



**COSCO SHIPPING INTERNATIONAL
(SINGAPORE) CO., LTD.**

(Incorporated in the Republic of Singapore)
(Company Registration no: 196100159G)

**Condensed Interim Financial Statements
For the six months ended 30 June 2021**



COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.
(Company Registration no: 196100159G)

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A. Condensed consolidated statement of profit or loss

	Note	Group 6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	Change %
Sales	6	94,876	86,273	10
Cost of sales		(71,475)	(75,591)	(5)
Gross profit		23,401	10,682	119
Other income	7			
- Interest income		69	217	(68)
- Others		2,522	6,463	(61)
		2,591	6,680	(61)
Other gains and losses	7	348	1,407	(75)
Expenses				
- Distribution		(1,312)	(1,248)	5
- Administrative				
- Reversal of impairment/(Impairment loss) on financial assets		24	(180)	NM
- Others		(13,416)	(11,436)	17
		(13,392)	(11,616)	15
- Finance		(3,572)	(4,175)	(14)
Share of profit of associated companies		1,368	1,024	34
Profit before income tax	7	9,432	2,754	242
Income tax expense	8	(2,205)	(1,071)	106
Profit for the period		7,227	1,683	329
Profit attributable to:				
Equity holders of the Company		6,831	1,415	383
Non-controlling interests		396	268	48
		7,227	1,683	329
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)				
- Basic earnings per share	10	0.31	0.06	417
- Diluted earning per share	10	0.31	0.06	417

NM denotes not meaningful.

B. Condensed consolidated statement of comprehensive income

	Group		
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	Change %
Profit for the period	7,227	1,683	329
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	<u>272</u>	<u>1,228</u>	(78)
Other comprehensive income, net of tax	<u>272</u>	<u>1,228</u>	(78)
Total comprehensive income	<u>7,499</u>	<u>2,911</u>	158
Total comprehensive income attributable to:			
Equity holders of the Company	<u>7,208</u>	2,865	152
Non-controlling interests	<u>291</u>	<u>46</u>	533
	<u>7,499</u>	<u>2,911</u>	158

C. Condensed Balance Sheets – Group and Company

	Note	Group		Company	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Current assets					
Cash and cash equivalents		74,997	76,333	7,328	8,450
Trade and other receivables		44,610	43,462	5,048	107
Inventories		940	812	-	-
		<u>120,547</u>	<u>120,607</u>	<u>12,376</u>	<u>8,557</u>
Non-current assets					
Trade and other receivables		448	529	-	-
Investments in associated companies		16,469	16,652	13,953	13,953
Investments in subsidiaries		-	-	614,589	614,589
Investment properties	12	33,779	38,515	-	-
Property, plant and equipment	13	732,880	718,873	68	70
Intangible assets	14	121,438	123,584	-	-
Deferred tax assets		20	-	-	-
		<u>905,034</u>	<u>898,153</u>	<u>628,610</u>	<u>628,612</u>
Total assets		<u>1,025,581</u>	<u>1,018,760</u>	<u>640,986</u>	<u>637,169</u>
Current liabilities					
Trade and other payables		48,449	54,307	39,940	40,362
Current income tax liabilities		2,779	2,519	-	1
Borrowings	15	36,500	31,854	-	-
Provisions		507	507	-	-
		<u>88,235</u>	<u>89,187</u>	<u>39,940</u>	<u>40,363</u>
Non-current liabilities					
Trade and other payables		7,757	7,493	-	-
Borrowings	15	311,725	311,000	72,069	72,069
Provisions		1,878	1,878	-	-
Deferred income tax liabilities		63,434	63,886	-	-
		<u>384,794</u>	<u>384,257</u>	<u>72,069</u>	<u>72,069</u>
Total liabilities		<u>473,029</u>	<u>473,444</u>	<u>112,009</u>	<u>112,432</u>
Net assets		<u>552,552</u>	<u>545,316</u>	<u>528,977</u>	<u>524,737</u>
Equity					
Share capital	16	270,608	270,608	270,608	270,608
Other reserves		25,674	25,560	45,105	45,105
Retained earnings		245,563	238,732	213,264	209,024
Shareholders' equity		<u>541,845</u>	<u>534,900</u>	<u>528,977</u>	<u>524,737</u>
Non-controlling interests		10,707	10,416	-	-
Total equity		<u>552,552</u>	<u>545,316</u>	<u>528,977</u>	<u>524,737</u>

D. Condensed Statements of Changes in Equity – Group and Company

	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total \$'000
Group					
At 1 January 2021	270,608	25,560	238,732	10,416	545,316
Total comprehensive income for the period	-	377	6,831	291	7,499
Accretion of redemption liability [1]	-	(263)	-	-	(263)
At 30 June 2021	<u>270,608</u>	<u>25,674</u>	<u>245,563</u>	<u>10,707</u>	<u>552,552</u>
At 1 January 2020	270,608	35,365	230,395	1,911	538,279
Total comprehensive income for the period	-	1,450	1,415	46	2,911
Acquisition of subsidiaries	-	(7,038)	-	7,634	596
Dividend declared by a subsidiary to a minority shareholder of a subsidiary	-	-	-	(100)	(100)
Decrease in redemption liability [1]	-	111	-	-	111
At 30 June 2020	<u>270,608</u>	<u>29,888</u>	<u>231,810</u>	<u>9,491</u>	<u>541,797</u>

[1] 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). Pursuant to the shareholder agreements 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 in the Newly Malaysia Subsidiaries. On Acquisition Date, Accordingly, the Group recognised an amount of \$7,038,000 which represents the present value of the estimated consideration payable upon the exercise of the forward purchase contract.

On 30 June 2021, the Group remeasured the redemption liability based on the terms of the shareholder agreements and recognised an accretion charge amounting to \$263,000 by debiting Other reserves (30 June 2020: credit Other reserves of \$111,000).

	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Company				
At 1 January 2021	270,608	45,105	209,024	524,737
Total comprehensive income for the period	-	-	4,240	4,240
At 30 June 2021	<u>270,608</u>	<u>45,105</u>	<u>213,264</u>	<u>528,977</u>
At 1 January 2020	270,608	45,105	207,373	523,086
Total comprehensive loss for the period	-	-	(2,377)	(2,377)
At 30 June 2020	<u>270,608</u>	<u>45,105</u>	<u>204,996</u>	<u>520,709</u>

E. Condensed consolidated statement of cash flows

	Group	
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Note		
Cash flows from operating activities		
Profit for the period	7,227	1,683
Adjustments for:		
- Income tax expense	2,205	1,071
- Amortisation of intangible assets	2,029	2,340
- Depreciation of property, plant and equipment	15,723	16,477
- Depreciation of investment properties	4,538	5,361
- (Reversal of impairment)/Impairment of trade and other receivables	(24)	180
- (Gain)/loss on disposal of property, plant and equipment	(19)	1
- Gain on disposal of an investment property	-	(866)
- Gain on modification of lease	(11)	-
- Gain on bargain purchase of subsidiaries	-	(926)
- Share of profit of associated companies	(1,368)	(1,024)
- Interest expense	3,572	4,175
- Interest income	(69)	(217)
- Exchange differences	(67)	(257)
	33,736	27,998
Changes in working capital:		
- Inventories	(128)	(584)
- Trade and other receivables	(1,046)	3,413
- Trade and other payables	(6,076)	2,588
- Provisions	-	(337)
Cash provided by operations	26,486	33,078
Income tax paid	(2,315)	(830)
Net cash provided by operating activities	24,171	32,248
Cash flows from investing activities		
Deferred consideration paid in relation to acquisition of subsidiaries	-	(1,500)
Acquisition of subsidiaries, net of cash acquired	-	(24,655)
Additions to property, plant and equipment	(16,932)	(16,758)
Disposal of property, plant and equipment	600	140
Disposal of club membership	92	-
Disposal of an investment property	-	1,224
Dividend received	1,427	-
Interest received	71	214
Net cash used in investing activities	(14,742)	(41,335)
Cash flows from financing activities		
Proceeds from borrowings	9,746	33,617
Repayment of borrowings	(7,588)	(5,063)
Repayment of lease liabilities	(9,723)	(12,549)
(Increase)/decrease in bank deposits pledged	(2)	883
Interest paid	(3,735)	(4,842)
Dividend paid to non-controlling interest of a subsidiary	-	(100)
Net cash (used in)/provided by financing activities	(11,302)	11,946
Net (decrease)/increase in cash and cash equivalents	(1,873)	2,859
Cash and cash equivalents at beginning of financial period	75,007	65,980
Effects of currency translation on cash and cash equivalents	535	1,285
Cash and cash equivalents at end of financial period	73,669	70,124

E. Condensed consolidated statement of cash flows (continued)

	Group	
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Cash and cash equivalents represented by:		
Cash at bank and on hand	54,919	50,774
Short-term bank deposits	20,078	20,672
	74,997	71,446
Less: Bank deposits pledged	(1,328)	(1,322)
Cash and cash equivalents per consolidated statement of cash flows	73,669	70,124

Note A - Acquisition of subsidiaries

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

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

	6 months ended 30 June 2020 \$'000
Purchase consideration	
Cash paid	29,610
Effect on cash flows of the Group	
Cash paid	29,610
Less: Cash and cash equivalents of subsidiaries acquired	(5,974)
Add: Bank balances pledged	1,019
	24,655
Identifiable assets acquired and liabilities assumed, at provisional fair values	
Cash and cash equivalents	5,974
Property, plant and equipment	35,386
Investment properties	12,870
Trade and other receivables	9,061
Total assets	63,291
Trade and other payables	8,761
Borrowings	9,629
Current income tax liabilities	189
Deferred tax liabilities	6,542
Total liabilities	25,121
Total identifiable net assets	38,170
Less: Non-controlling interest	(7,634)
Less: Gain on bargain purchase of subsidiaries	(926)
Consideration transferred for the business and cash paid	29,610

E. Condensed consolidated statement of cash flows (continued)

Note A - Acquisition of subsidiaries (continued)

In accordance with SFRS(I) 3 *Business Combinations*, the Group has 12 months period after completion of the acquisition of subsidiaries to complete a Purchase Price Allocation ("PPA") exercise. Hence, the fair values of the acquired identifiable assets and liabilities and the gain on bargain purchase of subsidiaries have been provisionally determined for 6 months ended 30 June 2020.

F. Notes to the condensed interim consolidated financial statements

1. Corporate 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 mainly as follows:

- Investment holding
- Shipping
- Ship repair and marine engineering activities
- Logistics
- Property management

2. Significant accounting policies

2.1 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.2 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Significant accounting policies (continued)

2.3 Use of judgements and estimates (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in Note 14 – impairment test of goodwill: key assumptions underlying recoverable amounts.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

4.1 Business segments

	Shipping \$'000	Ship repair and marine related activities \$'000	Logistics \$'000	Property management \$'000	All Other segments \$'000	Total \$'000
Financial period ended 30 June 2021						
Sales:						
- External sales	10,476	5,981	71,644	6,775	-	94,876
- Inter-segment sales	-	-	-	210	8,427	8,637
	10,476	5,981	71,644	6,985	8,427	103,513
Elimination						(8,637)
						94,876
Segment results	2,033	1,250	10,104	1,674	(3,494)	11,567
Interest income						69
Interest expense						(3,572)
Share of profit of associated companies						1,368
Profit before income tax						9,432
Income tax expense						(2,205)
Net profit						7,227
Other segment items						
Additions to property, plant and equipment	4,501	372	26,234	231	24	31,362
Amortisation of intangible assets	-	-	2,029	-	-	2,029
Depreciation of property, plant and equipment	1,787	370	13,481	60	25	15,723
Depreciation of investment properties	-	-	4,156	382	-	4,538
Net reversal for impairment of trade and other receivables	-	(24)	-	-	-	(24)
Segment assets	68,186	20,582	886,655	25,839	7,830	1,009,092
Associated companies						16,469
Deferred tax assets						20
Consolidated total assets						1,025,581
Segment liabilities	7,458	1,614	28,650	16,456	4,413	58,591
Borrowings						348,225
Current income tax liabilities						2,779
Deferred income tax liabilities						63,434
Consolidated total liabilities						473,029
Consolidated net assets						552,552

4 Segment information (continued)

4.1 Business segments (continued)

	Shipping \$'000	Ship repair and marine related activities \$'000	Logistics \$'000	Property management \$'000	Others \$'000	Total \$'000
Financial period ended 30 June 2020						
Sales:						
- External sales	13,675	5,336	61,721	5,541	-	86,273
- Inter-segment sales	-	-	-	-	900	900
	13,675	5,336	61,721	5,541	900	87,173
Elimination						(900)
						86,273
Segment results	(116)	542	8,165	(630)	(2,273)	5,688
Interest income						217
Interest expense						(4,175)
Share of profit of associated companies						1,024
Profit before income tax						2,754
Income tax expense						(1,071)
Net profit						1,683
Other segment items						
Additions to property, plant and equipment	-	223	23,000	15	5	23,243
Amortisation of intangible assets	-	-	1,900	440	-	2,340
Depreciation of property, plant and equipment	1,568	391	14,015	485	18	16,477
Depreciation of investment properties	6	-	1,571	3,784	-	5,361
Impairment of trade and other receivables	-	177	3	-	-	180
Segment assets	65,834	15,833	878,298	23,397	5,125	988,487
Associated companies						17,346
Deferred tax assets						30
Consolidated total assets						1,005,863
Segment liabilities	5,391	1,393	35,305	14,246	4,941	61,276
Borrowings						337,602
Current income tax liabilities						2,589
Deferred income tax liabilities						62,599
Consolidated total liabilities						464,066
Consolidated net assets						541,797

4 Segment information (continued)

4.2 Geographical segments

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	
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Singapore *	77,732	73,738	819,583	807,344
Malaysia	17,144	12,535	85,451	78,144
	94,876	86,273	905,034	885,488

* 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.

Revenues of approximately \$15,946,000 (6 months ended 30 June 2020: \$24,458,000) are derived from one (6 months ended 30 June 2020: two) single external customer. These revenues are attributable to the Singapore Logistics segment (6 months ended 30 June 2020: Singapore Logistics and Shipping segments).

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Financial assets at amortised cost	117,725	118,370	12,340	8,474
Financial liabilities at amortised cost	405,426	404,286	112,002	112,408

6. Sales

Revenue of the Group is analysed as follows:

	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Revenue from contract with customers - Note A	73,799	71,054
Rental Income		
- Logistics management services	14,302	12,665
- Property management services	6,775	8,527
Less: rental concessions – Note B	-	(5,973)
	94,876	86,273

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
<u>6 months ended 30 June 2021</u>			
i) Ship repair and marine engineering - Singapore	-	5,981	5,981
ii) Shipping - charter hire - Worldwide	-	10,476	10,476
iii) Logistics management services			
- Singapore	29,026	13,934	42,960
- Malaysia	13,605	777	14,382
	42,631	14,711	57,342
Total sales	42,631	31,168	73,799
<u>6 months ended 30 June 2020</u>			
i) Ship repair and marine engineering - Singapore	-	5,336	5,336
ii) Shipping - charter hire - Worldwide	-	13,675	13,675
iii) Logistics management services			
- Singapore	27,678	14,316	41,994
- Malaysia	9,077	972	10,049
	36,755	15,288	52,043
Total sales	36,755	34,299	71,054

6. Sales (continued)

Note B: Rental concessions

The rental concessions recognised by the Group for the previous financial period 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 period.

7. Profit before taxation

7.1 Breakdown and explanatory notes to Consolidated Income Statement

[1] Other income comprises the following:

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	Change %
Interest income	69	217	(68)
Government grants	2,107	6,097	(65)
Rental income	82	65	26
Sale of scrap materials	-	4	NM
Sundry income	333	297	12
Other income	2,591	6,680	(61)

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

[2] Other gains and losses comprises the following:

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	Change %
Foreign exchange loss	(111)	(38)	192
Gain on modification of lease	11	-	NM
Gain/(loss) on disposal of property, plant and equipment	19	(1)	NM
Gain on disposal of an investment property	-	866	NM
Gain on bargain purchase of subsidiaries	-	926	NM
Gain/(loss) on sale of bunker stock	429	(346)	NM
Other gains and losses	348	1,407	(75)

7. Profit before taxation (continued)

7.1 Breakdown and explanatory notes to Consolidated Income Statement (continued)

[3] Profit before income tax is arrived at after charging:

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	Changes %
Interest on borrowings	(3,572)	(4,175)	(14)
Amortisation of intangible assets	(2,029)	(2,340)	(13)
Depreciation of property, plant and equipment	(15,723)	(16,477)	(5)
Depreciation of investment properties	(4,538)	(5,361)	(15)
Reversal of impairment/(impairment) of trade and other receivables	24	(180)	NM

7.2 Related party transaction

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 condensed interim 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 interim financial period.

7. Profit before taxation (continued)

7.2 Related party transaction (continued)

	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
<u>Revenue</u>		
Sales to fellow subsidiaries	7,684	6,630
Sales to related parties	639	-
Service income received from fellow subsidiaries	1,740	1,870
Commission received/receivable from fellow subsidiaries	32	-
<u>Expenditure</u>		
Purchases from fellow subsidiaries	3,590	11,267
Purchases from related parties	154	-
Rental paid/payable to fellow subsidiaries	598	653
Vessel rental paid to a fellow subsidiary	1,519	-
Crew wages paid/payable to fellow subsidiaries	1,444	1,282
Service expenses paid/payable to fellow subsidiaries	724	676
Interest paid/payable to a fellow subsidiary	324	553
Insurance premium paid/payable to a fellow subsidiary	354	300
Purchase of Property, plant and equipment from a fellow subsidiary	39	-

8. Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
Current income tax	2,601	1,782
Deferred tax	(351)	(607)
	<u>2,250</u>	<u>1,175</u>
Overprovision in prior financial years:		
- Current income tax	(28)	(104)
- Deferred income tax	(17)	-
	<u>2,205</u>	<u>1,071</u>

9. Dividend

No dividend declared for the financial period ended 30 June 2021 and 30 June 2020.

10. Earnings per share

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.31	0.06
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.31	0.06
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245

Basic earnings per ordinary share is calculated by dividing the net profit attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

There are no dilutive potential ordinary shares outstanding.

11. Net Asset Value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Net asset value per ordinary share (cents)	24.20	23.89	23.62	23.43

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2020: 2,239,244,954).

12. Investment properties

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 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.

13. Property, plant and equipment

Property, plant and equipment includes rights-of use assets for land and building, equipment and vehicles which the Group acquired under leasing arrangements for purpose of its logistics and ship repair and marine engineering operations.

During the six months ended 30 June 2021, the Group acquired assets amounting to \$31,362,000 (30 June 2020: S\$23,243,000) and disposed of assets amounting to \$1,119,000 (30 June 2020: S\$141,000).

14. Intangibles assets

	Goodwill arising on consolidati on \$'000	Club memberships \$'000	Contract- based intangible asset \$'000	Customer relationships intangible assets \$'000	Total \$'000
Group					
At 30 June 2021					
Cost	98,989	-	3,644	36,115	138,748
Accumulated amortisation and impairment	-	-	(3,644)	(13,666)	(17,310)
Net book value	98,989	-	-	22,449	121,438
6 months ended 30 June 2021					
Opening net book amount	98,989	92	-	24,503	123,584
Disposals	-	(92)	-	-	(92)
Amortisation charge during the period	-	-	-	(2,029)	(2,029)
Currency translation differences	-	-	-	(25)	(25)
Closing net book value	98,989	-	-	22,449	121,438
At 31 December 2020					
Cost	98,989	92	3,644	36,146	138,871
Accumulated amortisation and impairment	-	-	(3,644)	(11,643)	(15,287)
Net book value	98,989	92	-	24,503	123,584

Impairment testing of Goodwill

Goodwill that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 June 2021 based on the CGU's business performance. The Group performed its annual impairment test in December 2020. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

15. Borrowings

	Group		Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Bank borrowings (unsecured)	2,278	2,386	-	-
Bank borrowings (secured)	14,872	11,682	-	-
Lease liabilities (secured)	19,350	17,786	-	-
	36,500	31,854	-	-
<i>Non-current</i>				
Bank borrowings (unsecured)	53,291	54,303	34,069	34,069
Bank borrowings (secured)	137,804	137,844	-	-
Loan from a fellow subsidiary (unsecured)	38,000	38,000	38,000	38,000
Lease liabilities (secured)	82,630	80,853	-	-
	311,725	311,000	72,069	72,069
Total borrowings	348,225	342,854	72,069	72,069

The borrowings of the Group and of the Company amounting to \$246,245,000 and \$72,069,000 respectively (2020: \$244,215,000 and \$72,069,000) have variable interest rates that are contractually repriced within 1 to 6 months (2020: 1 to 6 months) from the balance sheet date.

(a) Security granted

At the balance sheet date, total borrowings include secured liabilities of \$254,656,000 (31 December 2020: \$248,165,000) for the Group.

Bank borrowings are secured by:

- (i) certain bank deposits; and
- (ii) certain property, plant and equipment.

Lease liabilities are secured over the Group's right-of-use assets classified within property, plant and equipment and investment properties

(b) Fair value of non-current borrowings

As at 30 June 2021 and 31 December 2020, the carrying amounts of non-current borrowings, which are at variable rates, approximated their fair values.

16. Share Capital

	Issued share capital	
	No. of ordinary shares '000	Amount \$'000
Beginning and end of interim period	2,239,245	270,608

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

On 22 April 2021, share options to subscribe for 2,959,000 ordinary shares in the Company at an exercise price of \$0.334 per ordinary share were granted to employees pursuant to the COSCO SHIPPING Group Executives Share Option Scheme (the "Option Scheme").

During the financial period ended 30 June 2021, 9,148,100 share options granted under the Option Scheme were lapsed.

Movements in the number of unissued ordinary shares under option at the end of 30 June 2021 are as follows:

As at 30 June 2021

Options relating to the Option Scheme	Number outstanding at 1 January 2021	Number of options issued during the financial period	Number of options exercised during the financial period	Number of options cancelled/ lapsed during the financial period	Number of outstanding options at 30 June 2021
2020 Options	20,174,000	-	-	(8,161,800)	12,012,200
2021 Options	-	2,959,000	-	(986,300)	1,972,700
	20,174,000	2,959,000	-	(9,148,100)	13,984,900

The outstanding share options under Cosco Group Employees' Share Option Scheme as at 30 June 2021 were 13,984,900 (30 June 2020: Nil).

The Company did not hold any treasury shares as at 30 June 2021.

17. Arbitration proceeding

On 20 November 2020, a subsidiary of the Company, SH Cogent Logistics Pte Ltd (“SHCL”), received a Final Arbitral Award (the “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.

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 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.

On 5 May 2021 the crane specialist made applications to the High Court of Singapore to set aside the Award, to set aside the order obtained by SHCL for leave to enforce the Award, as well as to set aside the enforcement proceedings commenced by SHCL. The enforcement proceedings taken out by SHCL have also been stayed in the interim pending the crane specialist’s applications, which are to be heard by the High Court of Singapore.

As there is material uncertainty in relation to the final outcome of the proceedings, the Award granted to the Group on 18 November 2020 has not been recognised in the Group’s consolidated financial statements for the financial period ended 30 June 2021.

G. Other information required by listing Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of COSCO SHIPPING International (Singapore) Co., Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Sales

	Group		
	6 months ended 30 June 2021 (the "1H 2021") S\$'000	6 months ended 30 June 2020 (the "1H 2020") S\$'000	Change %
Logistics	71,644	61,721	16
Shipping	10,476	13,675	(23)
Property management	6,775	5,541	22
Ship repair and marine engineering	5,981	5,336	12
	94,876	86,273	10

Group revenue for 1H 2021 totalled \$94.9 million, 10% higher than 1H 2020. The growth in revenue was mainly due to higher revenue from Logistics, Property management and Ship repair and marine engineering activities, partially offset by lower revenue from Shipping.

Logistics activities accounted for about 76% of the Group's revenue in 1H 2021. Revenue from logistics activities increased by 16% to \$71.6 million mainly due to higher revenue from warehousing and transportation services resulting from higher volume of business activities, partially offset by lower revenue from automotive logistics services.

Revenue from shipping activities decreased by 23% to \$10.5 million mainly due to lower revenue contribution from chartered in vessels during 1H 2021 as compared to 1H 2020. Excluding the revenue from chartered in bulk carriers of \$1.5 million (1H 2020: \$9.5 million), revenue from owned bulk carriers has increased by about \$4.8 million due to higher charter rates in 1H 2021 as compared to 1H 2020. The Baltic Dry Index (BDI), a measure of shipping costs for commodities, averaged 2,257 points in 1H 2021, an increase of 229% from the average of 685 points in 1H 2020.

Revenue from property management increased by 22% to \$6.8 million as 1H 2020 revenue was affected by rental waiver granted to tenants under the Government Rental Relief Framework. Excluding the rental waiver under the Government Rental Relief Framework of \$2.9 million in 1H 2020, rental rates for the Group's retail and office properties in 1H 2021 were lower as compared to 1H 2020.

Revenue from ship repair and marine engineering increased by 12% mainly due higher revenue from ship repair and fabrication works.

Costs and Profitability

Cost of sales decreased by 5% or \$4.1 million was mainly due to lower charter-hire costs as a result of lower number of bulk carriers chartered-in.

Gross profit increased by 119% from \$10.7 million in 1H 2020 to \$23.4 million in 1H 2021 mainly due to higher charter rates for owned bulk carriers, absence of rental waiver granted to tenants under the Government Rental Relief Framework and higher gross margins.

Other income decreased by 61% to \$2.6 million in 1H 2021 was mainly due to lower government grants under the Government Rental Relief Framework and various support measures in relation to the COVID-19 pandemic.

Other gains and losses in 1H 2021 was lower than 1H 2020 mainly due to the absence of one-off gain on bargain purchase of subsidiaries and gain on disposal of an investment property.

Distribution and administrative expenses increased by 5% and 15% respectively mainly due to higher staff costs for marketing and corporate functions.

Finance costs decreased by 14% to \$3.6 million mainly due to lower borrowing costs.

Share of profit of associated companies of \$1.4 million was contributed by the Group's 40% shareholdings in PT. Ocean Global Shipping Logistics and the 30% shareholdings in Tan Cang-COSCO-OOCL Logistics Company Limited (the "TCCOOCL"). The increase in share of profit of associated companies was mainly due to higher profit contribution from TCCOOCL.

Income tax expense increased by 106% to \$2.2 million mainly due to higher profits in 1H 2021. The effective tax rate was lower in 1H 2021 as compared to 1H 2020 mainly due to higher tax exempt profits from shipping subsidiary.

Overall, net profit attributable to equity holders was \$6.8 million, 383% higher than 1H 2020 mainly due to higher shipping charter rates and higher profit margins, partially offset by lower government grants.

Balance Sheet

(30 June 2021 vs 31 December 2020)

Cash and cash equivalents decreased from \$76.3 million to \$75.0 million mainly due to net cash outflow for purchase of property, plant and equipment and net cash used in repayment of lease liabilities and interest payments, partially offset by net cash provided by operating activities. Please refer to Consolidated Statement of Cash Flows for more details.

Trade and other receivables increased by \$1.1 million to \$45.1 million (31 December 2020: \$44.0 million). The increase in trade and other receivables was mainly due to higher revenue.

Property, plant and equipment increased by \$14.0 million to \$732.9 million mainly due to the progressive construction of Jurong Island Chemical Logistics Facility ("JICLF") which has obtained the Temporary Occupation Permit in April 2021.

Trade and other payables decreased by \$5.6 million to \$56.2 million mainly due to the payments of construction costs for JICLF and trade payables.

Total borrowings increased by \$5.4 million to \$348.2 million mainly due to the borrowings procured to finance the construction costs of JICLF.

Shareholder's equity increased by \$6.9 million to \$541.8 million mainly due to profits and an increase in currency translation reserves in 1H 2021.

Cash Flow

Net cash provided by operating activities for 1H 2021 was \$24.2 million. This was mainly due to higher working capital requirements for operations. Please refer to Consolidated Statement of Cash Flows for details.

Net cash used in investing activities for 1H 2021 was \$14.7 million. This was mainly due to cash used for the payments for property, plant and equipment.

Net cash used in financing activities for 1H 2021 was \$11.3 million. This was mainly due to the repayment of borrowings and interest costs, partially offset by proceeds from borrowings.

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

Not applicable

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

The resurgence of COVID-19 cases will likely continue affecting the economic activities in the countries the Group operates in. The economic recovery of these countries will largely depend on the efforts made to contain the virus and its variants, coupled with the countries' progress in vaccine rollouts. As such, there is still a high level of uncertainty in terms of the length and depth of its economic impact on the Group's financial performance. Other external factors such as rising oil prices and the reduction in Singapore's foreign worker quota could increase the Group's operating cost and affect profits. Against this backdrop, the Company will continue to optimise its operations and strengthen its diversified portfolio to remain agile and ensure profitability.

Through its wholly-owned subsidiary, Cogent Holdings Pte. Ltd. and its associates, the Company has logistics operations in Singapore, Malaysia, Indonesia and Vietnam. In connection with the Company's announcement of the proposed lease of land at Port Klang, Malaysia, SH Cogent Logistics Sdn. Bhd. is progressing on the discussion with Westports Malaysia Sdn Bhd to firm up the lease agreement. For the Jurong Island Chemical Logistics Facility, the Company had obtained the temporary occupation permit ("TOP") from the Building and Construction Authority for the rest of the Facility on 19 April 2021. With the TOP granted, it can now cater to the growing demand for one-stop logistics services within Jurong Island, which will likely contribute positively to the Group's financial performance in the coming years. The Company will look out for strategic acquisition and investment opportunities to expand its logistics network in the South and Southeast Asian region.

COSCO SHIPPING (Singapore) Pte Ltd, the Company's wholly-owned subsidiary, currently has a total of 3 vessels with a total tonnage of 163,000 tons and an average age of 16 years. The Baltic Dry Index averaged 2,257 points in the first half of 2021; representing a 229% growth from the average of 685 points in the first half of 2020. The Company will strive to achieve sustainable growth in its shipping business amid the volatility of the dry bulk shipping industry.

The Company will continue to navigate through the challenges ahead to create value for its shareholders.

5. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Company is evaluating various strategic moves to expand its business, ensure sustainable growth and create long-term shareholders' value. As such, the Board has resolved not to recommend payment of dividend for 1H 2021.

7. Interested Person Transactions

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

Name of interested person	Nature of relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		1H 2021 S\$'000	1H 2021 S\$'000
<u>Between Subsidiaries and:</u>			
China Seafarers Management Limited	Subsidiaries of Controlling Shareholders	-	1,121
Cosco Shanghai Manning Co., Ltd		-	323
Cosco (Qidong) Offshore Co., Ltd		-	1,049
Cosco (Shanghai) Shipyard Co., Ltd		-	383
Cosco Shipyard Group Company Ltd		-	926
Cosco (H.K.) Shipping Co., Ltd		-	1,511
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited		-	354
COSCO SHIPPING (South East Asia) Pte Ltd		-	324
Shanghai Ocean Shipping Company		-	106
Golden Land (26) Pte Ltd		-	378
Golden Land (27) Pte Ltd		-	203
Golden Logistics & Storage Sdn. Bhd.		-	527
Xing Yuan (Singapore) Pte Ltd		-	920
Total		-	8,125

8. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 30 June 2021 financial results to be false or misleading.

On behalf of the directors

Mr Zhu Jian Dong
Chairman and President

Mr Li Xi Bei
Director

12/8/2021