



COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196100159G)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "**Board**") of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") would like to thank Securities Investors Association (Singapore) ("**SIAS**") for the questions submitted to the Company in relation to its annual report for the financial year ended 31 December 2024.

The Appendix annexed herein sets out the Company's responses to the relevant questions received from SIAS.

The Board wishes to inform that the Company has not received any questions from shareholders in relation to the Company's annual report for the financial year ended 31 December 2024.

For and on behalf of the Board

Wang Shan He
Chairman and President
21 April 2025

APPENDIX

Question 1

Over the past five years, the group has recorded cumulative net losses of \$(38.7) million. Although profitable in four years during the period, the group delivered an average return on assets of 1.15% in the profitable years. However, a substantial net loss of \$(87.8) million in FY2022 significantly offset the positive earnings, resulting in negative cumulative profitability.

OTHER KEY STATISTICS	2020	2021	2022	2023	2024
Number of Shares (million)	2,239.2	2,239.2	2,239.2	2,239.2	2,239.2
Basic Earnings / (loss) per Share (cents)	0.4	1.3	(4.0)	0.08	0.2
Net Tangible Assets per Share (cents)	18.1	20.1	20.9	21.0	21.8
Net Assets Value per Share (cents)	23.9	25.6	21.8	21.8	22.2
Gearing Ratio (net of cash)(times)	0.5	0.4	0.5	0.4	0.4
Return on Equity (%)	1.6	5.4	(16.7)	0.4	1.1
Return on Assets (%)	0.8	2.9	(9.5)	0.2	0.7

(Source: company annual report)

Phase 1 of the Cogent Jurong Island Logistics Hub (CJILH) began operations in 2021. The group has since initiated Phase 2. It has also expanded into container repair services through a joint venture with Eastern (1961) Holding Pte. Ltd.

The company has articulated its vision to become the best-integrated shipping and logistics service provider in South and Southeast Asia.

- (i) Can management clearly articulate the group's business model and sources of competitive advantage? What structural challenges have constrained profitability, and how does the group plan to create long-term shareholder value?

Company's Response

The Company's operating model focuses on the continuous expansion of its integrated logistics business, strengthening synergy with various COSCO Shipping business units, developing upstream and downstream value-added services and enhancing end-to-end service capabilities to provide customers with one-stop logistics solutions.

In recent years, the Company successfully transitioned from shipbuilding and marine engineering into logistics, establishing a logistics network across Singapore, Malaysia, Vietnam and Indonesia. In Southeast Asia, the Company's controlling shareholder has a strong presence in container shipping, bulk cargo, oil and gas transportation as well as marine fuel trading, supply, storage and shipping services, all of which support potential synergy across the business units.

As a financing platform, the Company is well-positioned to raise funds to further strengthen its regional logistics network, integrate logistics and warehousing operations across the region, and improve resource efficiency and customer service capabilities.

The logistics market in Singapore and the broader Southeast Asia region is highly competitive, with intense price pressures due to market saturation. At the same time, logistics and supply chain infrastructure projects involve long development cycles, with significant time required between investment and returns. Furthermore, the synergy between the Company and other COSCO Shipping business units still have room for improvement.

The Phase 2 development of Jurong Island Logistics Hub has received approval from the relevant local authorities, and construction is scheduled to commence in May this year. Once completed, Cogent Jurong Island Logistics Hub will be the largest integrated logistics facility on Jurong Island, providing customers with enhanced one-stop services.

Additionally, the Company is also evaluating other logistics and supply chain infrastructure opportunities in Singapore and across the Southeast Asian region. Meanwhile, efforts are made to accelerate the restructuring and integration of the logistics business in Malaysia.

Through business restructuring and the construction of new logistics facilities, the Company aims to enhance revenue and profitability and in turn, generate greater value for the shareholders.

(ii) What guidance has the board set for the group's return on assets?

Company's Response

At the end of each year, the Company's management reviews the operational performance and proposes business targets for the following Financial Year. The proposed targets are then submitted to the Board of Directors for review and approval. Once approved, the targets are formally adopted.

For the year of 2024, the Company successfully achieved its set business targets.

(iii) How confident is the board in management's ability to execute its strategy and deliver returns above the group's cost of capital on a sustainable basis?

Company's Response

From 2005 to 2024, over a span of 20 years, the Company underwent several business restructurings, shifting its core business from ship and offshore marine repair and constructions to integrated logistics.

During this period, the Company achieved an average Return on Equity (ROE) of 4.74%. As such, over the long term, the Company remains confident in its ability to generate returns that exceed its cost of capital.

Separately, the company's three directors were all appointed to the board in 2023. They are Mr Lim Lee Meng, Mr Chen Seow Phun, John and Mr Hoon Tai Meng. The directors' profiles can be found on 58 and 59 of the annual report.

(iv) Can the independent directors help shareholders better understand if they collectively possess any domain expertise in shipping and logistics? How do they intend to provide entrepreneurial oversight, challenge management assumptions, and contribute to shaping effective long-term strategy?

Company's Response

The company's independent directors possess extensive and varied experience in audit, legal services, public service, financial planning and management, business and corporate planning and corporate governance. While they have not worked in the shipping and logistics industry, they nevertheless bring with them a wealth of experience and knowledge gained from exposure to a variety of industries to enable them to constructively counsel and challenge management and, importantly, to offer new and different perspectives to the executive directors and senior management (who possess domain knowledge in shipping and logistics).

Over the years, the Company has benefited from the advice and insights of its independent directors, and continues to do so. The Independent directors, non-independent directors and management will continue to work closely together, leveraging their respective expertise and experience to support the Company's long term sustainable growth.

Question 2

In August 2024, the company announced¹ a renounceable non-underwritten rights issue to raise ~\$273.2 million. This will fund:

- **phase 2 construction of Cogent Jurong Island Logistics Hub (CJILH)**
- **repayment of bank loans**
- **new investments into logistics and supply chain infrastructure**

The rights issue price was set at \$0.122 per rights share.

- (i) Can the board explain the delay in launching the rights issue, which was first announced eight months ago? What specific operational, regulatory, or market conditions contributed to the delay?**

Company's Response

Last August, the Company announced its rights issue plans. Under relevant Chinese laws and regulations, the controlling shareholder, China Ocean Shipping Co Ltd, is required to complete regulatory filing procedures with the relevant Chinese authorities before participating in the Rights Issue.

As of April this year, the controlling shareholder has completed the required filing. It is currently taking steps to obtain proof of financial resources, which is required in connection with its undertaking to subscribe for its entitlement as well as for any excess rights shares.

Once the controlling shareholder has confirmed that it has completed all the actions needed in relation to its undertaking and has provided the Company with the relevant documents, the Company will make an application to SGX in relation to the rights issue. Following SGX's approval, the Company will convene an Extraordinary General Meeting to seek shareholder approval before proceeding with the rights issue.

- (ii) In view of recent market volatility and the fact that the share price has fallen below the rights issue price, what contingency measure is the board considering to ensure the fundraising's success and protect shareholder value?**

Company's Response

When the Company announced the rights issue plan last year, the new shares were priced at S\$0.122 per share. Recently, due to market volatility, the Company's share price has fallen below the announced issue price.

During earlier discussions, the controlling shareholder has already indicated their intention to provide a letter of undertaking, committing to subscribe for 53.35% of the new shares, as well as all excess rights shares not taken up by the minority shareholders.

With the controlling shareholder fulfilling this requirement, the rights issue can be successfully completed, thereby ensuring the success of the rights issue.

¹

https://links.sgx.com/FileOpen/20240816%20-%20Cosco_Annnc%20Rights%20Issue_Final.ashx?App=Announcement&FileID=816084

- (iii) **Given the recent track record of low/negative returns on assets, how does the board ensure that investments create long-term value for all shareholders, including minority shareholders?**

Company's Response

In recent years, the Company's operations have been affected by adverse factors such as the pandemic, resulting in relative low returns on assets.

The Company will continue to push forward with the construction of the Jurong Island Logistics Hub Phase 2 project, striving to complete and put it into operation as soon as possible to maximize returns.

At the same time, the Company will continue to actively assess and invest in other logistics and supply chain infrastructure projects with the goal of creating long-term value for shareholders.

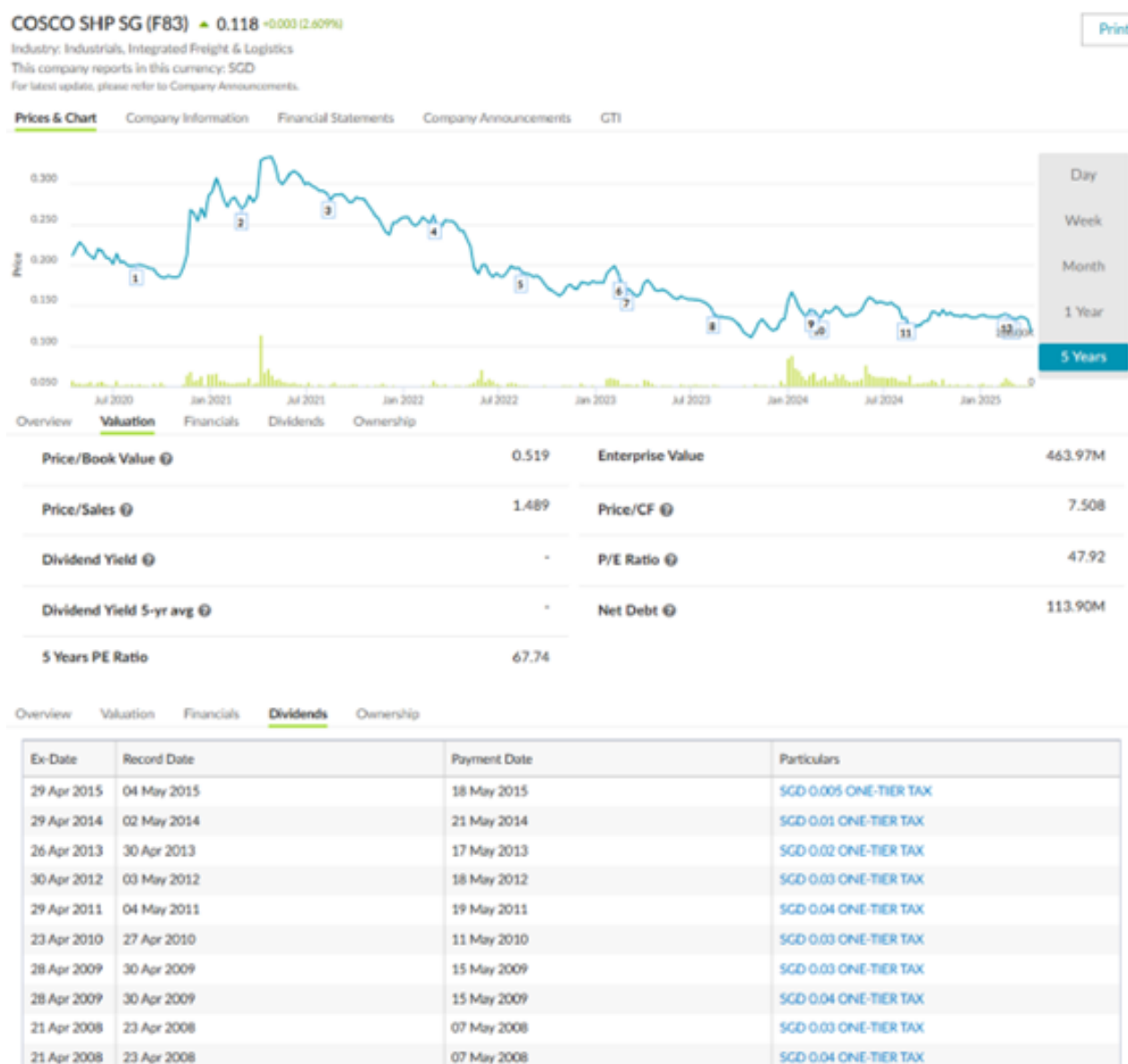
Question 3

According to SGX StockFacts, the company currently trades at a price-to-book value of ~0.5 times and has a total market capitalisation of \$257.5 million.

Stock exchanges and regulators worldwide, including Tokyo Stock Exchange (TSE) and Korea's Financial Services Commission (FSC), have been pushing for improved corporate valuations.

- **TSE now requires companies trading consistently below book value ($P/B < 1x$) to disclose policies and initiatives aimed at enhancing valuation.**
- **The Monetary Authority of Singapore (MAS) has formed a review group to strengthen the equity market, focusing on improving liquidity and fair valuation for listed companies.**

The Company last paid a dividend in 2015.



(Source: <https://investors.sgx.com/securities/stocks?security=F83>)

- (i) What has been the total shareholder return over the past 5, 8 (since the sale of the Chinese shipyard business and the acquisition of Cogent Holdings), and 15 years?

Company's Response

Over the past five years, the global economy and logistics supply chains have been negatively impacted by the pandemic and geopolitical instability. Against this backdrop, the Company recorded an average Return on Equity (ROE) of -1.64% over the last five years.

From 2017, when the company divested its shipyard assets, to 2018, completed the initial acquisition of Cogent and began its business transformation, the Company had achieved an average ROE of 5.03% over the past eight years.

Looking back over the longer term, the Company has an average ROE of 4.74% from 2005 to the present (over a span of 20 years).

- (ii) **How is the board, particularly the independent directors, addressing the company's persistent undervaluation? What strategic measures are being considered to improve capital efficiency and shareholder returns?**

Company's Response

The Company's existing business segments must continue enhancing operational efficiency and management practices to achieve steady growth in revenue and profit, and gradually restore investor confidence.

The Company will continue to consolidate and expand market share for business segments with strong competitive advantages, and ensure sustained investment in these areas to improve capital efficiency and deliver long-term shareholder returns. In this regard, the Company has embarked on the development of Jurong Island Logistics Hub Phase 2 to enhance its logistics capabilities and offerings, and will continue to identify and pursue new business opportunities to enhance the value of the Company.

In pursuing the above, all directors (both independent and non-independent) work closely together for the benefit of the Company and its shareholders.