



**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Board of Directors (the “**Board**”) of COSCO SHIPPING International (Singapore) Co., Ltd. (the “**Company**”) and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s announcement on the unaudited financial results for the financial year ended 31 December 2019 released on 28 February 2020 (“**Results Announcement**”).

The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 5 March 2020 as follows:

**Query 1:**

- (a) With reference to the unaudited financial statements for the year ended 31 December 2019, please provide the breakdown of trade and other receivables (current) of \$40,856,000 and \$35,460,000 for the year ended 31 December 2018 and 31 December 2019 respectively.
- (b) Please provide an explanation for the increase in trade and other receivables (current) from \$35,460,000 for the year ended 31 December 2018 to \$40,856,000 for the year ended 31 December 2019;

**Company’s Response**

- (a) Breakdown of trade and other receivables (current)

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Trade receivables:		
- Non-related parties	30,170	26,798
- Fellow subsidiaries	3,584	3,305
	33,754	30,103
Less: Allowance for impairment of receivables		
- Non-related parties	(615)	(316)
Trade receivables – net	33,139	29,787
Other receivables:		
- Non-related parties	591	584
Staff advances	41	9
Deposits	4,832	2,103
Prepayments	2,253	2,977
Total	40,856	35,460

- (b) The increase in trade and other receivables (current) from \$35.5 million at the end of 2018 to \$40.9 million at the end of 2019 is mainly due to increase in trade receivables and deposits paid to suppliers. Trade receivables (net of allowance of impairment of

receivables) has increased by \$3.4 million mainly due to an increase in sales in the second half of FY 2019.

**Query 2:**

- (c) It is stated on page 4 of the announced financial results that, as at 31 December 2019, Investment properties and Property, plant and equipment included right-of-use assets of \$9,771,000 and \$71,092,000 respectively as a result of the adoption of SFRS(l) 16.

Please reconcile the abovementioned statement with page 5 of the announced financial results which states that, included in secured borrowings are current lease liabilities of \$20,683,000 and non-current lease liabilities of \$67,784,000 which are secured over the right-of-use assets classified within investment properties and property, plant and equipment of \$9,771,000 (31 December 2018: Nil) and \$88,848,000 (31 December 2018: \$16,671,000) respectively.

**Company's Response**

- (c) Reconciliation of Right-of-Use ("ROU") assets included in Investment Properties and Property, Plant and Equipment ("PPE")

	<b>Investment Properties \$'000</b>	<b>PPE \$'000</b>
Recognition of ROU assets pertaining to operating lease as a result of the adoption of SFRS(l) 16 (as stated on page 4 of the Results announcement)	<b>9,771</b>	<b>71,092</b>
Motor vehicles acquired under hire-purchase arrangement (finance lease) which has consistently been classified within PPE before 1 January 2019 and it is termed as ROU assets from 1 January 2019.	-	<b>17,756</b>
Total amount of ROU assets classified within Investment Properties and PPE which are secured for lease liabilities (as stated on page 5 of the Results announcement)	<b>9,771</b>	<b>88,848</b>

By Order of the Board  
**COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.**

Zhu Jian Dong  
 Chairman and President  
 6 March 2020