workplace Safety and Health (Risk Management) Regulation and Approved Code of Practice on Workplace Safety and Health (WSH) Risk Management (2015 revision).

In our RM, the procedures for hazards identification, risk assessment and risk control are developed. Different risk management teams are formed in different business units to conduct hazards identification, risk assessment and risk control. Competent and experienced persons with adequate training on RM are appointed as Risk Assessment ("RA") team leaders.

RA teams and safety personnel identified hazards through weekly site inspections, incident investigations, regular internal and external audits, and feedback from workers. Risk evaluation is based on the '5x5' matrix recommended in the Approved Code of Practice. Hierarchy of control is adopted when considering the risk control measures: elimination, substitution, engineer control, administrative control and provision of Personal Protective Equipment ("PPE"). Risk assessments are developed for all routine and non-routine processes and are reviewed once every 3 years, or when there are any incidents, near misses or dangerous occurrences, significant change in work processes or activities, or new information on WSH risks made known. RM procedures are audited by MOM-accredited auditor to ensure the RM is properly developed and implemented by Cogent.

Communication is key. Employees are expected to voice out safety concerns as soon as practicable, such as hazards, unsafe work practices, unsafe work behaviours, and incidents to their supervisors or WSH committee representatives. Employees are briefed during the orientation and regular toolbox meetings, to stop work to prevent any injury or ill health if they find that the condition is unsafe to operate. Weekly toolbox meetings and in-house trainings, are conducted in the languages that employees understand, emphasizing on the hazards and risks of their work activities and the control

MATERIAL TOPICS AND BOUNDARIES

measures to be taken. Last but not least, workers are constantly reminded to wear appropriate PPE at work, to pay attention and be careful at all times, and always look out for one another.

Besides communication and trainings, a part of the RM also includes pre-work inspections and regular maintenance at our workplaces. A thorough inspection of machinery and equipment is required before use, e.g. forklift, container handling equipment, crane, prime movers, and trailers. Any defect or anomalies should be reported to supervisors / traffic controllers immediately and such machine or equipment are not allowed to be used. Cogent encourages employees to report hazards and near misses by continuously educating them the importance of reporting, and incorporating reporting hazards and near misses into workers' annual appraisal.

GRI403-2 INCIDENT INVESTIGATION

Incident Investigation and Reporting procedure is developed to investigate an incident, determine the root cause and recommend corrective actions to prevent reoccurrence. All employees are required to report hazards, near misses, incidents and injuries to their supervisors/managers immediately. Thereafter, site inspection, document review and interview of relevant workers must be carried out as soon as possible. For any injuries or incidents with high severity, a joint investigation with the safety department should be conducted. Fishbone analysis and 5-Whys analysis are used in incident investigation, and hierarchy of controls are adopted in recommending appropriate corrective actions.

Relevant records are kept, and updates on all incidents, lost man-days due to these incidents, Accident Frequency Rate (AFR), Accident Severity Rate (ASR) and Work Injury Rate (WIR) for all employees are provided to the Senior Management weekly and monthly. This demonstrates our commitment to provide a safe and healthy workplace for all employees.

All injury incidents leading to medical leave or light duties are also reportable to the Ministry of Manpower with effect from 1 September 2020.

GRI403-4 WORKER PARTICIPATION CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

Communication with workers on workplace safety and health issues is important to us. At Cogent, regular and effective communication with workers are in place via various platforms, such as daily roll calls, weekly toolbox meetings, regular WhatsApp group sharing, monthly WSH Committee meetings, and frequent WSH campaigns. Safety Notice Board/Corners are also set up at all operational areas to remind workers of work safety. Videos showing good WSH practices or accidents are displayed through displays at certain operational areas to remind workers to stay alert.

Procedures for workers' participation and consultation are developed in our integrated QEHSMS. Workers are invited to attend the monthly WSH Committee meetings to share their concerns on WSH issues and hazards identified, and recommend control measures or good practices to mitigate the risks. We also consult workers on their views in some decision-making procedures during the WSH Committee meeting and invite workers to risk management discussion as risk management members. Safety perception surveys are conducted regularly for staff to gather feedback on the effectiveness of the QEHSMS.

GRI403-5 WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

Both internal and external training are conducted for employees as required by applicable legal and other requirements. The company ensures that all workers are competent to carry out their work safely. Regular safety briefings and refresher trainings are carried out internally. All training records are documented and retained.

Following are some of the key safety courses/ trainings provided for new and existing employees:

- Safety orientation course
- Operate Forklift course
- Forklift refresher course
- Defensive driving
- Hazardous Material Driver Transport (HAZMAT) Permit Course
- Perform Safe Prime Mover Driving and Haulage Operations in the Port
- Risk assessment for workplace
- Working at height and risk management
- Workplace Safety & Health Legal Requirements Training
- Regulatory, Technical & Safety Requirement of ISO Tank Containers
- Assess Confined Space For Safety Entry and Work
- Supervise Work in Confined Space Operation
- Perform Work in Confined Space Operation
- Supervise Construction Work for WSH
- Incident Sharing, Near Miss & Hazardous Workshop
- Drills and related trainings such as
  - Fire-fighting
  - Chemical spillage control,
  - CPR, AED and First Aider courses
  - Respond to Fire and Hazmat Emergency
  - Emergency Response Team (CERT) Refresher Briefing
  - Respond to Fire Emergency in Buildings
- Apply Workplace Safety & Health in Process Plant
- Apply Workplace Safety & Health in Metal Works
- IATA Dangerous Goods Regulations
- IMDG Code Dangerous Goods by SEA
- COVID-19: Safe Management Measures at the Workplace course

MATERIAL TOPICS AND BOUNDARIES

GRI403-3 & 6 OCCUPATIONAL HEALTH SERVICES AND PROMOTION OF WORKER HEALTH

Cogent facilitates employees' non-occupational medical check-up. Medical cards are issued to the employees for access to clinics under our Company panel of doctors.

For specific group of employees, due to the nature of their job scope and work environment, we have arranged additional medical check-ups for them. For instance, it is mandatory for employees working at ISO container depot to go for a pre-employment medical check-up to ensure that they are fit for the work. We also conduct Drug & Alcohol screening for selected Prime Mover Drivers. Further, health screening is arranged for prime mover drivers aged 62 and above, which is a requirement by PSA. We also identify employees who are approaching age 62 and send them for re-employment Medical Check-up. Employees who are certified fit for work will be re-employed by the Company till age 67.

No health promotion services and programs were offered to employees in year 2020 due to COVID-19 restrictions.

GRI403-7 PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS

Control of contractor is one of the important programmes implemented by the Company. Contractors are carefully and regularly evaluated on their safety and health performance to ensure that they are able to perform their work safely. We conduct weekly inspection at in-house contractors' workplaces and communicate with contractors on corrective actions required for any unsafe conditions or unsafe acts.

Monthly safety inspection is also conducted at tenants' areas to ensure risk control measures are implemented to prevent any injury to their workers and also prevent any unsafe conditions or unsafe acts from endangering our workers' safety and health. We regularly communicate good safety practices via emails and safety notice board at the common area.

Owning a huge prime movers fleet, we are aware that our large vehicles have an outsized-responsibility when on the road. We constantly remind our drivers to take the responsibility to take care of the other road users on the road by exercising extra caution when driving on the roads. Drivers' safety-related non-compliance and summons are monitored to ensure drivers comply with Road Safety Act and other in-house rules and regulations. Drivers are also sent to external Defensive Driving course and attended in-house road safety briefings to keep alert on safety on the road.

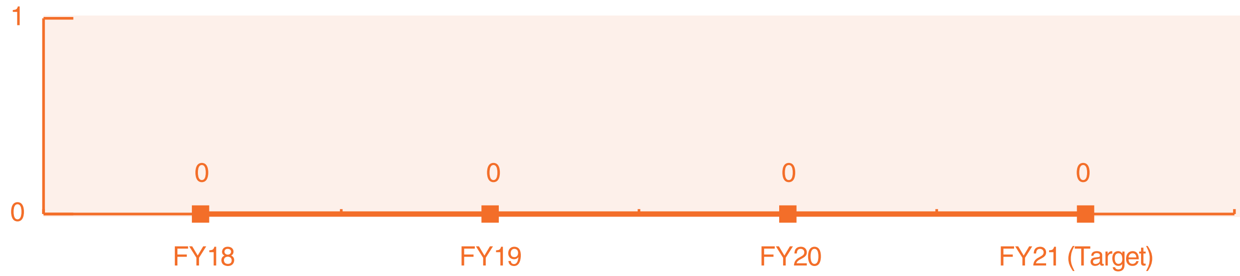
GRI403-9 WORK-RELATED INJURIES

In FY2020, Cogent and the Company's other subsidiaries reported 7 cases of recordable work-related injuries to MOM. Although the Company did not achieve its target of zero injuries as set out in the FY2019 SR Report, all 7 cases were minor injuries. Internal investigations were carried out for all cases and the Company has reviewed and enhanced our safety policies. The policies were communicated to all employees to re-emphasize and remind them on the hazards at the workplace.

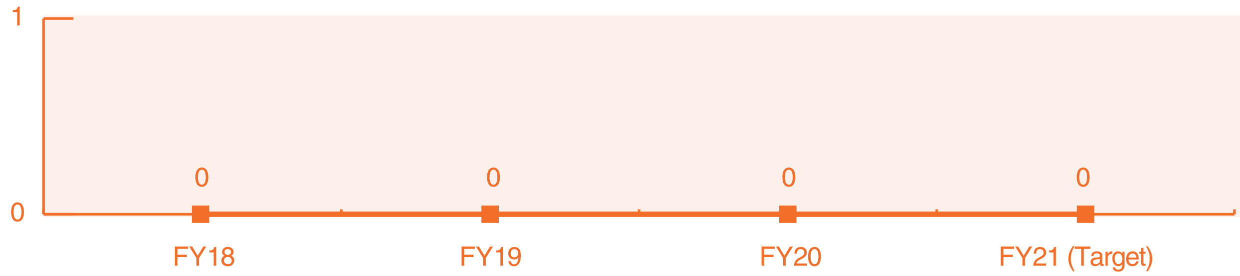
In the long run, the Company hopes to achieve zero injury cases and zero man-days lost, and to integrate safety into all operational activities so as to improve the safety culture of the Company. This will increase productivity and the safety records will attract potential customers and lead to possible future expansion.

As for a more viable short-term goal, we strive to reduce the number of injury cases and man-days lost by at least 50% by having more supervision on the ground and for key personnel to take greater ownership for safety.

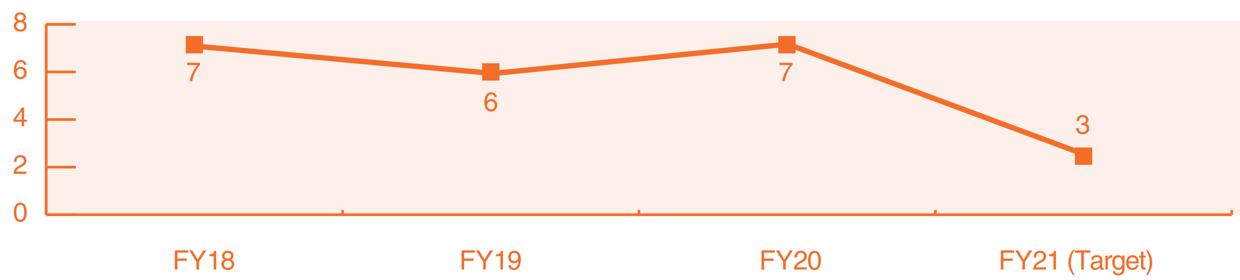
Number of fatalities as a result of work-related injury



Number of high-consequence work-related injuries (excluding fatalities)



Number of recordable work-related injuries



MATERIAL TOPICS AND BOUNDARIES

Staff Training GRI 404-1

Training and Education is important for the Group as it enhances productivity of all employees by equipping them with the necessary skillsets to perform their duties in an ever- changing working environment.

Training and education helps employees to learn specific knowledge or skills to improve performance in their current roles that brings a greater impact to the Group and to achieve their individual career aspirations, which is of utmost importance. In the Group, their expertise and contributions are recognised in gearing the Group beyond its existing capacity. As such, all employees are valued and the Group strives to provide a conducive working environment that emphasises the enrichment and empowerment of every individual, in order to achieve organisational growth.

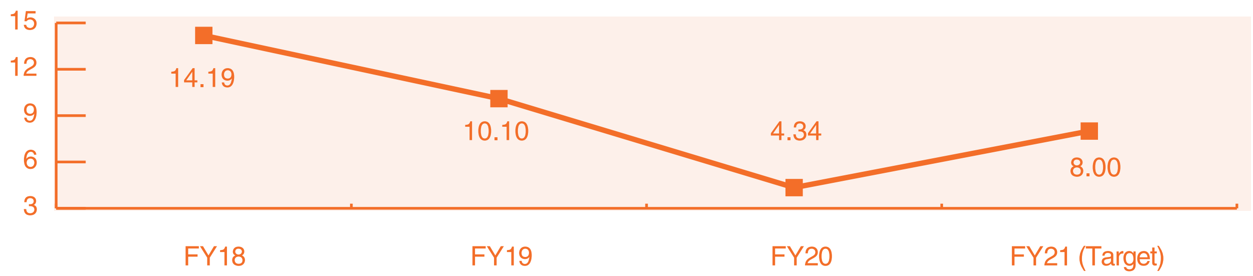
Internal training courses, funding support for external training and provision of sabbatical periods with guaranteed placement are provided to employees to enable employees to keep up with market practices and for them to upgrade their skills. The training process is as follows:

Technical employees are also required to undergo annual assessment conducted in simulated environments to ensure that they remain equipped and competent in meeting the necessary standards and safety measures at the worksite. Training evaluation forms are provided to employees for their feedback on the courses attended.

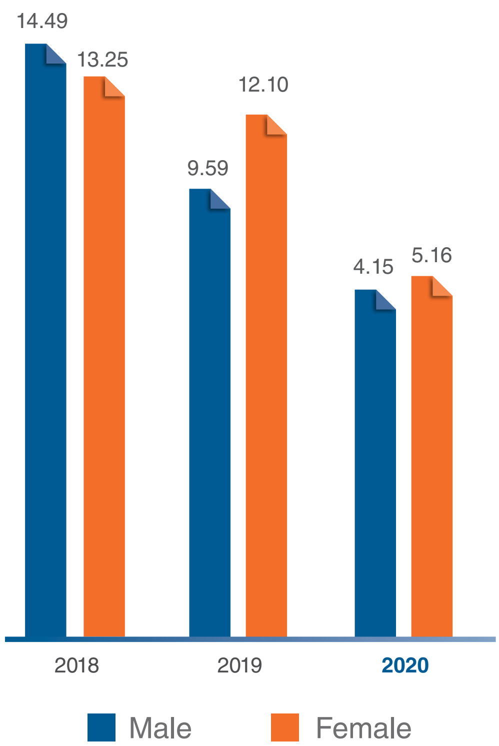
With the aim to enhance employees' proficiency levels in their respective fields so as to expand on employees' knowledge of existing and potential new businesses, the Group organises regular safety training courses and engages qualified instructors from established training centres to deliver in-depth safety studies and analysis. Without exception, all new hires are required to complete mandatory training courses and pass relevant examinations prior to commencing their duties.

In FY2020, the Group did not meet the target of an average of 8 hours of training per employee set in FY2019. The average training hours per employee reduced from around 10.1 hours in FY2019 to around 4.34 hours in FY2020. This was due to COVID-19 safe management measures, resulting in a temporary cessation of external courses except for courses which are necessary to fulfil the statutory requirements. As the pandemic situation improves, we hope to meet the target of an average of 8 hours of training per employee for FY2021.

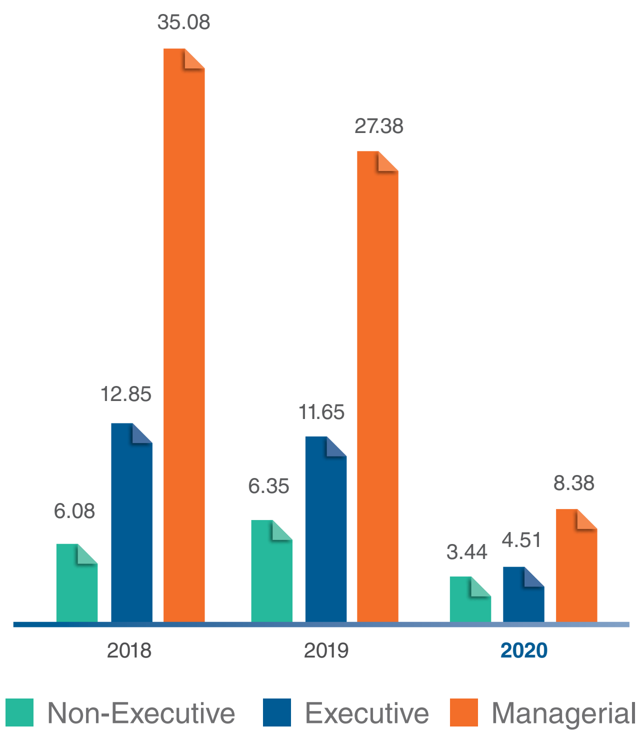
Average Training Hours per Employee



Average Training Hours per Employee, by Gender



Average Training Hours per Employee, by Category



MATERIAL TOPICS AND BOUNDARIES

Some examples of training courses offered to employees are as follows:

- Technical and safety
  - Workforce Skills Qualifications (WSQ) Operate Forklift Course
  - Work-At-Heights Course For Workers
  - Hazardous Material Driver Transport Permit Course (Hazmat)
  - Perform Safe Prime Mover Driving and Haulage Operations in the Port
  - Understanding of ISO 22000:2018 Internal Auditor Course
  - Apply Workplace Safety and Health in Metal Work

- Soft skills
  - Communicate & Relate Effectively at the Workplace
  - Effective Cash Flow Management, Budgeting and Analysis
  - Effective Business Report Writing Skills
  - Manage Resource Planning

Privacy of Customers' Data GRI 418-1

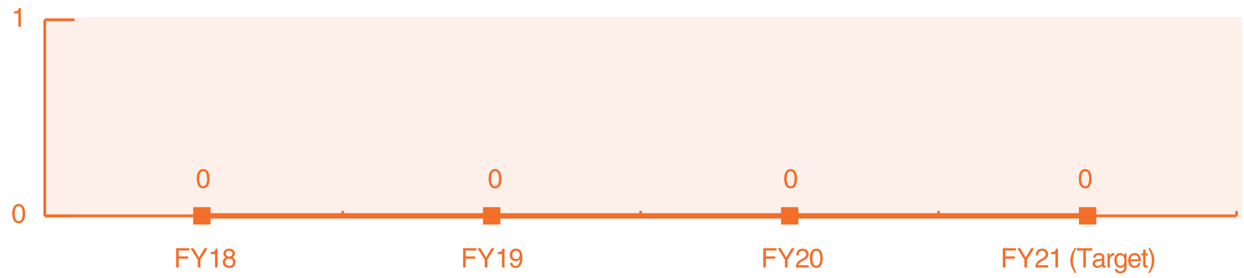
The IT environment is constantly changing, and new and existing cyber threats pose risks and vulnerabilities to stakeholders' confidential data and information. The Group owes a duty of care to the stakeholders to safeguard their confidential information. Any breakdown in IT controls can cause data breaches and result in significant legal and reputational costs to the Group.

Established IT controls and processes are in place to safeguard the confidential information of stakeholders in accordance with the Personal Data Protection Act ("PDPA") in Singapore. However, the Group currently does not have a PDPA policy in place and has not issued any policies for Cogent to accord to. Cogent has appointed a Data Protection Officer ("DPO") and has sent the DPO for the necessary PDPA courses accordingly. The DPO will oversee data protection responsibilities and ensure compliance with the PDPA.

The IT controls prevent, detect and respond to threats concerning data security and confidentiality of the Group's information and database. These controls include firewalls, server encryption and restricted access rights. There is an email channel for internal and external parties to lodge any data breach complaints.

For FY2020, the Group has met the target set in FY2019 and there were zero complaints of breach of customer privacy and the target will be to maintain this performance perpetually.

Substantiated Complaints Received Concerning Breaches Of Customer Privacy



GRI CONTENT INDEX

Disclosure Guidelines	Disclosure Title	Header	Page Reference
		Organizational Profile	
102-1	Name of the organization	Corporate Profile	2
102-2	Primary brands, product and services	Corporate Profile, Operations Review	2, 14-15
102-3	Location of Headquarters	Corporate Profile, Corporate Information	2, 55
102-4	Location of operations	Corporate Profile, Operations Review, Corporate Information	2, 14-15, 55
102-5	Ownership and legal form	Notes to the Financial Statement on General Information, Shareholding Statistics	109, 187
102-6	Market served	Corporate Profile, Operations Review	2, 14-15
102-7	Scale of the organization	Financial Highlights	4-5
102-8	Workforce figures	Human Resources of the Group	67
102-9	Organisation's supply chain	Corporate Profile	2
102-10	Significant changes during the reporting period	None	Not Applicable
102-11	Precautionary Principle or approach	Corporate Governance	22-64
102-12	External Initiatives	None	Not Applicable
102-13	Memberships of associations	Stakeholder Engagement	70
		Strategy	
102-14	Statement from senior decision-maker	Board Statement	66
		Ethics and Integrity	
102-16	Values, principles, standards, and norms of behaviour	Board Statement	66
		Governance	
102-18	Governance structure	Corporate Governance	22-64
		Stakeholders Engagement	
102-40	List of stakeholder groups	Stakeholder Engagement	70
102-41	Collective bargaining agreements	Not Applicable	Not Applicable
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	70
102-43	Approach to stakeholder engagement	Stakeholder Engagement	70
102-44	Key topics and concerns raised through stakeholder engagement	Materiality Assessment	71-72
		Material Topics and Boundaries	72-86
		Reporting Practice	
102-45	Entities included in the organisation's consolidated financial statements	Notes to the Financial Statements on Investments in Associated Companies and Subsidiaries	143-151
102-46	Defining report content and topic boundaries	About This Sustainability Report	66
		Reporting Scope and Boundaries	71

GRI CONTENT INDEX

Disclosure Guidelines	Disclosure Title	Header	Page Reference
		Reporting Practice	
102-47	List of material topics	Material Topics and Boundaries	72-86
102-48	Effect of any restatements of information provided in previous reports	Not Applicable	Not Applicable
102-49	Significant changes from previous reports in the material topics and boundaries	Board Statement	66
102-50	Reporting Period	About This Sustainability Report	66
102-51	Date of previous report	About This Sustainability Report	66
102-52	Reporting cycle	About This Sustainability Report	66
102-53	Contact point	Reporting Framework	69
102-54	Claims of reporting in accordance with GRI Standards	About This Sustainability Report	66
102-55	GRI Content Index	GRI Content Index	87-89
102-56	Assurance	About This Sustainability Report	66
		Management Approach	
103-1	Explanation of the material topic and its Boundary	Materiality Assessment	71-72
103-2	The management approach and its components	Material Topics and Boundaries	72-86
103-3	Evaluation of the management approach		
		Topic Specific GRI Standard Disclosures	
		GRI 201 Economic Performance	
201-1	Direct economic value generated and distributed	Economic Performance	73
		GRI 205 Anti-Corruption	
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption Practices	73-74
		GRI 307 Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	Compliance to Environmental Regulations	74-76
		GRI 403 Occupational Health and Safety	
403-1	Occupational health and safety management system	Safe Working Environment	77-83
403-2	Hazard identification, risk assessment, and incident investigation	Safe Working Environment	77-83
403-3	Occupational health services	Safe Working Environment	77-83
403-4	Worker participation, consultation, and communication on occupational health and safety	Safe Working Environment	77-83

Disclosure Guidelines	Disclosure Title	Header	Page Reference
	GRI 403 Occupational Health and Safety		
403-5	Worker training on occupational health and safety	Safe Working Environment	77-83
403- 6	Promotion of worker health	Safe Working Environment	77-83
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safe Working Environment	77-83
403-9	Work-related injuries	Safe Working Environment	77-83
	GRI 404 Training and Education		
404-1	Average hours of training per year per employee	Staff Training	84-86
	GRI 418 Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy of Customers' Data	86

FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 102 to 184 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Zhu Jian Dong
Li Xi Bei
Wang Kai Yuen
Er Kwong Wah
Ang Swee Tian

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" in this statement.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.12.2020	At 1.1.2020	**At 31.12.2020**	At 1.1.2020
The Company				
(No. of ordinary shares)				
Wang Kai Yuen	**900,000**	900,000	**100,000**	100,000
Er Kwong Wah	**650,000**	650,000	**–**	–
Ang Swee Tian	**130,000**	130,000	**5,000**	5,000

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interests in shares or debentures (continued)

	Number of unissued ordinary shares under option held by director	
	At 31.12.2020	At 1.1.2020 or date of appointment, if later
Related corporations		
COSCO SHIPPING Holdings Co., Ltd.		
- Share Option Incentive Scheme		
Zhu Jian Dong	**754,000**	754,000

(b) According to the register of directors' shareholdings, only one director holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the COSCO SHIPPING Group Executives Share Option Scheme 2020 as set out below and in the paragraphs on "Share Options".

	Number of unissued ordinary shares under options held by director	
	At 31.12.2020	At 1.1.2020
Li Xi Bei	**1,500,000**	–

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

Share options

(a) **COSCO SHIPPING Group Executives Share Option Scheme 2020 ("Option Scheme")**

The Option Scheme was approved by shareholders of the Company at an Extraordinary General Meeting held on 25 June 2020.

Under the Option Scheme, options to subscribe for the ordinary shares of the Company are granted to employees who have, as of the date of grant, been in the employment of the Company, its subsidiaries or Parent Group Companies (collectively the "Executives") (as the case may be) for a period of at least 12 months, or such shorter period as the Committee may determine. Non-Executive Directors (including independent directors), Controlling Shareholders and Associates of Controlling Shareholders are not eligible to participate in the Option Scheme. Directors and employees of associated companies are also not eligible to participate in the Option Scheme. Subject to any adjustment pursuant to the Option Scheme, the exercise price of the options shall be the market price, which is the higher of (i) the last dealt price for a share determined by reference to the daily Official List published by SGX-ST on the date of grant; or (ii) the average of the last dealt prices for a share determined by reference to the daily Official List published by the SGX-ST for a period of five consecutive market days immediately prior to the date of grant. No options are granted at a discount to the exercise price.

Share options (continued)

(a) **COSCO SHIPPING Group Executives Share Option Scheme 2020 ("Option Scheme")** (continued)

The vesting of the options is conditional on the Executives achieving the vesting conditions (which may include key performance indicators). The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price commencing after the second anniversary of the date of grant of the options and ending on the seventh anniversary of the date of grant of the options, subject to the following vesting periods of the options granted:

(a) up to one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the second anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option (the "**First vesting period**");

(b) up to another one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the third anniversary of the date of grant of that Option and ending on the seventh anniversary of the date of grant of that Option (the "**Second vesting period**"); and

(c) the remaining one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option (the "**Third vesting period**").

A participant shall, at any time, only be entitled to participate in any one share option or share incentive scheme implemented by the Group or any Parent Group Company.

The aggregate number of shares over which options may be granted on any date, when added to (i) the aggregate number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and (ii) the number of treasury shares and subsidiary holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 10% of the total issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date of grant. The aggregate number of shares to be issued to key management and employees of the Parent Group shall not exceed 20% of the shares available under the Option Scheme.

The Option Scheme is administered by the Remuneration Committee which comprises the following directors:

Er Kwong Wah (Chairman)
Wang Kai Yuen
Ang Swee Tian

On 3 July 2020, share options to subscribe for 22,238,000 ordinary shares in the Company at an exercise price of $0.202 per ordinary share were granted to key management personnel and employees pursuant to the Option Scheme (the "**2020 Options**"). The 2020 Options shall be exercisable during the First vesting period, Second vesting period and Third vesting period respectively, subject to the achievement of vesting conditions.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share options (continued)

(a) **COSCO SHIPPING Group Executives Share Option Scheme 2020 ("Option Scheme")** (continued)

Information of options granted under the Options Scheme to directors of the Company (pursuant to the requirements of the Listing Manual of the SGX-ST) are as follows:

Name of director	Options granted for financial year ended 31.12.2020	Aggregate options granted since commencement of scheme to 31.12.2020	Aggregate options exercised since commencement of scheme to 31.12.2020	Aggregate options outstanding as at 31.12.2020
Li Xi Bei	1,500,000	1,500,000	–	1,500,000

No option has been granted to controlling shareholders of the Company or their associates as they are not eligible to participate in the Option Scheme.

No director or employee of the Company and its subsidiaries has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Option Scheme during the financial year.

No key management or employee of the Parent Group Companies has received options of 5% or more of the total number of shares available to employees of the Parent Group under the Option Scheme during the financial year.

(b) **Share Options outstanding**

The number of unissued ordinary shares of the Company under options outstanding at the end of the financial year are as follows:

Options relating to COSCO SHIPPING Group Executives Share Option Scheme 2020	Number outstanding at 1.1.2020	Number of options issued during the financial year	Number of options exercised during the financial year	Number of options cancelled/ lapsed during the financial year	Number of outstanding options at 31.12.2020	Exercise price	Exercise period
	'000	'000	'000	'000	'000	$	
2020 Options	–	22,238,000	–	(2,064,000)	20,174,000	0.202	(i) One-third of options 3.7.2022 – 2.7.2027 (ii) another one-third of options 3.7.2023 – 2.7.2027 (iii) remaining one-third of options 3.7.2024 – 2.7.2027

No outstanding options were vested and exercisable as at 31 December 2020.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee ("ARMC") at the end of the financial year were as follows:

Ang Swee Tian (Chairman)	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent
Er Kwong Wah	Non-Executive Independent

All members of the ARMC were non-executive directors.

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors.

The ARMC has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

ZHU JIAN DONG
Director

LI XI BEI
Director

8 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of COSCO SHIPPING International (Singapore) Co., Ltd. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of profit or loss of the Group for the financial year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 31 December 2020;
- the balance sheet of the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill *Refer to Note 3.1(a) and Note 23(a) to the financial statements* As at 31 December 2020, goodwill amounted to \$98,989,000. The goodwill relates to the Group's logistics cash-generating unit ("CGU"). Management is required to perform an impairment assessment of goodwill annually by comparing the recoverable amount of the CGU with the carrying amount of the CGU to determine whether there is any impairment loss. We focused on this area because of the significant judgements required in estimating the revenue growth rate, terminal growth rate and discount rate applied in computing the recoverable amount of the CGU.	We evaluated the reasonableness of management's estimate of revenue growth by taking into consideration the past performance, and the CGU's expected future operating performance. With the assistance of our auditor's expert, we assessed the reasonableness of the terminal growth rate and the discount rate used by management. We found management's estimate of future cash flows and the rates used by management to be reasonable. We performed sensitivity analysis to assess the impact on the recoverable amount of the CGU by reasonable possible changes in the revenue growth rate, terminal growth rate and the discount rate. We found that the estimates used by management were appropriate. We also found the disclosure on the sensitivity analysis in Note 3.1 (a) to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Purchase Price Allocation ("PPA") in relation to the acquisition of Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. (collectively referred to as the "Newly Acquired Malaysia subsidiaries")

Refer to Note 3.1(b) and Note 16 to the financial statements

On 14 February 2020, the Group acquired 80% of the issued share capital of Newly Acquired Malaysia subsidiaries for a total consideration of RM88,000,000 (equivalent to S$29,610,000).

As part of the PPA process, management has engaged external valuers to assist the Group in valuing the net identifiable assets acquired. The PPA process required management and the external valuers to exercise significant judgements in the following areas:
● Fair value of intangible assets acquired; and
● Fair valuation of land and buildings.

In relation to the intangible assets, the valuation of customer relationship intangible assets of $2,197,000 is a significant judgement as it involves estimating the future cash flows, useful lives and discount rate to determine the fair value of the identified customer relationships intangible asset.

In relation to the land and buildings acquired, management has recognised a fair value uplift of $23,126,000 over these assets as compared to their net book value. The fair valuation of the land and buildings is based on significant judgements used in the determining the comparable properties, construction costs and capitalisation rate.</td><td><u>Customer relationships intangible asset</u>

For the fair valuation of the identified customer relationship intangible asset, we evaluated the reasonableness of management's estimates of future cash flows by taking into consideration the past performance and the useful lives of the intangible asset.

With the assistance of our auditor's expert, we assessed the reasonableness of the discount rates used by management.

We found the estimates of future cash flows, useful lives and the discount rates used to be reasonable.

<u>Fair valuation of land and buildings</u>

For the fair valuation of land and buildings, we evaluated the reasonableness of the underlying comparable transactions used to derive the adjusted comparable sales price, the construction cost adopted and the capitalisation rates used against those used for similar types of properties.

We found the valuation methods used are in line with generally accepted market practices and the key inputs to be within the range of market data.

We also assessed the competency, independence and integrity of the valuers. We found that the valuers are members of recognised professional bodies.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the Overview, Key Messages, Operations and Financial Review, Corporate Governance and Transparency, Sustainability Report and Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Alex Toh Wee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore
8 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2020

	Note	The Group 2020 $'000	2019 $'000
Sales	4	**185,843**	171,495
Cost of sales	5	**(155,776)**	(131,615)
Gross profit		**30,067**	39,880
Other income	7		
- Interest income		**297**	591
- Others		**13,261**	1,421
		13,558	2,012
Other gains and losses	8	**2,126**	2,159
Expenses			
- Distribution	5	**(2,552)**	(2,668)
- Administrative	5		
- Impairment loss on financial assets		**(469)**	(315)
- Others		**(25,102)**	(23,539)
		(25,571)	(23,854)
- Finance	9	**(7,632)**	(8,924)
Share of profit of associated companies	17	**1,879**	2,036
Profit before income tax		**11,875**	10,641
Income tax expense	10(a)	**(2,810)**	(2,933)
Profit for the year		**9,065**	7,708
Profit attributable to:			
Equity holders of the Company		**8,337**	7,380
Non-controlling interests		**728**	328
		9,065	7,708
Earnings per share for profit attributable to equity holders of the Company (expressed in cents per share)			
Basic earnings per share	11	**0.37**	0.33
Diluted earnings per share	11	**0.37**	0.33

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	The Group 2020 $'000	The Group 2019 $'000
Profit for the year		**9,065**	7,708
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	29(b)(ii)	**(2,514)**	(635)
Other comprehensive loss, net of tax		**(2,514)**	(635)
Total comprehensive income		**6,551**	7,073
Total comprehensive income attributable to:			
Equity holders of the Company		**6,025**	6,750
Non-controlling interests		**526**	323
		6,551	7,073

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - GROUP

As at 31 December 2020

	Note	The Group 31 December 2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**76,333**	67,165
Trade and other receivables	13	**43,462**	40,856
Inventories	14	**812**	858
Income tax receivables		**–**	1,160
		120,607	110,039
Non-current assets			
Trade and other receivables	15	**529**	477
Investments in associated companies	17	**16,652**	16,209
Investment properties	19	**38,515**	22,872
Property, plant and equipment	20	**718,873**	672,412
Intangible assets	23	**123,584**	126,352
Deferred income tax assets	27	**–**	6
		898,153	838,328
Total assets		**1,018,760**	948,367
LIABILITIES			
Current liabilities			
Trade and other payables	24	**54,307**	49,035
Current income tax liabilities		**2,519**	1,549
Borrowings	25	**31,854**	32,312
Provisions	26	**507**	1,505
		89,187	84,401
Non-current liabilities			
Trade and other payables	24	**7,493**	988
Borrowings	25	**311,000**	267,465
Provisions	26	**1,878**	389
Deferred income tax liabilities	27	**63,886**	56,845
		384,257	325,687
Total liabilities		**473,444**	410,088
NET ASSETS		**545,316**	538,279
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**270,608**	270,608
Statutory and other reserves	29	**25,560**	35,365
Retained earnings		**238,732**	230,395
		534,900	536,368
Non-controlling interests	18	**10,416**	1,911
Total equity		**545,316**	538,279

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - COMPANY

As at 31 December 2020

	Note	The Company 31 December 2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**8,450**	8,548
Trade and other receivables	13	**107**	103
		8,557	8,651
Non-current assets			
Investment in an associated company	17	**13,953**	13,953
Investments in subsidiaries	18	**614,589**	614,589
Property, plant and equipment	20	**70**	62
		628,612	628,604
Total assets		**637,169**	637,255
LIABILITIES			
Current liabilities			
Trade and other payables	24	**40,362**	41,092
Current income tax liabilities		**1**	20
		40,363	41,112
Non-current liabilities			
Trade and other payables	24	**–**	988
Borrowings	25	**72,069**	72,069
		72,069	73,057
Total liabilities		**112,432**	114,169
NET ASSETS		**524,737**	523,086
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**270,608**	270,608
Other reserves	29	**45,105**	45,105
Retained earnings		**209,024**	207,373
Total equity		**524,737**	523,086

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		Attributable to equity holders of the Company					
	Note	Share capital $'000	Statutory and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2020							
Balance at 1 January 2020		**270,608**	**35,365**	**230,395**	**536,368**	**1,911**	**538,279**
Total comprehensive (loss)/income for the year		–	(2,312)	8,337	6,025	526	6,551
Acquisition of subsidiaries	16	–	(7,038)	–	(7,038)	8,079	1,041
Accretion of redemption liability	16(b)	–	(455)	–	(455)	–	(455)
Dividend declared by a subsidiary to non-controlling interest of a subsidiary		–	–	–	–	(100)	(100)
Balance as at 31 December 2020		**270,608**	**25,560**	**238,732**	**534,900**	**10,416**	**545,316**
2019							
Balance at 1 January 2019		**270,608**	**35,995**	**223,015**	**529,618**	**1,482**	**531,100**
Total comprehensive (loss)/income for the year		–	(630)	7,380	6,750	323	7,073
Non-controlling interest share of increase in registered capital of a subsidiary		–	–	–	–	406	406
Dividend declared by a subsidiary to non-controlling interest of a subsidiary		–	–	–	–	(300)	(300)
Balance as at 31 December 2019		**270,608**	**35,365**	**230,395**	**536,368**	**1,911**	**538,279**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	**2020 $'000**	2019 $'000
Cash flows from operating activities			
Profit for the year		**9,065**	7,708
Adjustments for:			
- Amortisation of intangible assets		**4,914**	4,681
- Depreciation of property, plant and equipment		**31,877**	31,928
- Depreciation of investment properties		**10,298**	10,387
- Income tax expense		**2,810**	2,933
- Interest expense		**7,632**	8,924
- Interest income		**(297)**	(591)
- Gain on modification of lease		**–**	(65)
- Rental waiver (financing)		**(4,178)**	–
- Gain on bargain purchase of subsidiaries		**(2,703)**	–
- Gain on disposal of an investment property		**(858)**	–
- Impairment of trade and other receivables		**469**	315
- Loss/(gain) on disposal of property, plant and equipment		**635**	(1,843)
- Share of profit of associated companies		**(1,879)**	(2,036)
- Exchange differences		**(325)**	(79)
		57,460	62,262
Changes in working capital:			
- Inventories		**46**	(197)
- Trade and other receivables		**5,931**	(5,515)
- Trade and other payables		**2,668**	(13)
- Provisions		**(387)**	274
Cash provided by operations		**65,718**	56,811
Income tax paid		**(878)**	(5,007)
Net cash provided by operating activities		**64,840**	51,804
Cash flows from investing activities			
Deferred consideration paid for acquisition of a subsidiary		**(1,500)**	(6,500)
Additions to property, plant and equipment (Note A)		**(30,415)**	(63,245)
Acquisition of subsidiaries, net of cash acquired	16	**(24,655)**	–
Disposal of property, plant and equipment		**173**	2,723
Disposal of investment properties		**1,212**	–
Acquisition of an associated company		**–**	(416)
Decrease in restricted cash balance		**–**	257
Interest received		**300**	664
Dividends received from associated companies		**1,115**	1,665
Net cash used in investing activities		**(53,770)**	(64,852)
Cash flows from financing activities			
Proceeds from borrowings		**37,488**	51,972
Repayments of borrowings		**(11,149)**	(9,040)
Principal payment of lease liabilities		**(19,598)**	(24,657)
Decrease in bank deposits pledged		**878**	24
Proceeds from non-controlling interest for increase in registered capital of a subsidiary		**–**	406
Interest paid		**(9,061)**	(10,502)
Dividend paid to non-controlling interest of a subsidiary		**(100)**	(300)
Net cash (used in)/provided by financing activities		**(1,542)**	7,903
Net increase/(decrease) in cash and cash equivalents		**9,528**	(5,145)
Cash and cash equivalents at beginning of financial year		**65,980**	71,605
Effects of currency translation on cash and cash equivalents		**(501)**	(480)
Cash and cash equivalents at end of financial year	12	**75,007**	65,980

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Note A – Reconciliation of property, plant and equipment

	Consideration paid for purchase of property, plant and equipment $'000	Provision for reinstatement $'000	Non-cash changes: Unpaid purchase consideration $'000	Non-cash changes: Property, plant and equipment acquired under leasing arrangement $'000	Non-cash changes: Finance expenses capitalised during the year (Note 9) $'000	Non-cash changes: Depreciation of right-of-use assets capitalised during the year (Note 21) $'000	Property, plant and equipment additions (Note 20) $'000
2020	30,415	878	(5,728)	16,491	1,513	490	44,059
2019	63,245	72	4,446	6,492	1,141	505	75,901

Reconciliation of liabilities arising from financing activities

	1January 2020 $'000	Principal and interest payments $'000	Proceeds from borrowings $'000	Non-cash changes: Acquisition of subsidiaries (Note 16) $'000	Non-cash changes: Addition/ modification of lease liabilities $'000	Non-cash changes: Rental Waiver $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Foreign exchange movement $'000	31 December 2020 $'000
Borrowings	211,310	(11,149)	37,488	6,727	–	–	–	(161)	244,215
Lease liabilities	88,467	(19,598)	–	5,267	28,811	(4,178)	–	(130)	98,639
Interest payable	194	(9,061)	–	–	–	–	9,109	–	242

	1January 2019 $'000	Principal and interest payments $'000	Proceeds from borrowings $'000	Non-cash changes: Additions arising from SFRS(I) 16 $'000	Non-cash changes: Derecognition of lease liabilities due to early termination $'000	Non-cash changes: Property, plant and equipment acquired under financing arrangement $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Foreign exchange movement $'000	31 December 2019 $'000
Borrowings	168,384	(9,040)	51,972	–	–	–	–	(6)	211,310
Lease liabilities	9,950	(24,657)	–	104,712	(3,609)	2,093	–	(22)	88,467
Interest payable	754	(10,502)	–	–	–	–	9,937	5	194

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

COSCO SHIPPING International (Singapore) Co., Ltd. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 30 Cecil Street, Prudential Tower, #26-01, Singapore 049712.

The principal activities of the Company are those of investment holding. The principal activities of its subsidiaries are set out in Note 18 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services

(i) Ship repair and marine engineering

Revenue from ship repairing, marine engineering, container repairs and services, fabrication works services and production of marine outfitting components projects is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the output method depending on progress of the contract work, where the outcome of the contract can be estimated reliably. The customers are invoiced when they acknowledge the services rendered are to their satisfaction.

The Group practices monthly billing and payment for the transaction price is due 30 – 60 days after billing.

(ii) Shipping - charter hire

Revenue comprises the fair value of the consideration received or receivable for chartering of motor vessels in the ordinary course of the Group's activities.

Revenue from time charter contracts are generated from leasing of vessels and provision of services. Leasing income is recognised on the basis as disclosed in Note 2.17(b). Revenue from provision of service is recognised rateably over the rental periods of such charters, as service is performed.

Revenue from voyage charter is recognised rateably over the estimated length of the voyage within the respective reporting period, in the event the voyage commences in one reporting period and ends in the subsequent reporting period.

The Group determines the percentage of completion of voyage charter using the load-to-discharge method. Under this method, voyage charter revenue is recognised rateably over the period from the departure of a vessel from its load port to departure from the discharge port.

The Group will capitalise pre-voyage expenses as contract fulfilment costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Rendering of services (continued)

(ii) Shipping - charter hire (continued)

Capitalised contract fulfilment costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses. As a practical expedient, the Group will recognise the pre-voyage expenses as expenses when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

Demurrage is included if a claim is considered probable. Losses arising from time or voyage charters are provided for as soon as they are anticipated.

The charterer is required to make payment 15 days in advance of the charter period. At each month-end, the Group will invoice for the period from (i) charter commencement to (ii) charter cessation or the last day of the month, whichever is earlier.

(iii) Logistics management services

The Group renders logistics management services for customers. Such services include logistic handling, storage services and rental income (refer to Note 2.2 (b) for the revenue recognition policy for rental income).

Revenue from these logistics services are recognised when services are performed (i.e. at a point in time), where customers have accepted the services and the collectability of the related receivables are reasonably assured. There is no unfulfilled obligation that could affect the customer's acceptance of the services.

Revenue generated from storage services include rental of space at container depot, warehouses and open yards and are recognised over the agreed storage period (i.e. over time), where customers have an obligation to payment as part of the agreement to the services and the collectability of the related receivables is reasonably assured. There is no unfulfilled obligation that could affect the customer's acceptance of the services.

The Group practices monthly billing and payment for the transaction price is due 30 – 60 days after billing.

(b) Rental income

The Group derives rental income from both logistic management and property management services.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Ad-hoc administrative services is recognised as and when the services are rendered to customers.

The Group practices monthly billing and payment for the transaction price is due 30 – 60 days after billing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) *Sale of scrap materials*

Income from sale of scrap materials is recognised when the products have been delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is possible that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on bargain purchase of subsidiaries. Please refer to Note 2.6 "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

(i) *Changes in ownership interest*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(ii) *Redemption liability*

The Group has entered into agreements with a non-controlling interest of the Group that provide the Group with the rights to acquire the non-controlling interest's entire shareholding. Such arrangement is deemed to be a forward purchase contract which provide the Group with the rights to acquire the non-controlling interest's remaining shareholding at a future date. The consideration that is payable to the non-controlling interest shall be based on a defined formula which has been agreed between the Group and the non-controlling interest at the time of the business combination.

The Group recognised the future consideration payable to the non-controlling interest as a redemption liability on the Group's consolidated balance sheet. The redemption liability has been initially recognised at fair value based on the present value of the estimated consideration payable upon the exercise of the forward purchase contract. Such transaction has been accounted for as a transaction with non-controlling interests and a direct charge based on the initial amount of redemption liability has been recognised as part of "Other reserve" within equity attributable to the equity holders of the Company. Subsequent remeasurement of the redemption liability shall be adjusted against the "Other reserve" balance.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses in profit or loss and its share of movements of its associated companies' other comprehensive income in other comprehensive income. Dividends received or receivable from the associated companies are recognised as reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Leasehold land and buildings*

Leasehold land and buildings are initially recognised at cost. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Motor vessels*

Motor vessels are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of motor vessels includes actual interest incurred on borrowings used to finance the motor vessels while under construction and other direct relevant expenditure incurred in bringing the vessels into operation. For this purpose, the interest rate applied to funds provided for constructing the motor vessels is arrived at by reference to the actual rate payable on borrowings for construction purposes. The capitalisation of interest charges will cease upon the completion and delivery of the motor vessels.

(iii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iv) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.7).

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) *Depreciation*

Freehold land is not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	2 - 58 years
Office renovations, furniture, fixtures and equipment	3 - 10 years
Plant, machinery and equipment	3 - 20 years
Motor vehicles	5 - 10 years
Motor vessels	25 years

No depreciation is provided for construction-in-progress.

The motor vessels are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of two and a half years in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains and losses”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.6 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) *Acquired customer relationships intangible assets*

Customer relationships intangible assets acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 7 to 10 years, which is the estimated useful lives.

(c) *Acquired contract based intangible assets*

Contract based intangible assets acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the period of contractual rights.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction. Borrowing costs may include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the construction in progress.

2. Significant accounting policies (continued)

2.8 Investment properties

Investment properties comprise of right-of-use assets relating to leasehold buildings, office units and residential property that are held for long-term rental yields.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 2 – 50 years for office units and residential property, and over the lease terms for right-of-use assets. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually, and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. **Significant accounting policies** (continued)

2.10 **Impairment of non-financial assets** (continued)

(b) *Property, plant and equipment*
Investment properties
Investments in subsidiaries and associated companies
Customer relationships intangible assets
Contract-based intangible assets
Right-of-use assets

Property, plant and equipment, investment properties, investments in subsidiaries and associated companies, customer relationships intangible assets, contract-based intangible assets and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2. Significant accounting policies (continued)

2.11 Financial assets

The Group classifies its financial assets as amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.13 Financial guarantees

The Company issues corporate guarantees to banks for borrowings of its subsidiaries and third parties for services provided to a subsidiary. These guarantees are financial guarantees as they require the Company to reimburse the banks and third parties if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs and subsequently measured at the higher of:

(a) Premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) The amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2020, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

The Company does not have any financial guarantees for the current and previous financial year.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

2. Significant accounting policies (continued)

2.16 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Leases

(a) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

  Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2.8.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.17 Leases (continued)

(a) *When the Group is the lessee:* (continued)

- Lease liabilities (continued)

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2. Significant accounting policies (continued)

2.17 Leases (continued)

(b) *When the Group is the lessor:*

The Group leases office spaces, retail stores and investment properties under operating leases to non-related parties.

- Lessor – Operating leases

  Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

- Lessor – subleases

  In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

  When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

  When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

  For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. Significant accounting policies (continued)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of it useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, social security plans in the People's Republic of China ("PRC") and Employees Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.21 Employee compensation (continued)

(c) *Share-based compensation*

The value of the employee services received in exchange for the grant of the options under an equity-settled share-based compensation plan is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) are credited to share capital account when new ordinary shares are issued.

2.22 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". Foreign exchange gains and losses that impact profit or loss are presented in profit or loss within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. The currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts and exclude pledged deposits with financial institutions. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) *Impairment assessment of goodwill*

Goodwill is tested for impairment annually. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of the cash-generating unit ("CGU") in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculation and are fully attributable to the logistics CGU of the Group. Significant judgements are used to estimate the revenue growth rates, terminal growth rate and pre-tax discount rate applied in computing the recoverable amount of the CGU. In making these estimates, management has relied on past performance, its expectations of market and industry developments in Singapore and other Southeast Asia countries. The carrying amount of the goodwill as at 31 December 2020 amounted to $98,989,000 (Note 23).

The change of the following magnitude on the key assumptions will result in a reduction of the carrying amount of the goodwill as at 31 December 2020:

	Higher/(lower)	Impairment
Deviation in forecasted revenue growth rate	(1.0%)	$2,400,000
Discount rate	0.8%	$66,800,000
Terminal growth rate	(1.0%)	$144,400,000

(b) *Purchase Price Allocation ("PPA") in relation to the acquisition of Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. (collectively referred to as the "Newly Acquired Malaysia subsidiaries")*

(i) Customer relationship intangible assets

Customer relationship intangible assets are measured at their fair values on acquisition date using appropriate valuation methodology. The valuation is determined through a discounted cash flow model using management's best estimate of future cash flows and discount rate. The intangible assets are amortised over their estimated useful lives which are based on management's best estimates of periods over which value from the intangible assets will be realised (Note 2.6 (b)). Management reassess the estimated useful lives at each period end, taking into account the period over which the intangible assets is expected to generate future economic benefit.

Intangible assets are tested for impairment in accordance with Note 2.10 (b).

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

(b) Purchase Price Allocation ("PPA") in relation to the acquisition of Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. (collectively referred to as the "Newly Acquired Malaysia subsidiaries") (continued)

(i) Customer relationship intangible assets (continued)

A reasonably possible change of the following magnitude on the key assumptions will result in the following decrease on the gain on bargain purchase of subsidiaries and the Group's profit before tax for the current financial year:

		Gain on bargain purchase of subsidiaries	Group's profit before tax
		$'000	$'000
Revenue	Average 3% reduction in revenue growth	(86)	(73)
Useful life	Average 1 year reduction	(46)	(38)

(ii) Property, plant and equipment and investment properties

Property, plant and equipment ("PPE") and investment properties are measured at fair values on acquisition date amounting to $37,034,000 and $14,300,000 respectively. The Group has determined a fair value uplift, which amounted to $23,126,000, over the carrying values of land and buildings acquired, on the land and buildings acquired. These assets are classified within PPE and investment properties.

Significant judgements are used in determining the comparable properties, construction costs and capitalisation rate used to estimate the fair value of land and buildings acquired. The estimated fair values may differ significantly from the prices at which these assets can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates set forth in these financial statements.

A decrease in the adjusted comparable sale price and capitalisation rate will result in a reduction of the fair values of these leasehold properties.

If the fair value uplift of land and buildings decrease by 1.0% from the estimates, the gain on bargain purchase of subsidiaries and the profit before tax of the Group for the current financial year will decrease by $141,000 and $139,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Sales

Revenue of the Group is analysed as follows:

	2020 $'000	2019 $'000
Revenue from contract with customers - Note A & B	**150,614**	125,799
Rental Income		
- Logistic management services	**26,051**	27,563
- Property management services	**16,494**	18,133
Less: rental concessions - Note C	**(7,316)**	–
	185,843	171,495

Note A : Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following segments and geographical regions. Revenue is based on the country in which the services are rendered to the customer. In relation to the Group's shipping activities, the Group operates in worldwide shipping routes. Hence, it would not be meaningful to allocate and present sales to any geographical regions for shipping activities.

		Revenue recognised		
		At a point in time $'000	Over time $'000	Total $'000
	2020			
i)	Ship repair and marine engineering			
	- Singapore	–	10,655	10,655
		–	10,655	10,655
ii)	Shipping - charter hire			
	- Worldwide	–	33,432	33,432
		–	33,432	33,432
iii)	Logistics management services			
	- Singapore	55,121	28,002	83,123
	- Malaysia	21,414	1,990	23,404
		76,535	29,992	106,527
	Total sales	76,535	74,079	150,614

4. Sales (continued)

Note A : Disaggregation of revenue from contracts with customers (continued)

		Revenue recognised	
	At a point in time $'000	**Over time $'000**	**Total $'000**
2019			
i) Ship repair and marine engineering			
- Singapore	–	14,535	14,535
	–	14,535	14,535
ii) Shipping - charter hire			
- Worldwide	–	21,626	21,626
	–	21,626	21,626
iii) Logistics management services			
- Singapore	50,197	33,063	83,260
- Malaysia	4,926	1,452	6,378
	55,123	34,515	89,638
Total sales	55,123	70,676	125,799

Income from time charter contracts are generated from leasing of vessels and provision of services. Lease income is approximately within the range of 35% to 40% (2019: 30% to 35%) of the total contract value.

Note B: Trade receivables from contracts with customers

	31 December		1 January
	2020 $'000	2019 $'000	2019 $'000
Current assets			
Trade receivables from contracts with customers	**34,766**	31,466	27,831
Less: Loss allowance	**(233)**	(585)	(277)
	34,533	30,881	27,554

Note C: Rental concessions

In Singapore, under the COVID-19 (Temporary Measures) Act 2020, landlords are required to provide the following rent concessions to qualifying tenants:

a) Transfer the property tax rebates received from the Singapore government for period 1 January 2020 to 31 December 2020; and
b) Provide up to four months of rent waiver for qualifying tenants.

The rental concessions recognised by the Group for the current financial year relate to the aggregate of property tax rebates and rental waivers provided to qualifying tenants and has been recognised as a reduction to the Group's revenue for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. Expenses by nature

	The Group	
	2020	2019
	$'000	$'000
Impairment loss on financial assets	**469**	315
Amortisation of intangible assets (Note 23)	**4,914**	4,681
Audit fee	**497**	425
Raw materials, finished goods, consumables and other overheads	**2,544**	2,184
Changes in inventories and work-in-progress	**45**	(197)
Crew overheads	**3,660**	3,941
Depreciation of investment properties (Note 19)	**10,298**	10,387
Depreciation of property, plant and equipment (Note 20 and 21)	**31,877**	31,928
Director and employee compensation (Note 6)	**44,632**	41,425
Insurance	**1,453**	1,633
Non-audit service fees paid/payable to auditor of the Company	**78**	241
Professional fees	**1,088**	1,521
Rental expense on operating leases (Note 21)	**27,536**	12,174
Repairs and maintenance	**9,836**	6,553
Sub-contractor expenses	**17,149**	15,441
Vessel overheads	**1,785**	3,990
Storage and handling charges	**10,359**	8,147
Fuels and utilities	**8,168**	7,192
Property tax	**2,396**	2,293
Other expenses	**5,115**	3,863
Total cost of sales, distribution and administrative expenses	**183,899**	158,137

6. Director and employee compensation

	The Group	
	2020	2019
	$'000	$'000
Wages, salaries and staff benefits	**40,858**	38,257
Employer's contribution to defined contribution plans	**3,590**	2,983
Directors' fees of the Company	**184**	184
Directors' fees of the subsidiaries	**–**	1
	44,632	41,425

7. Other income

	The Group	
	2020	2019
	$'000	$'000
Interest income	**297**	591
Government grants	**12,361**	609
Rental income	**167**	329
Compensation received	**268**	34
Sundry income	**465**	449
	13,558	2,012

Government grants comprise the following:

(a) Jobs Support Scheme ("JSS")

Grant income of $4,636,000 (2019: Nil) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

(b) COVID-19 related rent concessions

During the year, the Group received property tax rebates, rental waiver and cash grants amounting to $6,185,000 (2019: Nil) from the Singapore Government to help businesses deal with the impact from COVID-19. Out of these amounts received, $4,178,000 (2019: Nil) pertained to rental waivers received from the Group's lessors. Certain subsidiaries of the Group are obliged to pass on the COVID-19 related rent concessions to eligible tenants and have transferred these to the tenants in form of rent rebates during the current financial year (Note 4).

(c) Others

Remaining government grants amounting to $1,540,000 (2019: $609,000) has been received during the current financial year. These grants relate mainly to Foreign Workers' Levy ("FWL") rebates, Wage Credit Scheme ("WCS"), and Wage Subsidies from Malaysia government.

8. Other gains and losses

	The Group	
	2020	2019
	$'000	$'000
Currency exchange gains - net	**230**	90
Gain on modification of lease	**–**	65
(Loss)/gain on disposal of property, plant and equipment	**(635)**	1,843
Gain on disposal of an investment property	**858**	–
Gain on bargain purchase of subsidiaries (Note 16)	**2,703**	–
(Loss)/gain on sale of bunker stock	**(1,030)**	161
	2,126	2,159

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9. Finance expenses

	The Group	
	2020	2019
	$'000	$'000
Interest expense		
- Bank borrowings	**4,722**	5,453
- Loans from a fellow subsidiary	**894**	1,110
- Lease liabilities/finance lease liabilities	**3,493**	3,374
	9,109	9,937
Unwinding of discount for deferred consideration for acquisition of a subsidiary	**36**	128
	9,145	10,065
Less: Amounts capitalised in property, plant and equipment	**(1,513)**	(1,141)
Amount recognised in profit or loss	**7,632**	8,924

Finance expenses on specific financing were capitalised at a rate of 2.03% (2019: 2.70%) per annum.

10. Income taxes

(a) Income tax expense

	The Group	
	2020	2019
	$'000	$'000
Tax expense attributable to profit or loss is made up of:		
- Profit or loss for the financial year:		
Current income tax		
- Singapore	**3,377**	1,649
- Foreign	**120**	180
	3,497	1,829
Deferred income tax (Note 27)		
- Singapore	**(130)**	1,523
- Foreign	**(32)**	(31)
	(162)	1,492
	3,335	3,321
- (Over)/under provision in prior financial years:		
Current income tax		
- Singapore	**(672)**	(1,315)
Deferred income tax (Note 27)		
- Singapore	**147**	927
Income tax expense	**2,810**	2,933

10. **Income taxes** (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2020	2019
	$'000	$'000
Profit before tax	**11,875**	10,641
Share of profit of associated companies, net of tax	**(1,879)**	(2,036)
Profit before tax and share of profit of associated companies	**9,996**	8,605
Tax calculated at a tax rate of 17% (2019: 17%)	**1,699**	1,463
Effects of:		
- different tax rates in other countries	**169**	(72)
- tax incentives	**(143)**	(805)
- income not subject to tax	**(1,200)**	(34)
- expenses not deductible for tax purposes	**2,859**	2,645
- utilisation of previously unrecognised tax losses	**(49)**	(45)
- deferred tax assets not recognised	**–**	169
- over provision of current income tax in prior years	**(672)**	(1,315)
- under provision of deferred income tax in prior years	**147**	927
Tax charge	**2,810**	2,933

(b) The tax charge relating to each component of other comprehensive income is as follows:

		2020			2019	
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After Tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Currency translation differences arising from consolidation	**(2,514)**	**–**	**(2,514)**	(635)	–	(635)
Other comprehensive loss	**(2,514)**	**–**	**(2,514)**	(635)	–	(635)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2020	2019
Net profit attributable to equity holders of the Company ($'000)	**8,337**	7,380
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,239,245**	2,239,245
Basic earnings per share (cents per share)	**0.37**	0.33

(b) Diluted earnings per share

There were no dilutive ordinary potential shares in 2020 and 2019.

12. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year comprise the following:

	The Group		The Company	
	31 December		31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**56,618**	40,675	**8,450**	3,164
Short-term bank deposits	**19,715**	26,490	**–**	5,384
	76,333	67,165	**8,450**	8,548

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Cash and bank balances (as above)	**76,333**	67,165
Less: Bank deposits pledged	**(1,326)**	(1,185)
Cash and cash equivalents per consolidated statement of cash flows	**75,007**	65,980

Cash and cash equivalents of the Group amounting to $1,326,000 (2019: $1,185,000) were pledged as security for bankers' guarantee and trade finance facilities.

12. Cash and cash equivalents (continued)

Acquisition of subsidiaries

Please refer to Note 16 for the effects of acquisition of subsidiaries on the cash flows of the Group for the year ended 31 December 2020.

13. Trade and other receivables - current

	The Group		The Company	
	31 December		31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade receivables:				
- Non-related parties	**31,329**	30,170	**–**	–
- Fellow subsidiaries	**5,706**	3,584	**–**	–
- Related parties	**421**	–	**–**	–
	37,456	33,754	**–**	–
Less: Allowance for impairment of receivables	**(705)**	(615)	**–**	–
Trade receivables - net	**36,751**	33,139	**–**	–
Other receivables:				
- Non-related parties	**1,213**	591	**10**	10
- Fellow subsidiaries	**14**	–	**–**	–
- Related parties	**127**	–	**–**	–
	1,354	591	**10**	10
Advances paid to suppliers	**269**	–	**–**	–
Staff advances	**12**	41	**–**	–
Deposits	**2,715**	4,832	**–**	8
Prepayments	**1,685**	2,253	**83**	85
Grant receivables	**676**	–	**14**	–
Total	**43,462**	40,856	**107**	103

Trade and other receivables due from fellow subsidiaries and other related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Inventories

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Raw materials	**280**	858
Finish goods	**532**	–
	812	858

The cost of inventories recognised as expense amounted to $2,589,000 (2019: $1,987,000).

15. Trade and other receivables - non-current

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Trade receivables from non-related parties (i)	**61**	308
Less: Current portion	**(9)**	(308)
Trade receivables - non-related parties	**52**	–
Other receivables - retention sum (ii)	**477**	477
	529	477

(i) As at 31 December 2020, trade receivables amounting to $61,000 were unsecured, interest-free with monthly instalment payments commencing in January 2021 and would be repayable in full by 2027.

As at 31 December 2019, trade receivables amounting to $308,000 were unsecured, interest-free with monthly instalment payments commencing in March 2019 and fully repaid by December 2020.

(ii) Other receivables due from a non-related party are unsecured and interest-free.

The fair values of the non-current trade and other receivables approximated its carrying amounts, determined from cash flows analyses discounted at market borrowing rates of 2.01% (2019: 3.21%) per annum which the directors expected to borrow as and when required by the Group.

16. Business combination

On 14 February 2020 (the "Acquisition Date"), 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).

For the purpose of the Purchase Price Allocation ("PPA"), the Group has deemed the acquisition of the Newly Acquired Malaysia Subsidiaries as a single business combination on the grounds that the transactions were discussed and negotiated with a single party and the transaction was conditional on the successful completion of the acquisition of the four newly acquired Malaysia subsidiaries.

16. Business combination (continued)

Details of the consideration paid, the fair value amounts of identifiable assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the Acquisition date, are as follows:

	$'000
Purchase consideration	
Consideration transferred for the business and cash paid	29,610
Effect on cash flows of the Group	
Cash paid (as above)	29,610
Less: Cash and cash equivalents in subsidiaries acquired	(5,974)
Add: Bank balances pledged	1,019
Cash outflow on acquisition	24,655
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,974
Property, plant and equipment	37,034
Investment properties	14,300
Intangible assets	2,197
Trade and other receivables	9,061
Total assets	68,566
Trade and other payables	8,761
Borrowings	11,994
Current income tax liabilities	189
Deferred tax liabilities	7,230
Total liabilities	28,174
Total identifiable net assets	40,392
Less: Non-controlling interest	(8,079)
Less: Gain on bargain purchase (Note 8)	(2,703)
Consideration transferred for the business and cash paid	29,610

(a) Acquisition-related costs

Acquisition-related costs of $778,000 are included in "administrative expenses" in the consolidated profit and loss and in operating cash flows in the consolidated statement of cash flows.

(b) Redemption liability

Pursuant to the shareholder agreements ("SHA") entered into for the acquisition of the Newly Acquired Malaysia Subsidiaries, a forward purchase contract is deemed to have been entered into which entitled the Group to acquire the remaining 20% interests (the "Exit Shares") in the Newly Acquired Malaysia subsidiaries after the expiry of a 3 years period from 31 January 2020 (the "Lock-up Period").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. Business combination (continued)

(b) Redemption liability (continued)

Based on the SHA, the Exit Price payable by the Group to the non-controlling interests after the expiry of the Lock-Up Period shall be determined as follows:

- 25% of the purchase consideration paid by the Group under the sale and purchase agreement for its acquisition of 80% of the issued and paid-up capital of the Newly Acquired Malaysia subsidiaries;
- Add: the price paid for any additional capital contributed by the vendor through capital contribution (if any);
- as applicable, (i) add: the cumulative net profit after tax attributable to the Exit Shares as reflected in the latest financial statements of the Newly Acquired Malaysia subsidiaries; or (ii) less: the cumulative net loss after tax attributable to the Exit Shares as reflected in the latest financial statements of the Newly Acquired Malaysia subsidiaries, in each case, for the period commencing on 1 April 2019 up to and including the day occurring immediately after the expiry of the Lock-up Period;
- less: the amount of any dividends declared by the Newly Acquired Malaysia subsidiaries in respect of the Exit Shares during the period commencing on 1 April 2019 up to and including the day occurring immediately after the expiry of the Lock-up Period.

On Acquisition Date, the Group has recognised an amount of $7,038,000 which represent the present value of the estimated consideration payable upon the exercise of the forward purchase contract. A corresponding charge has also been recognised with the Group's equity.

As at 31 December 2020, the Group has remeasured the redemption liability based on the terms of the SHA and recognised an accretion charge amounting to $455,000 which has been recognised within the Group's equity.

	2020
	$'000
Amount recognised on acquisition date	7,038
Accretion of redemption liability	455
Balances at end of the year	7,493

(c) Acquired receivables

The fair value of trade and other receivables is $9,061,000. The gross contractual amount for trade and other receivables due is $9,144,000, of which $83,000 is expected to be uncollectible.

(d) Fair values

The fair value of the acquired identifiable intangible assets of $2,197,000 (customer relationship) were finalised during the year.

16. Business combination (continued)

(e) Non-controlling interests

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(f) Gain on bargain purchase

In the opinion of the directors of the Company, the gain on bargain purchase is largely attributable to the Group's capability in negotiating more favourable transaction terms with the vendors. This has resulted in fair value of the identifiable net assets of the acquired subsidiary exceeded the total consideration paid by $2,703,000. This amount has been recognised in the "other gains and losses" line item in the Group's profit and loss for the year ended 31 December 2020.

(g) Revenue and profit contribution

The acquired business contributed revenue of $18,453,000 and profit after tax of $1,759,000 to the Group from the period from 15 February 2020 to 31 December 2020.

Had the acquired business been acquired from 1 January 2020, consolidated revenue and consolidated profit for the year ended 31 December 2020 would have been $21,103,000 and $1,969,389 respectively.

17. Investments in associated companies

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Beginning of financial year	**16,209**	15,171
Additions	**–**	416
Currency translation differences	**(321)**	251
Share of profits after tax	**1,879**	2,036
Dividends received, net of tax	**(1,115)**	(1,665)
End of financial year	**16,652**	16,209

	The Company	
	31 December	
	2020	2019
	$'000	$'000
Equity investment at cost	**13,953**	13,953

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Investments in associated companies (continued)

The associated companies as listed below had share capital consisting solely of ordinary shares, which were held directly by the Group. The country of incorporation was also their principal place of business. There were no contingent liabilities relating to the Group's interests in the associated companies.

Name of associated companies	Principal activities	Country of incorporation/ business	% of paid-up capital held by the Company 31 December		% of paid-up capital held by a subsidiary 31 December	
			2020 %	2019 %	**2020 %**	2019 %
PT Ocean Global Shipping Logistics [(i)]	Logistic service, freight forwarding and container depot services	Indonesia	**40**	40	**–**	–
TAN CANG – COSCO – OOCL Logistics Company Limited [(ii)]	Storage and warehouse services, container station and depot service, maintenance and repair of equipment and freight transport agency services	Vietnam	**–**	–	**30**	30

(i) Audited by Anwar & Rekan Indonesia.
(ii) Audited by PricewaterhouseCoopers firm outside Singapore.

On 20 September 2019, the Group made a capital contribution of $416,000 for 30% interest in Tan CANG – COSCO – OOCL Logistics Company Limited.

Summarised financial information of associated companies

Summarised balance sheet

	PT Ocean Global Shipping Logistics 31 December		TAN CANG – COSCO – OOCL Logistics Company Limited 31 December	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Current assets	**34,290**	34,296	**3,839**	2,884
Current liabilities	**(14,550)**	(13,745)	**(1,029)**	(1,079)
Non-current assets	**10,320**	6,244	**421**	245
Non-current liabilities	**(3,991)**	(982)	**–**	–
Non-controlling interests	**(507)**	(474)	**–**	–
Share capital and reserves attributable to shareholders	**(25,562)**	(25,339)	**(3,231)**	(2,050)

17. Investment in associated companies (continued)

Summarised statement of comprehensive income

	PT Ocean Global Shipping Logistics For the year ended 31 December		TAN CANG – COSCO – OOCL Logistics Company Limited For the year ended 31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Revenue	**15,837**	16,972	**7,364**	2,223
Profit before income tax	**5,419**	6,583	**1,453**	908
Net profit for the year	**3,960**	4,794	**1,257**	726
Other comprehensive (loss)/gain	**(745)**	674	**(76)**	(62)
Total comprehensive income	**3,215**	5,468	**1,181**	664
Dividends received from associated company	**1,115**	1,665	**–**	–

Reconciliation of summarised financial information

Reconciliation of the above summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	PT Ocean Global Shipping Logistics 31 December		TAN CANG – COSCO – OOCL Logistics Company Limited 31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net assets of associate	**25,562**	25,339	**3,231**	2,050
Group's equity interest	**40%**	40%	**30%**	30%
Group's share of net assets	**10,225**	10,136	**969**	615
Goodwill	**5,458**	5,458	**–**	–
	15,683	15,594	**969**	615

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Investments in subsidiaries

	The Company 31 December 2020 $'000	2019 $'000
Unquoted equity shares		
Beginning of financial year	**630,557**	630,151
Increase in investment in a subsidiary	**–**	406
	630,557	630,557
Accumulated impairment losses	**(15,968)**	(15,968)
End of financial year	**614,589**	614,589

Movement in accumulated impairment losses are as follows:

	2020 $'000	2019 $'000
Beginning and end of financial year	**15,968**	15,968

The Group had the following subsidiaries as at 31 December 2020 and 31 December 2019:

Name	Principal activities	Country of incorporation/ business	Cost of investment 31 December 2020 $'000	2019 $'000	Proportion of ordinary shares directly held by the Company 31 December 2020 %	2019 %	Effective shareholding held by the Group 31 December 2020 %	2019 %	Effective shareholding held by non-controlling interests 31 December 2020 %	2019 %
COSCO SHIPPING (Singapore) Pte. Ltd. (i)	Ship owning, ship chartering and investment holding	Singapore	**87,664**	87,664	**100**	100	**100**	100	**–**	–
COSCO Marine Engineering (Singapore) Pte Ltd (i)	Ship repairing, marine engineering, container repairs and services, fabrication works services and production of marine outfitting components	Singapore	**2,242**	2,242	**90**	90	**90**	90	**10**	10

18. Investments in subsidiaries (continued)

Name	Principal activities	Country of incorporation/ business	Cost of investment		Proportion of ordinary shares directly held by the Company		Effective shareholding held by the Group		Effective shareholding held by non-controlling interests	
			31 December		31 December		31 December		31 December	
			2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
			$'000	$'000	**%**	%	**%**	%	**%**	%
Harington Property Pte Ltd (i)	Trading and investing in properties, provide property management services and investment holding	Singapore	**52,701**	52,701	**100**	100	**100**	100	**–**	–
COSCO SHIPPING Southeast Asia Container Logistics Services Pte. Ltd. (i) and (v)	Investment holding and provision of logistics, storage, forwarding and shipping services and other services	Singapore	**406**	406	**50**	50	**50**	50	**50**	50
Cogent Holdings Pte. Ltd. (i)	Investment holding	Singapore	**487,544**	487,544	**100**	100	**100**	100	**–**	–
SH Cogent Logistics Pte Ltd (i) and (iv)	Provision of warehousing management services, container depot management services and transportation and cargoes	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Jurong Island Pte. Ltd. (i) and (iv)	Provision of warehousing services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Integrated Supply Chain Pte. Ltd. (i) and (iv)	Provision of freight management and warehouse rental services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Automotive Logistics Pte. Ltd. (i) and (iv)	Export processing, transportation and storage of motor vehicles	Singapore	**–**	–	**–**	–	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Investments in subsidiaries (continued)

Name	Principal activities	Country of incorporation/ business	Cost of investment		Proportion of ordinary shares directly held by the Company		Effective shareholding held by the Group		Effective shareholding held by non-controlling interests	
			31 December		31 December		31 December		31 December	
			2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
			$'000	$'000	**%**	%	**%**	%	**%**	%
Cogent Land Capital Pte Ltd [(i) and (iv)]	Provision of automotive logistics management services, warehousing and property management services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Container Depot Pte. Ltd. [(i) and (iv)]	Provision of container depot management services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Realty Capital Pte. Ltd. [(i) and (iv)]	Provision of hostel management services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Tank Depot Pte. Ltd. [(i) and (iv)]	Provision of ISO tank and container depot management services	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
Cogent Container Depot (M) Sdn. Bhd. [(ii) and (iv)]	Provision of container depot management services	Malaysia	**–**	–	**–**	–	**100**	100	**–**	–
SH Cogent Logistics Sdn. Bhd. [(ii) and (iv)]	Provision of container depot management services and warehousing management services	Malaysia	**–**	–	**–**	–	**100**	100	**–**	–

18. Investments in subsidiaries (continued)

Name	Principal activities	Country of incorporation/ business	Cost of investment		Proportion of ordinary shares directly held by the Company		Effective shareholding held by the Group		Effective shareholding held by non-controlling interests	
			31 December		31 December		31 December		31 December	
			2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
			$'000	$'000	**%**	%	**%**	%	**%**	%
COSCO Engineering Pte Ltd (i) and (iii)	Ship repairing, marine engineering, container repairs and services, fabrication works services and production of marine outfitting components	Singapore	**–**	–	**–**	–	**90**	90	**10**	10
Guper Integrated Logistics Sdn. Bhd. (ii) and (iv)	Provision of warehousing management services, container depot management serices, transportation and cargoes	Malaysia	**–**	–	**–**	–	**80**	–	**20**	–
GEMS Logistics Sdn. Bhd. (ii) and (iv)	Provision of warehousing services	Malaysia	**–**	–	**–**	–	**80**	–	**20**	–
Dolphin Shipping Agency Sdn. Bhd. (ii) and (iv)	Provision of value added logisitics services	Malaysia	**–**	–	**–**	–	**80**	–	**20**	–
East West Freight Services Sdn. Bhd. (ii) and (iv)	Provision of value added logistics services	Malaysia	**–**	–	**–**	–	**80**	–	**20**	–
			630,557	630,557						

(i) Audited by PricewaterhouseCoopers LLP, Singapore.
(ii) Audited by PricewaterhouseCoopers firms outside Singapore.
(iii) This entity is controlled by the Company's direct subsidiary, COSCO Marine Engineering (Singapore) Pte Ltd.
(iv) These entities are controlled by the Company's direct subsidiary, Cogent Holdings Pte. Ltd.
(v) The Group has determined that it controls COSCO SHIPPING Southeast Asia Container Logistics Services Pte Ltd notwithstanding that it owns 50% of the equity holding. The factor that the Group considered in making this determination include its current ability to direct the activities of its investee, as the Group has a majority voting rights due to its' majority board of director representation in COSCO SHIPPING Southeast Asia Container Logistics Services Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Investments in subsidiaries (continued)

Carrying value of non-controlling interests

	31 December	
	2020	2019
	$'000	$'000
Newly Acquired Malaysia subsidiaries (as defined in Note 16)	**8,243**	–
Subsidiaries with immaterial non-controlling interests	**2,173**	1,911
	10,416	1,911

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the combined summarised financial information of the Newly Acquired Malaysia subsidiaries (as defined in Note 16).

The Newly Acquired Malaysia subsidiaries were acquired by the Group on 14 February 2020. Accordingly, the results of the Newly Acquired Malaysia subsidiaries were only consolidated by the Group from 14 February 2020. The summarised financial information are presented before inter-company eliminations.

Summarised balance sheet

	31 December 2020 $'000
Current	
Assets	9,914
Liabilities	(4,265)
Total current net assets	5,649
Non-current	
Assets	51,743
Liabilities	(16,178)
Total non-current net assets	35,565
Net assets	41,214

18. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised income statements

	14 February 2020 to 31 December 2020 $'000
Revenue	18,453
Profit before income tax	2,501
Income tax expense	(742)
Profit after tax	1,759
Other comprehensive income	(938)
Total comprehensive income	821
Total comprehensive income allocated to non-controlling interests	164

Summarised cash flows

	14 February 2020 to 31 December 2020 $'000
Net cash generated from operating activities	261
Net cash used in investing activities	(1,464)
Net cash used in financing activities	(1,858)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Investment properties

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year	**43,170**	23,552
Adoption of SFRS(I) 16	**–**	19,603
Currency translation differences	**(316)**	(8)
Acquisition of subsidiaries (Note 16)	**14,300**	–
Disposals	**(1,290)**	–
Additions	**12,320**	23
End of financial year	**68,184**	43,170
Accumulated depreciation		
Beginning of financial year	**20,298**	9,915
Currency translation differences	**9**	(4)
Depreciation charge (Note 5)	**10,298**	10,387
Disposals	**(936)**	–
End of financial year	**29,669**	20,298
Net book value	**38,515**	22,872
Fair values	**63,551**	43,431

Investment properties comprise of:

(i) three office units and two industrial properties leased to non-related parties under leasing arrangements; and

(ii) right-of-use assets (Note 21) for commercial and industrial properties which the Group leases and further sub-lease out to third parties for monthly lease payments.

Investment properties are stated at cost less accumulated depreciation as the Group has elected to adopt the cost model method to measure its investment properties.

The following amounts are recognised in profit or loss:

	The Group	
	2020	2019
	$'000	$'000
Rental income	**20,736**	28,134
Direct operating expenses arising from investment properties that generate rental income	**20,696**	20,618

19. Investment properties (continued)

Fair value hierarchy - Recurring fair value measurements

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
	$'000	$'000	$'000
31 December 2020			
- Office units and industrial properties	–	–	33,060
- Right-of-use assets	–	–	30,491
At 31 December 2019			
- Office units	–	–	33,510
- Right-of-use assets	–	–	9,921

Valuation techniques and inputs used in Level 3 fair value measurements

Level 3 fair values of the investment properties have been derived based on the followings:

(i) Office units

Fair values of the investment properties have been derived using the sales comparison approach. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre. A higher selling price per square metre will results in a higher valuation.

The Group engages external, independent and qualified valuers to determine the fair values of the investment properties at the end of each financial year based on the properties' highest and best use. As at 31 December 2020 and 2019, the fair values of the properties have been determined by CBRE Private Limited.

The finance division of the Group includes a team that performs the valuation required for financial reporting purposes. At each financial year end the finance division:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

(ii) Right-of-use assets

Fair values of the investment properties have been derived based on valuation model prepared by finance department of the Group. The valuation is based on the discounted cash flow of future lease operating income the right-of-use assets is estimated to generate, discounted at the weighted average cost of capital. The most significant input into this valuation approach is the discount rate. The higher the discount rate the lower the valuation.

20. Property, plant and equipment

The Group

	Freehold land	Leasehold land and buildings	Office renovations, furniture, fixtures and equipment	Plant, machinery and equipment	Motor vehicles	Motor vessels	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020								
Cost								
Beginning of financial year	–	532,476	13,681	30,401	29,545	82,517	84,451	773,071
Currency translation differences	(327)	(442)	(4)	(3)	(99)	(1,516)	(89)	(2,480)
Acquisitions of subsidiaries (Note 16)	14,032	18,728	70	38	4,166	–	–	37,034
Additions	–	18,215	1,855	1,704	2,601	–	19,684	44,059
Disposals	–	(8,868)	(501)	(25)	(854)	–	(638)	(10,886)
Reclassification	–	–	–	69	–	–	(69)	–
End of financial year	13,705	560,109	15,101	32,184	35,359	81,001	103,339	840,798
Accumulated depreciation and impairment losses								
Beginning of financial year	–	34,124	3,925	5,667	8,159	48,784	–	100,659
Currency translation differences	–	4	(3)	(1)	(2)	(1,021)	–	(1,023)
Depreciation charge	–	19,997	2,182	2,141	5,077	2,970	–	32,367
Disposals	–	(8,868)	(489)	(22)	(699)	–	–	(10,078)
End of financial year	–	45,257	5,615	7,785	12,535	50,733	–	121,925
Net book value								
End of financial year	**13,705**	**514,852**	**9,486**	**24,399**	**22,824**	**30,268**	**103,339**	**718,873**

20. Property, plant and equipment (continued)

The Group (continued)

	Leasehold land and buildings $'000	Office renovations, furniture, fixtures and equipment $'000	Plant, machinery and equipment $'000	Motor vehicles $'000	Motor vessels $'000	Construction-in-progress $'000	Total $'000
2019							
Cost							
Beginning of financial year	445,931	10,962	26,746	21,391	83,281	32,258	620,569
Adoption of SFRS(I) 16 (Note 2.1)	79,521	138	–	3,304	–	–	82,963
Currency translation differences	(47)	120	4	(4)	(1,047)	–	(974)
Additions	3,597	1,518	1,455	5,038	833	63,460	75,901
Disposals	(4,322)	(293)	(1)	(207)	(550)	(15)	(5,388)
Reclassification	7,796	1,236	2,197	23	–	(11,252)	–
End of financial year	532,476	13,681	30,401	29,545	82,517	84,451	773,071
Accumulated depreciation and impairment losses							
Beginning of financial year	13,828	2,128	3,855	3,850	46,896	–	70,557
Currency translation differences	–	–	(1)	(2)	(621)	–	(624)
Depreciation charge	21,320	1,889	1,815	4,350	3,059	–	32,433
Disposals	(1,024)	(92)	(2)	(39)	(550)	–	(1,707)
End of financial year	34,124	3,925	5,667	8,159	48,784	–	100,659
Net book value							
End of financial year	**498,352**	**9,756**	**24,734**	**21,386**	**33,733**	**84,451**	**672,412**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Property, plant and equipment (continued)

The Company

	Office renovations, furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
2020			
Cost			
Beginning of financial year	537	366	903
Additions	49	–	49
Disposals	(480)	–	(480)
End of financial year	106	366	472
Accumulated depreciation			
Beginning of financial year	536	305	841
Depreciation charge	5	36	41
Disposals	(480)	–	(480)
End of financial year	61	341	402
Net book value			
End of financial year	**45**	**25**	**70**
2019			
Cost			
Beginning of financial year	536	366	902
Additions	1	–	1
End of financial year	537	366	903
Accumulated depreciation			
Beginning of financial year	533	269	802
Depreciation charge	3	36	39
End of financial year	536	305	841
Net book value			
End of financial year	**1**	**61**	**62**

(a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21.

(b) Included within additions in the current year consolidated financial statements are right-of-use assets amounting to $16,491,000 (2019: $6,672,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $436,207,000 (2019: $428,635,000) (Note 25).

21. Leases – The Group as a lessee

Right-of-use ("ROU") assets

Nature of the Group's leasing activities

Land and building

The Group leases land and building for purpose of its ship repair and engineering and logistics operations. The Group also leases a commercial property, which it further sub-leases out to third parties for monthly lease payments. The lease of commercial property has been classified within investment properties (Note 19).

Equipment and vehicles

The Group leases equipment and motor vehicles for purpose of its back office operations and rendering of logistics services.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	The Group 31 December	
	2020	2019
	$'000	$'000
Leasehold land and buildings	**80,398**	68,122
Equipment	**256**	274
Motor vehicles	**18,486**	20,452
	99,140	88,848

ROU assets classified within Investment properties

The right-of-use asset relating to leasehold land and buildings presented under investment properties (Note 19) is stated at cost less accumulated depreciation and has a carrying amount at balance sheet date of $26,284,000 (2019: $9,771,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Leases – The Group as a lessee (continued)

Right-of-use ("ROU") assets (continued)

(b) Depreciation charge during the year

		The Group	
		2020	2019
		$'000	$'000
	Investment properties	**9,774**	9,854
	Leasehold land and buildings	**10,421**	11,675
	Equipment	**86**	67
	Motor vehicles	**2,374**	2,269
		22,655	23,865
	Less: Amount capitalised in property, plant and equipment	**(490)**	(505)
	Amount recognised in profit or loss	**22,165**	23,360
(c)	Interest expense on lease liabilities (Note 9)	**3,493**	3,374
(d)	Lease expense not capitalised in lease liabilities Lease expense - Short term leases (Note 5)	**27,536**	12,174
(e)	Total income from sub-leasing ROU assets	**18,627**	27,004
(f)	Total cash outflow for all the leases	**50,627**	40,205

(g) Addition of ROU assets during the financial year was $28,811,000 (2019: $6,695,000). During the current financial year, ROU assets with carrying amounts of NIL (2019: $3,544,000) was derecognised due to early termination of certain leases.

22. Leases – The Group as a lessor

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it subleases out retail stores to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as the operating leases.

22. Leases – The Group as a lessor (continued)

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December	
	2020	2019
	$'000	$'000
Less than one year	**36,188**	36,624
One to two years	**20,722**	3,799
Two to three years	**1,723**	2,290
Three to four years	**38**	147
Total undiscounted lease payment	**58,671**	42,860

23. Intangible assets

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Goodwill arising on consolidation (Note (a))	**98,989**	98,989
Club memberships (Note (b))	**92**	92
Contract-based intangible asset (Note (c))	**–**	877
Customer relationships intangible assets (Note (d))	**24,503**	26,394
	123,584	126,352

(a) Goodwill arising on consolidation

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Cost		
Beginning and end of financial year	**98,989**	98,989

Impairment tests for goodwill

During the financial year ended 31 December 2018, the Group acquired Cogent Holdings Limited and recorded goodwill of $98,989,000.

This goodwill was allocated to the Group's logistics cash-generating unit ("CGU") which operates business in providing integrated logistics services including storage, transportation and logistics management services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

The recoverable amount of the CGU was determined based on value-in-use. Cash flows projections used in the value-in-use calculation were based on financial forecasts approved by management covering periods not more than five years. Cash flows beyond the five-year period were extrapolated based on 2.5% (2019: 2.6%) growth rate. The growth rate did not exceed the long-term average growth rate for the logistics business in which the CGU operates.

Key assumptions used in value-in-use calculations:

	2020	2019
Revenue growth rate	**3.6% to 18.1%**	4.1% to 19.0%
Terminal growth rate[1]	**2.5%**	2.6%
Discount rate[2]	**9.6%**	9.1%

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period
2 Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the logistics CGU within the Group. Management determined budgeted cash flows based on past performance and its expectations of the market developments. The terminal growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the relevant industries.

(b) Club memberships

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Transferable club memberships, at cost	**92**	92

23. Intangible assets (continued)

(c) Contract-based intangible assets

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year and end of financial year	**3,644**	3,644
Accumulated amortisation		
Beginning of financial year	**2,767**	1,889
Amortisation charge	**877**	878
End of financial year	**3,644**	2,767
Net book value	**–**	877

The amortisation charge is presented within the 'Cost of sales' in the consolidated statement of profit or loss.

(d) Customer relationships intangible assets

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year	**34,000**	34,000
Acquisition of subsidiaries (Note 16)	**2,197**	–
Currency translation differences	**(51)**	–
End of financial year	**36,146**	34,000
Accumulated amortisation		
Beginning of financial year	**7,606**	3,803
Amortisation charge	**4,037**	3,803
Currency translation differences	*	–
End of financial year	**11,643**	7,606
Net book value	**24,503**	26,394

*: less than $1,000

The amortisation charge is presented within the 'Cost of sales' in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. Trade and other payables

	The Group		The Company	
	31 December		31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
- Non-related parties	**10,114**	8,037	**–**	–
- Fellow subsidiaries	**3,828**	2,335	**–**	–
- Related parties	**131**	–	**–**	–
	14,073	10,372	**–**	–
Advances from non-related parties	**1,668**	440	**–**	–
Non-trade payables:				
- Non-related parties	**6,552**	3,654	**3,178**	3,654
- Subsidiaries	**–**	–	**35,418**	35,191
- Fellow subsidiaries	**2,634**	39	**–**	–
	9,186	3,693	**38,596**	38,845
Deferred government grant income	**1,085**	–	**23**	–
Deposits received	**10,886**	9,224	**–**	–
Other accruals for operating expenses	**17,167**	25,112	**1,737**	2,230
Interest payable	**242**	194	**6**	17
	29,380	34,530	**1,766**	2,247
Total current trade and other payables	**54,307**	49,035	**40,362**	41,092
Non-current				
Redemption liability (Note 16(b))	**7,493**	–	**–**	–
Non-trade payables to non-related parties	**–**	988	**–**	988
Total non-current payables	**7,493**	988	**–**	988
Total trade and other payables	**61,800**	50,023	**40,362**	42,080

The trade payables due to fellow subsidiaries and related parties are unsecured, interest-free and are repayable on demand.

The non-trade payables due to subsidiaries, fellow subsidiaries are unsecured, interest-free and are repayable on demand.

The fair values of the non-current other payables approximated its carrying amounts, determined from cash flows analyses discounted at market borrowing rates of 4.85% per annum (2019: 3.21%) which the directors expected to borrow as and when required by the Group.

25. Borrowings

	The Group		The Company	
	31 December		31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings (unsecured)	**2,386**	200	**–**	–
Bank borrowings (secured)	**11,682**	11,429	**–**	–
Lease liabilities (secured)	**17,786**	20,683	**–**	–
	31,854	32,312	**–**	–
Non-current				
Bank borrowings (unsecured)	**54,303**	34,069	**34,069**	34,069
Bank borrowings (secured)	**137,844**	127,612	**–**	–
Loan from a fellow subsidiary (unsecured)	**38,000**	38,000	**38,000**	38,000
Lease liabilities (secured)	**80,853**	67,784	**–**	–
	311,000	267,465	**72,069**	72,069
Total borrowings	**342,854**	299,777	**72,069**	72,069

The borrowings of the Group and of the Company amounting to $244,215,000 and $72,069,000 respectively (2019: $211,310,000 and $72,069,000) have variable interest rates that are contractually repriced within 1 to 6 months (2019: 1 to 12 months) from the balance sheet date.

(a) Security granted

At the balance sheet date, total borrowings include secured liabilities of $248,165,000 (2019: $227,508,000) for the Group.

Bank borrowings are secured by:

(i) certain bank deposits (Note 12); and
(ii) certain property, plant and equipment (Note 20).

Lease liabilities are secured over the Group's right-of-use assets classified within property, plant and equipment and investment properties (Note 21).

(b) Fair values of non-current borrowings

As at 31 December 2020 and 2019, the carrying amounts of non-current borrowings, which are at variable rates, approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26. Provisions

	The Group 31 December 2020 $'000	The Group 31 December 2019 $'000
Provision for off hire claim (Note (a))	**–**	337
Provision for reinstatement costs (Note (b))	**2,385**	1,557
	2,385	1,894
Current	**507**	1,505
Non-current	**1,878**	389
	2,385	1,894

(a) Movements in provision for off hire claim on hire income are as follows:

	The Group 31 December 2020 $'000	The Group 31 December 2019 $'000
Beginning of financial year	**337**	341
Provision utilised during the financial year	**(331)**	–
Currency translation differences	**(6)**	(4)
End of financial year	**–**	337

Provision for off hire claim on charter hire income was in respect of refund to be made to customers for the period in which the motor vessels were not available for use.

(b) Movements in provision for reinstatement costs are as follows:

	The Group 31 December 2020 $'000	The Group 31 December 2019 $'000
Beginning of financial year	**1,557**	1,207
Provision made during the financial year	**878**	350
Provision utilised during the financial year	**(50)**	–
End of financial year	**2,385**	1,557

Provision for reinstatement costs represent estimated costs required to reinstate the Group's leased premises to their original state upon expiry of the lease.

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Deferred income tax assets	**–**	(6)
Deferred income tax liabilities	**63,886**	56,845
Net deferred tax liabilities	**63,886**	56,839

Movement in the deferred income tax account is as follows:

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Beginning of financial year	**56,839**	54,420
Currency translation differences	**(168)**	–
Acquisition of subsidiaries (Note 16)	**7,230**	–
Deferred tax (credited)/charged to profit or loss	**(15)**	2,419
End of financial year	**63,886**	56,839

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent realisation of the related tax benefits through future taxable profits is probable. The group has unrecognised tax losses of $26,000 (2019: $1,444,000) and capital allowance of $Nil (2019: $32,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The unrecognised tax losses and capital allowances have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. Deferred income taxes (continued)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Deferred income tax liabilities

	The Group			
	Accelerated tax depreciation	**Right-of-use assets**	**Undistributed profits of foreign associated companies**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2020				
Beginning of financial year	56,797	14,240	188	71,225
Acquisition of subsidiaries	7,230	1,264	–	8,494
Charged/(credited) to income statement	47	1,769	(32)	1,784
Currency translation differences	(127)	(36)	(6)	(169)
End of financial year	63,947	17,237	150	81,334
2019				
Beginning of financial year	54,207	–	213	54,420
Adoption of SFRS(I) 16	–	17,768	–	17,768
At 1 January 2020	54,207	17,768	213	72,188
Charged/(credited) to income statement	2,590	(3,521)	(28)	(959)
Currency translation differences	–	(7)	3	(4)
End of financial year	56,797	14,240	188	71,225

Reconciliation of total deferred income tax liabilities after appropriate offsetting from the same tax jurisdiction is as follows:

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Total deferred income tax liabilities	**81,334**	71,225
Offsetting of deferred income tax assets from the same tax jurisdiction	**(17,448)**	(14,380)
Total deferred income tax liabilities after appropriate offsetting from the same tax jurisdiction	**63,886**	56,845

27. Deferred income taxes (continued)

Deferred income tax assets

	The Group Lease liabilities $'000
2020	
Beginning of financial year	(14,386)
Acquisition of subsidiaries	(1,264)
Credited to income statement	(1,799)
Currency translation differences	1
End of financial year	(17,448)
2019	
Beginning of financial year	–
Adoption of SFRS(I) 16	(17,768)
At 1 January 2020	(17,768)
Charged to income statement	3,378
Currency translation differences	4
End of financial year	(14,386)

Reconciliation of total deferred income tax assets after appropriate offsetting from the same tax jurisdiction is as follows:

	The Group 31 December **2020** **$'000**	 2019 $'000
Total deferred income tax assets	**(17,448)**	(14,386)
Offsetting of deferred income tax liabilities from the same tax jurisdiction	**17,448**	14,380
Total deferred income tax assets after appropriate offsetting from the same tax jurisdiction	**–**	(6)

28. Share capital

	Issued share capital No. of ordinary shares '000	 Amount $'000
2020		
Beginning and end of financial year	**2,239,245**	**270,608**
2019		
Beginning and end of financial year	2,239,245	270,608

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28. Share capital (continued)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Share options

The COSCO SHIPPING Group Executives' Share Option Scheme 2020 ("Option Scheme") was approved by shareholders of the Company at an Extraordinary General Meeting held on 25 June 2020.

Under the Option Scheme, options to subscribe for the ordinary shares of the Company are granted to employees who have, as of the date of grant, been in the employment of the Company, its subsidiaries or Parent Group Companies (collectively the "Executives") (as the case maybe) for a period of at least 12 months, or such shorter period as the Committee may determine. Non-Executive Directors (including independent directors), Controlling Shareholders and Associates of Controlling Shareholders are not eligible to participate in the Option Scheme. Directors and employees of associated companies are also not eligible to participate in the Option Scheme. Subject to any adjustment pursuant to the Option Scheme, the exercise price of the options shall be the market price, which is the higher of (i) the last dealt price for a share determined by reference to the daily Official List published by SGX-ST on the date of grant; or (ii) the average of the last dealt prices for a share determined by reference to the daily Official List published by the SGX-ST for a period of five consecutive market days immediately prior to the date of grant. No options are granted at a discount to the exercise price.

The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price commencing after the second anniversary of the date of grant of the options and ending on the seventh anniversary of the date of grant of the options, subject to the following vesting periods of the options granted:

(a) up to one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the second anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option (the "First vesting period");

(b) up to another one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the third anniversary of the date of grant of that Option and ending on the seventh anniversary of the date of grant of that Option (the "Second vesting period"); and

(c) the remaining one-third only of the ordinary shares in respect of the options granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option (the "Third vesting period").

A participant shall, at any time, only be entitled to participate in any one share option or share incentive scheme implemented by the Group or any Parent Group Company.

28. Share capital (continued)

Share options (continued)

The aggregate number of shares over which options may be granted on any date, when added to (i) the aggregate number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and (ii) the number of treasury shares and subsidiary holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 10% of the total issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date of grant. The aggregate number of shares to be issued to key management and employees of the Parent Group shall not exceed 20% of the shares available under the Option Scheme.

On 3 July 2020, share options to subscribe for 22,238,000 ordinary shares in the Company at an exercise price of $0.202 per ordinary share were granted to key management personnel and employees pursuant to the Option Scheme (the "**2020 Options**"). The 2020 Options shall be exercisable during the First vesting period, Second vesting period and Third vesting period repectively, subject to the achievement of vesting conditions.

Movements in the number of unissued ordinary shares under option at the end of the financial year and their exercise prices are as follows:

The Group and the Company

As at 31 December 2020

	Number of ordinary shares under option outstanding						
	Beginning of financial year ’000	**Granted during the financial year ‘000**	**Lapsed during financial year ’000**	**Exercised during the financial year ‘000**	**End of financial year ’000**	**Exercise price $**	**Exercise period**
2020 Options	–	22,238	(2,064)	–	20,174	0.202	3.7.2022 – 2.7.2027
	–	22,238	(2,064)	–	20,174		

No outstanding options were vested and exercisable as at 31 December 2020.

The vesting of the options is conditional on the Executives achieving certain vesting conditions, including certain key performance indicators which are non-market conditions. The Group has assessed that the vesting conditions are unlikely to be met. Therefore, the Group has determined that no potential new shares will be issued to the Executives over the vesting periods. According, shares based payment compensation has not been recognised by the Group given that the equity instruments are unlikely to vest due to failure to satisfy non-market vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

29. Statutory and other reserves

	The Group 31 December 2020 $'000	The Group 31 December 2019 $'000	The Company 31 December 2020 $'000	The Company 31 December 2019 $'000
(a) Composition:				
Share option reserve	**44,578**	44,578	**44,578**	44,578
Currency translation reserve	**(11,594)**	(9,282)	**–**	–
Other reserve	**(7,424)**	69	**527**	527
	25,560	35,365	**45,105**	45,105

	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
(b) Movements:				
(i) Share option reserve				
Beginning and end of financial year	**44,578**	44,578	**44,578**	44,578
(ii) Currency translation reserve				
Beginning of financial year	**(9,282)**	(8,652)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(2,514)**	(635)	**–**	–
Non-controlling interests	**202**	5	**–**	–
	(2,312)	(630)	**–**	–
End of financial year	**(11,594)**	(9,282)	**–**	–
(iii) Other reserve				
Beginning and ending of financial year	**69**	69	**527**	527
Acquisition of subsidiaries	**(7,038)**	–	**–**	–
Accretion of redemption liability	**(455)**	–	**–**	–
End of financial year	**(7,424)**	69	**527**	527

Other reserve is non-distributable.

30. Dividends

No dividend will be recommended at the next Annual General Meeting to be convened. No dividend was declared for the financial year ended 31 December 2020 and 31 December 2019.

31. Commitments

Capital commitment

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	31 December	
	2020	2019
	$'000	$'000
Property, plant and equipment	**11,725**	28,209
Commitment for an acquisition	**–**	28,936
	11,725	57,145

32. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Board approves guidelines for overall risk management, as well as policies covering these specific areas.

(a) Market risk

(i) Currency risk

The Group is not exposed to significant currency risk as the Group's transactions are largely denominated in Singapore dollars. Foreign currency sensitivity analysis has not been performed as management does not expect any reasonable changes to foreign currency rates to have significant impact on the results of the Group.

(ii) Price risk

The Group is not exposed to any significant equity securities price risk.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group's interest rate risk mainly arises from borrowings at variable rates. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates and may use derivative financial instruments to hedge the exposures when the exposure is significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the interest rates had been lower or higher by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company would have been lower or higher by $1,013,000 (2019: $875,000) and $299,000 (2019: $299,000) respectively as a result of lower or higher interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. The Group only deals with financial institutions with good credit rating.

The Group monitors its exposure to credit risks arising from sales to trade customers as an on-going basis, and credit evaluations are done on customers that require credit. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's and Company's trade receivables.

The Group's and the Company's major classes of financial assets are bank deposits, trade receivables and other receivables (including staff advances, amount due from fellow subsidiaries and dividend receivable from associated companies).

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and cash equivalents, other receivables, restricted cash and deposits are subject to immaterial credit loss.

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

32. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables (continued)

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers a financial asset as in default if the counterparty fails to make contractual payments when they fall due and considering management's expectation based on historical payment trend. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Based on the above assessment, trade receivables are subject to immaterial credit loss.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 are as follows:

		Past due				
	Current	**1 to 90 days**	**91 to 180 days**	**181 to 365 days**	**More than 1 year**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
<u>The Group</u>						
As at 31 December 2020						
Ship repair and marine engineering						
Trade receivable	1,957	336	1,495	3,481	209	7,478
Charter hire						
Trade receivable	2,480	–	–	–	–	2,480
Logistics services						
Trade receivable	14,846	7,804	1,733	115	401	24,899
Property management						
Trade receivable	443	880	234	100	289	1,946
	19,726	**9,020**	**3,462**	**3,696**	**899**	**36,803**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables (continued)

	Current	Past due: 1 to 90 days	Past due: 91 to 180 days	Past due: 181 to 365 days	Past due: More than 1 year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
The Group						
As at 31 December 2019						
Ship repair and marine engineering						
Trade receivable	4,737	290	559	1,232	287	7,105
Charter hire						
Trade receivable	3,551	–	–	–	–	3,551
Logistics services						
Trade receivable	14,959	4,553	358	208	147	20,225
Property management						
Trade receivable	1,136	246	263	77	536	2,258
	24,383	**5,089**	**1,180**	**1,517**	**970**	**33,139**

As at 31 December 2020 and 2019, management has identified a group of debtors to be credit impaired and assessed the recoverability of the outstanding balances separately.

	2020	2019
	$'000	$'000
Gross carrying amount	**705**	615
Less: Loss allowance	**(705)**	(615)
	–	–

32. **Financial risk management** (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables (continued)

The movements in credit loss allowance are as follows:

	2020 **$'000**	2019 $'000
The Group		
Balance at beginning of year	**615**	316
Acquisition of subsidiaries (Note 16)	**83**	–
Receivables written off as uncollectible	**(456)**	(16)
Reversal of unutilised amounts	**(5)**	(10)
Changes in credit risk	**474**	325
Currency translation differences	**(6)**	–
Balance at end of year	**705**	615

Other receivables

The Group's other receivables carried at amortised cost have low risk of default and the debtors have strong capacity to meet contractual cash flows. Hence the loss allowance recognised on these assets are measured at the 12-month expected credit loss. The Group categorise such loan or receivable as a financial asset with low risk of impairment.

Where the interest and/or principal repayments have no reasonable expectation of recovery, or the counterparty is going into administration or bankruptcy or financial reorganisation, the Group categorise such loan or receivable for impairment.

The Company

As at 31 December 2020 and 31 December 2019, the Company did not have any loss allowance arising from its financial assets.

Cash at bank, staff advances, deposits and other receivables are subject to immaterial credit loss.

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and having an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
The Group			
At 31 December 2020			
Other financial liabilities	**(52,061)**	**(9,994)**	**–**
Borrowings	**(39,933)**	**(189,450)**	**(213,910)**
At 31 December 2019			
Other financial liabilities	(50,100)	(1,377)	–
Borrowings	(41,585)	(162,234)	(190,847)
The Company			
At 31 December 2020			
Other financial liabilities	**(40,339)**	**–**	**–**
Borrowings	**(1,229)**	**(73,937)**	**–**
At 31 December 2019			
Other financial liabilities	(41,092)	(988)	–
Borrowings	(2,163)	(74,147)	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the return on shareholders' fund. The return on shareholders' fund was 1.6% per annum for the current financial year ended 31 December 2020 (2019: 1.4% per annum).

The return on shareholders' fund is calculated as net profit attributable to equity holders of the Company divided by average shareholders' equity.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial year ended 31 December 2020 and 31 December 2019.

32. **Financial risk management** (continued)

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	The Group		**The Company**	
	31 December		31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Financial assets at amortised cost	**118,370**	106,245	**8,474**	8,566
Financial liabilities at amortised cost	**404,286**	351,254	**112,408**	114,149

(g) Offsetting financial assets and financial liabilities

The financial assets and liabilities of the Group and the Company are not subject to enforceable master netting arrangements or similar agreement. Financial assets and liabilities are settled on a gross basis.

33. **Immediate and ultimate holding corporation**

The Company's immediate holding corporation is China Ocean Shipping (Group) Company, incorporated in the People's Republic of China ("PRC"). The Company's ultimate holding corporation is China COSCO Shipping Corporation Limited, incorporated in PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Related party transactions

(a) The Company is controlled by China COSCO Shipping Corporation Limited ("COSCO Shipping"), the parent group and a state-owned enterprise established in the PRC.

COSCO Shipping itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with amendment to SFRS(I) 1-24, other government-related entities and their subsidiaries (other than COSCO Shipping group companies), directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Group.

On that basis, related parties include COSCO Shipping and its subsidiaries, other government-related entities and their subsidiaries directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO Shipping as well as their close family members. For the purpose of the related party transactions disclosures, the Group applies the exemption on disclosure of related party transactions as allowed under SFRS(I) 1-24.

The transactions conducted with government-related entities are based on terms agreed between the parties.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the financial year.

	The Group	
	2020	2019
	$'000	$'000
Revenue		
Sales to fellow subsidiaries	**13,749**	10,852
Sales to related parties	**1,243**	–
Service income received from fellow subsidiaries	**3,972**	3,541
Commission received/receivable from fellow subsidiaries	**73**	65
Expenditure		
Purchases from fellow subsidiaries	**5,717**	7,342
Purchases from related parties	**438**	–
Rental paid/payable to fellow subsidiaries	**1,221**	1,358
Vessel rental paid to a fellow subsidiary	**21,815**	3,553
Crew wages paid/payable to fellow subsidiaries	**2,568**	3,097
Service expenses paid/payable to fellow subsidiaries	**1,895**	902
Interest paid/payable to a fellow subsidiary	**894**	1,110
Insurance premium paid/payable to a fellow subsidiary	**734**	738
Commission paid/payable to fellow subsidiaries	**100**	5
Purchase of Property, plant and equipment from a fellow subsidiary	**2,741**	–

Outstanding balances as at 31 December 2020, arising from sales or purchases of goods and services and receivables/payables from/to fellow subsidiaries, are set out in Note 13 and 24 respectively.

34. Related party transactions (continued)

(b) Share options granted to key management

The aggregate number of share options granted to key management of the Group during the financial year was 4,165,000 (2019: Nil), out of these 1,189,000 share options were lapsed during the financial year. The share options were given on the same terms and conditions as those offered to other employees of the Group (Note 28). The outstanding number of share options granted to key management of the Group at the end of financial year was 2,976,000 (2019: Nil).

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2020	2019
	$'000	$'000
Salaries and other short-term benefits	**1,923**	2,218
Directors' fees of the Company	**184**	184
	2,107	2,402

Included in the above was total compensation to directors of the Company amounting to $1,146,000 (2019: $1,444,000).

35. Segment information

The President is the Group's chief operating decision maker ("CODM"). Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions.

The key management considers the business from the business segment perspective. The operations relate to segments which derive revenue from shipping, ship repair and marine engineering activities, logistics and property management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. Segment information (continued)

The segment information provided to the key management for the reportable segments is as follows:

	Shipping $'000	Ship repair,and marine engineering activities $'000	Logistics $'000	Property management $'000	All other segments $'000	Total $'000
2020						
The Group						
Sales						
- External sales	33,432	10,655	129,070	12,686	–	185,843
- Inter-segment sales	–	–	–	244	8,015	8,259
	33,432	10,655	129,070	12,930	8,015	194,102
Elimination						(8,259)
						185,843
Segment results	162	2,179	19,943	(336)	(4,617)	17,331
Interest income						297
Finance expense						(7,632)
Share of profit of associated companies						1,879
Profit before income tax						11,875
Income tax expense						(2,810)
Net profit						9,065
Other segment items						
Additions to property, plant and equipment	2,152	3,149	38,390	319	49	44,059
Additions to investment properties	–	–	3,860	8,460	–	12,320
Amortisation of intangible assets	–	–	4,325	589	–	4,914
Depreciation of property, plant and equipment	2,998	781	27,072	985	41	31,877
Depreciation of investment properties	6	–	3,345	6,947	–	10,298
Impairment of trade and other receivables	–	214	52	203	–	469
Segment assets	63,258	20,245	875,960	33,634	9,011	1,002,108
Associated companies						16,652
Consolidated total assets						1,018,760
Segment liabilities	5,649	2,070	28,408	23,109	4,949	64,185
Borrowings						342,854
Current income tax liabilities						2,519
Deferred income tax liabilities						63,886
Consolidated total liabilities						473,444
Consolidated net assets						545,316

35. Segment information (continued)

	Shipping $'000	Ship repair, and marine engineering activities $'000	Logistics $'000	Property management $'000	All other segments $'000	Total $'000
2019						
The Group						
Sales						
- External sales	21,626	14,535	117,201	18,133	–	171,495
- Inter-segment sales	–	–	–	–	10,486	10,486
	21,626	14,535	117,201	18,133	10,486	181,981
Elimination						(10,486)
						171,495
Segment results	4,054	2,574	14,627	2,373	(6,690)	16,938
Interest income						591
Finance expense						(8,924)
Share of profit of associated companies						2,036
Profit before income tax						10,641
Income tax expense						(2,933)
Net profit						7,708
Other segment items						
Additions to property, plant and equipment	833	391	74,499	177	1	75,901
Additions to investment properties	–	–	–	23	–	23
Amortisation of intangible assets	–	–	3,802	879	–	4,681
Depreciation of property, plant and equipment	3,088	669	27,205	927	39	31,928
Depreciation of investment properties	14	–	3,143	7,230	–	10,387
Impairment of trade and other receivables	–	–	325	(10)	–	315
Segment assets	63,334	17,197	813,180	29,331	9,110	932,152
Associated companies						16,209
Deferred income tax assets						6
Consolidated total assets						948,367
Segment liabilities	4,953	2,003	18,314	19,754	6,893	51,917
Borrowings						299,777
Current income tax liabilities						1,549
Deferred income tax liabilities						56,845
Consolidated total liabilities						410,088
Consolidated net assets						538,279

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. Segment information (continued)

Sales between segments are carried out at terms agreed between the relevant parties. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated profit or loss.

(a) Geographical information

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

1. Singapore - the operations in this area are principally in shipping, ship repair and marine engineering related activities, logistics, property management; and

2. Malaysia - the operations in this area are principally in logistics activities.

Sales are based on the country in which the services are rendered to the customer. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Non-current assets 31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore *	**157,122**	162,750	**813,380**	811,059
Malaysia	**28,721**	8,745	**84,773**	27,269
	185,843	171,495	**898,153**	838,328

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

Revenue of approximately $48,723,000 (2019: $31,790,000) are derived from two (2019: one) single external customers. These revenues are attributable to the Singapore Logistics and Shipping segment.

36. Arbitration proceeding

On 20 November 2020, a subsidiary of the Company, SH Cogent Logistics Pte Ltd ("SHCL"), received a Final Arbitral Award ("Award") dated 18 November 2020 in relation to an arbitration proceeding commenced by its subsidiary against a crane specialist for breach of contract. Pursuant to the Award, the Tribunal has, in summary, ordered that the following be paid by the crane specialist to SHCL:

1. The sum of S$2,117,000 together with simple interest at a rate of 5.33% per annum from 22 December 2015 until full and final payment; and

2. The sum of S$1,834,000 in aggregate (being 70% of SHCL's share of the costs of the arbitration and 70% of SHCL's legal fees, expenses and disbursement in relation to the arbitration) with simple interest at a rate of 5.33% per annum from the date of the Award until full and final payment.

36. Arbitration proceeding (continued)

On 18 December 2020, the crane specialist made an application (the "Application") for a correction of the Award, making of an additional award for claims not dealt with in the Award as well as for the Tribunal to give an interpretation under SIAC 2016 rules.

On 9 February 2021, the Tribunal has issued its decision on the Application under which the Application was rejected, except for a minor downward revision for an amount of S$7,490 that was initially awarded in favor of the Group under the Award.

Although the Tribunal has awarded the Award in favor of the Group on 18 November 2020, the Application made by the crane specialist on 18 December 2020 represents a material uncertainty in relation to the final outcome of the arbitration proceeding. Therefore, as at 31 December 2020, management is of the view that the Award represents a contingent asset for the Group as the result of the Application was still pending conclusion from the Tribunal. Accordingly, the Award granted to the Group on 18 November 2020 has not been recognised in the Group's consolidated financial statements for the year ended 31 December 2020.

37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment:
Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. New or revised accounting standards and interpretations (continued)

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:
Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

38. Impact of COVID-19 pandemic

The Group's financial performance for the current financial year has been affected by the COVID-19 pandemic. In particular, revenue from the Group's property segment has decreased due to rental waiver granted to tenants under the COVID-19 (Temporary Measures) Act 2020 enacted by the Singapore government.

However, the decline in revenue has been partially alleviated by property tax rebates, cash grant and rental waiver received from the Singapore government.

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of COSCO SHIPPING International (Singapore) Co., Ltd. on 8 March 2021.

FIVE-YEAR SUMMARY

	2016[1] $'000 (Restated)	2017[2] $'000 (Restated)	2018 $'000	2019 $'000	2020 $'000
PROFIT OR LOSS					
Continuing operations					
Sales	40,505	37,186	163,673	171,495	185,843
(Loss)/profit before income tax	(25,471)	(26,649)	16,940	10,641	11,875
Income tax expense	(522)	(406)	(3,719)	(2,933)	(2,810)
(Loss)/profit from continuing operations	(25,993)	(27,055)	13,221	7,708	9,065
Discontinued operations					
(Loss)/profit from discontinued operations	(950,091)	92,440	–	–	–
Total (loss)/profit	(976,084)	65,385	13,221	7,708	9,065
(Loss)/profit attributable to:					
- Equity holders of the Company	(466,499)	189,441	12,977	7,380	8,337
- Non-controlling interests	(509,585)	(124,056)	244	328	728
	(976,084)	65,385	13,221	7,708	9,065
(Loss)/profit attributable to equity holders of the Company relates to:					
- (Loss)/profit from continuing operations	(26,128)	(27,248)	12,977	7,380	8,337
- (Loss)/profit from discontinued operations	(440,371)	216,689	–	–	–
	(466,499)	189,441	12,977	7,380	8,337

Notes:

1. The comparative figures for 2016 have been restated as a result of the disposal of subsidiaries in the financial year ended 31 December 2017.

2. The comparative figures for 2017 have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (Internationl) ("SFRS(I)s").

FIVE-YEAR SUMMARY

	Note	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
BALANCE SHEET						
Share Capital		270,608	270,608	270,608	270,608	270,608
Statutory and other reserves		290,937	34,555	35,995	35,365	25,560
(Accumulated loss)/retained earnings		(225,485)	210,038	223,015	230,395	238,732
Non-controlling interests		(15,546)	1,421	1,482	1,911	10,416
Total Equity		320,514	516,622	531,100	538,279	545,316
Trade and other receivables		102,556	–	812	477	529
Available-for-sale financial assets		4,599	–	–	–	–
Investment in associated companies		4,185	–	15,171	16,209	16,652
Investment properties		14,675	13,786	13,637	22,872	38,515
Property, plant and equipment		2,527,363	40,638	550,012	672,412	718,873
Intangible assets		9,816	147	131,033	126,352	123,584
Deferred expenditure		2,799	766	2,212	–	–
Deferred income tax assets		140,598	–	–	6	–
Current assets		6,974,136	508,799	109,933	110,039	120,607
Current liabilities		(6,441,623)	(47,382)	(79,005)	(84,401)	(89,187)
Non-current liabilities		(3,018,590)	(132)	(212,705)	(325,687)	(384,257)
Net Assets		320,514	516,622	531,100	538,279	545,316
RATIOS						
Basic earnings per share from continuing operations (cents)	1	(1.1)	(1.2)	0.6	0.3	0.4
Basic earnings per share from discontinued operations (cents)	2	(19.7)	9.7	–	–	–
Net tangible assets per share (cents)		14.6	23.0	17.6	18.1	18.1
Gearing ratio (Net of Cash)	3	17.2	Net cash	0.2	0.4	0.5

Notes:

1. Basic earnings per share from continuing operations is calculated as net profit/(loss) from continuing operations attributable to equity holders of the company divided by the weighted average number of ordinary shares issued in the financial year.

2. Basic earnings per share from discontinued operations is calculated as net profit/(loss) from discontinued operations attributable to equity holders of the company divided by the weighted average number of ordinary shares issued in the financial year.

3. Gearing ratio (Net of Cash) is derived by taking total borrowings, net of cash and cash equivalents, over the shareholders' funds.

SHAREHOLDING STATISTICS

As at 17 March 2021

Number of Shares in Issue	:	2,239,244,954
Class of shares	:	Ordinary shares
Voting rights	:	On a Poll: 1 vote for each ordinary share
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS AS AT 17 MARCH 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	28	0.10	799	0.00
100 - 1,000	2,209	7.75	2,124,437	0.10
1,001 - 10,000	15,439	54.16	87,205,794	3.89
10,001 - 1,000,000	10,768	37.77	574,566,337	25.66
1,000,001 and above	62	0.22	1,575,347,587	70.35
Total	**28,506**	**100.00**	**2,239,244,954**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2021

Name of substantial shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of shares	%
China Ocean Shipping Company Limited	1,194,565,488	53.35	–	–
China COSCO Shipping Corporation Limited*	–	–	1,194,565,488	53.35

** China COSCO Shipping Corporation Limited is deemed interested in the shares held by China Ocean Shipping Company Limited.*

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2021

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	CHINA OCEAN SHIPPING COMPANY LIMITED	1,194,565,488	53.35
2	CITIBANK NOMINEES SINGAPORE PTE LTD	73,070,354	3.26
3	DBS NOMINEES PTE LTD	56,958,757	2.54
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	28,346,346	1.27
5	DBSN SERVICES PTE LTD	22,323,556	1.00
6	OCBC SECURITIES PRIVATE LTD	21,573,424	0.96
7	UOB KAY HIAN PTE LTD	18,634,500	0.83
8	OCBC NOMINEES SINGAPORE PTE LTD	15,335,469	0.68
9	RAFFLES NOMINEES (PTE) LIMITED	14,504,607	0.65
10	PHILLIP SECURITIES PTE LTD	9,850,900	0.44
11	LEE FOOK CHOY	7,366,000	0.33
12	CHUA LIAK CHNG	7,064,000	0.32
13	MAYBANK KIM ENG SECURITIES PTE. LTD	5,731,771	0.26
14	HSBC (SINGAPORE) NOMINEES PTE LTD	5,638,180	0.25
15	SEE SEE MENG	5,514,800	0.25
16	LIM AND TAN SECURITIES PTE LTD	4,995,800	0.22
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,582,290	0.20
18	ESTATE OF HUI SHUNE MING @ HUI SHUN MENG, DECEASED	4,500,000	0.20
19	LEE KEE HONG	4,158,200	0.19
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,057,150	0.14
	Total	**1,507,771,592**	**67.34**

SHARES HELD BY PUBLIC

Based on the information available and to the best knowledge of the Company as at 17 March 2021, approximately 46.57% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company ("**AGM**") will be held by way of electronic means on Thursday, 29 April 2021 at 2.00 p.m. (Singapore Time) to transact the following business:

Ordinary Business:

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To approve payment of Directors' Fees of S$184,000 for the financial year ended 31 December 2020. *(2019: S$184,000)* **(Resolution 2)**

3. To re-elect Dr Wang Kai Yuen, who is retiring by rotation in accordance with Article 101 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 3)**

   (See Explanatory Note 1)

4. That, subject to and contingent upon passing of Resolution 3 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 5 by shareholders of the Company by appointing the Chairman of the Meeting to vote at the AGM, excluding the directors and the chief executive officer ("**CEO**") of the Company, and their respective associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")): **(Resolution 4)**

   (a) the continued appointment of Dr Wang Kai Yuen, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dr Wang Kai Yuen as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

   (See Explanatory Note 1)

5. That, subject to and contingent upon passing of Resolution 3: **(Resolution 5)**

   (a) the continued appointment of Dr Wang Kai Yuen as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dr Wang Kai Yuen as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 4 is passed by the shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM.

(See Explanatory Note 1)

6. To re-elect Mr Er Kwong Wah, who is retiring by rotation in accordance with Article 101 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 6)**

   (See Explanatory Note 2)

7. That, subject to and contingent upon passing of Resolution 6 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 8 by shareholders of the Company by appointing the Chairman of the Meeting to vote at the AGM, excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): **(Resolution 7)**

   (a) the continued appointment of Mr Er Kwong Wah, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Er Kwong Wah as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

   (See Explanatory Note 2)

8. That, subject to and contingent upon passing of Resolution 6: **(Resolution 8)**

   (a) the continued appointment of Mr Er Kwong Wah as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Er Kwong Wah as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,

   provided that this Resolution shall only be proposed and voted upon if Resolution 7 is passed by the shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM.

   (See Explanatory Note 2)

NOTICE OF ANNUAL GENERAL MEETING

9. That, subject to and contingent upon passing of Resolution 10 by shareholders of the Company by appointing the Chairman of the Meeting to vote at the AGM, excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): **(Resolution 9)**

   (a) the continued appointment of Mr Ang Swee Tian, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ang Swee Tian as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

   (See Explanatory Note 3)

10. That subject to and contingent upon passing of Resolution 9: **(Resolution 10)**

   (a) the continued appointment of Mr Ang Swee Tian as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ang Swee Tian as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,

   provided that this Resolution shall only be proposed and voted upon if Resolution 9 is passed by the shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM.

   (See Explanatory Note 3)

11. To re-appoint Messrs. PricewaterhouseCoopers LLP as Auditors and to authorise the directors of the Company (the "**Directors**") to fix their remuneration. **(Resolution 11)**

Special Business:

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

12. **Authority to Allot and Issue Shares** **(Resolution 12)**

   That pursuant to Section 161 of the Companies Act (Cap. 50) and the Listing Rules of the SGX-ST, approval be and is hereby given to the Directors to:

   (a) issue shares in the capital of the Company (whether by way of bonus, rights or otherwise); and/or

   (b) make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue (as well as adjustments to) of securities, warrants, options, debentures or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued shares in the capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the issued shares in the capital of the Company (calculated in accordance with (ii) below);

(ii) for the purpose of determining the aggregate number of shares and convertible securities that may be issued pursuant to (i) above, the percentage of issued share capital shall be calculated based on the issued shares in the capital of the Company at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (c) any subsequent bonus issue, consolidation or subdivision of shares; and

(iii) unless revoked or varied by ordinary Resolution of the shareholders of the Company in general meeting, this Resolution shall remain in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

(See Explanatory Note 4)

13. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions** **(Resolution 13)**

(i) That approval be and is hereby given for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix A to shareholders of the Company ("**Appendix A**") with any party who is of the class of Interested Persons described in Appendix A provided that such transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures set out in Appendix A;

(ii) That the Audit and Risk Management Committee of the Company be and is hereby authorised to take such actions as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by SGX-ST from time to time;

(iii) That the Directors be and are hereby authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) That the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

(See Explanatory Note 5)

14. **Authority to Allot and Issue Shares under the COSCO SHIPPING Group Executives Share Option Scheme 2020** **(Resolution 14)**

That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the COSCO SHIPPING Group Executives Share Option Scheme 2020 (the "**Option Scheme**") and allot and issue and/or transfer from time to time such number of shares in the capital of the Company as may be required to be issued and/or transferred pursuant to the exercise of options under the Option Scheme and do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of shares to be allotted and issued pursuant to the Option Scheme and other share-based incentive scheme(s) of the Company shall not exceed 10% of the total number of issued shares in the capital of the Company from time to time (excluding treasury shares and subsidiary holdings, if any).

(See Explanatory Note 6)

15. To transact any other business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD
Lee Wei Hsiung
Company Secretary
Singapore, 7 April 2021

EXPLANATORY NOTES:

1. Ordinary Resolutions 4 and 5 proposed above, if passed, will renew the continued appointment of Dr Wang Kai Yuen as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). If the requisite approval is not obtained, Dr Wang Kai Yuen will step down as a director of the Company before 1 January 2022 and the Company will endeavor to fill the vacancy within two months, but in any case not later than three months.

   Dr Wang Kai Yuen will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Management, Remuneration and Strategic Development Committees; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Information on Directors seeking Re-election and/or continued re-appointment as Independent Directors" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

2. Ordinary Resolutions 7 and 8 proposed above, if passed, will renew the continued appointment of Mr Er Kwong Wah as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). If the requisite approval is not obtained, Dr Wang Kai Yuen will step down as a director of the Company before 1 January 2022 and the Company will endeavor to fill the vacancy within two months, but in any case not later than three months.

   Mr Er Kwong Wah will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit and Risk Management, Nominating and Strategic Development Committees; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Information on Directors seeking Re-election and/or continued re-appointment as Independent Directors" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

3. Ordinary Resolutions 9 and 10 proposed above, if passed, will renew the continued appointment of Mr Ang Swee Tian as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). If the requisite approval is not obtained, Mr Ang Swee Tian will step down as a director of the Company before 1 January 2022 and the Company will endeavor to fill the vacancy within two months, but in any case not later than three months.

   Mr Ang Swee Tian will, upon re-election as a Director, remain as the Chairman of the Audit and Risk Management, and a member of the Nominating, Remuneration and Strategic Development Committees; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Information on Directors seeking Re-election and/or continued re-appointment as Independent Directors" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

4. Ordinary Resolution 12 proposed above, if passed, will empower the Directors from the date of the above AGM until the next AGM to issue shares and/or convertible securities in the capital of the Company up to an amount not exceeding in aggregate 50% of the issued shares in the capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued shares in the capital of the Company at the time the Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM.

5. Ordinary Resolution 13 proposed above, if passed, will renew the existing Shareholders' Mandate to allow the Company, its subsidiaries and associated companies or any of them to enter into certain Interested Persons Transactions with person who are considered "Interested Persons" (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

   The Company's Audit and Risk Management Committee has confirmed that (i) the methods and procedures for determining the transaction prices under the Shareholders' Mandate for Interested Person Transactions (described in Schedule 2 of Appendix A), have not changed since the Shareholders' Mandate was renewed at the last AGM on 25 June 2020; and (ii) that the said methods and procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

6. Ordinary Resolution 14 proposed above, if passed, will authorise and empower the Directors to offer and grant options in accordance with the provisions of the Option Scheme and allot and issue and/or transfer from time to time such number of shares in the capital of the Company as may be required to be issued and/or transferred pursuant to the exercise of options under the Option Scheme and do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of shares to be allotted and issued pursuant to the Option Scheme and other share-based incentive scheme(s) of the Company shall not exceed 10% of the total number of issued shares in the capital of the Company from time to time (excluding treasury shares and subsidiary holdings, if any). This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 12.

NOTES:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice will not be sent to members.** Instead, this Notice will be sent to members by electronic means via publication on the Company's website at http://coscoshipping.listedcompany.com/home.html. This Notice will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 7 April 2021. This announcement may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that Resolution will be treated as invalid.

5. Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

NOTICE OF ANNUAL GENERAL MEETING

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

   in either case not less than 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

COSCO SHIPPING

ANNUAL GENERAL MEETING PROXY FORM

This proxy form may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.
A printed copy of this proxy form will NOT be despatched to members.

IMPORTANT:
1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person.** A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. This Proxy Form is not valid for use by Central Provident Fund ("**CPF**")/ Supplementary Retirement Scheme ("**SRS**") investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/ SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 19 April 2021 to submit their votes.
3. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

I/We, (Name) ______________________ (NRIC/Passport/Co. Reg. No.) ______________

of (Address) ____

being a shareholder/shareholders of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Thursday, 29 April 2021 at 2.00 p.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2020 together with the Directors' Statement and the Auditors' Report thereon.			
2.	To approve payment of Directors' Fees.			
3.	To re-elect Dr Wang Kai Yuan, who is retiring under Article 101 of the Constitution of the Company.			
4.	Approval for continued appointment of Dr Wang Kai Yuen as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
5.	Approval for continued appointment of Dr Wang Wai Yuen as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
6.	To re-elect Mr Er Kwong Wah, who is retiring under Article 101 of the Constitution of the Company.			
7.	Approval for continued appointment of Mr Er Kwong Wah as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
8.	Approval for continued appointment of Mr Er Kwong Wah as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
9.	Approval for continued appointment of Mr Ang Swee Tian as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
10.	Approval for continued appointment of Mr Ang Swee Tian as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect 1 January 2022).			
11.	To re-appoint Messrs. PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
12.	To approve the directors of the Company to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.			
13.	To approve the Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions.			
14.	To approve the directors of the Company to issue shares under the COSCO SHIPPING Group Executives Share Option Scheme 2020.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid**.

Dated this ________ day of ______________ 2021

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of member(s) or
Common Seal of Corporate Member

IMPORTANT: Please Read Notes Overleaf.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

   in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

30 Cecil Street
#26-01 Prudential Tower
Singapore 049712
Telephone: 6885 0888
Facsimile: 6885 0858