



RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the “**Board**”) of COSCO SHIPPING International (Singapore) Co., Ltd. (the “**Company**”) refers to the Company’s announcement dated 29 February 2024, titled “Full Yearly Results” (the “**Announcement**”).

The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited on 20 March 2024 as follows:

Query

1. In respect of the Group’s non-current trade and other receivables amounting to S\$374,000, please disclose:-
- (i) the breakdown of the Group’s trade and other receivables (where applicable);
 - (ii) the nature of the non-current receivables; and
 - (iii) the Board’s assessment of the recoverability of the non-current trade and other receivables.

Company’s Response

- (i) A detailed breakdown of non-current trade and other receivables as at 31 December 2023 is as follows:

	31 December 2023
	\$’000
Retention sum	<u>374</u>

- (ii) The retention sum receivable is derived from a debtor – Mapletree Property Management Pte Ltd.
- (iii) The Board and management have evaluated the recovery risk associated with the retention sum receivable, taking into consideration past experiences and the creditworthiness of the debtor. Based on this assessment, the Board and management are of the opinion that the retention sum receivable is subject to immaterial credit loss. The assessment basis adheres to the principles outlined in Singapore Financial Reporting Standards (International) 9 - Financial Instruments (SFRS(I) 9).

Query

2. In respect of the Group’s current trade and other receivables amounting to S\$46,814,000, please disclose:-
- (i) breakdown of the Group’s trade and other receivables;
 - (ii) aging of the Group’s trade and other receivables;
 - (iii) details of the Group’s underlying transactions of its other receivables and the terms of the transactions;
 - (iv) the Group’s plans to recover the trade and other receivables; and
 - (v) the Board’s assessment of the recoverability of the trade and other receivables.

Company's Response

- (i) A detailed breakdown of the Group's current trade and other receivables as at 31 December 2023 is as follows:

	31 December 2023 \$'000
Trade receivables:	
- Non-related parties	36,000
- Fellow subsidiaries	4,024
	40,024
Less: Allowance for impairment of receivables	(1,113)
Trade receivables - net	38,911
Other receivables:	
- Non-related parties	1,245
- An associated company	9
	1,254
Advances paid to suppliers	1,526
Deposits paid	2,518
Prepayments	2,605
Total current trade and receivables	46,814

- (ii) The Group's current trade and other receivable aging summary as at 31 December 2023 is as follows:

	31 December 2023 \$'000
Current	35,227
Past due less than 3 months	8,158
Past due 3 to 6 months	2,252
Past due 6 months to 1 year	1,162
Past due more than 1 year	1,128
	47,927
Less: Allowance for impairment of receivables	(1,113)
Trade and other receivables - Current	46,814

- (iii) The details of the Group's underlying transactions of its other receivables and the terms of the transactions are set out below.

The other receivables amounting to \$1,254,000 mainly include the expenses paid on behalf of customers in connection with logistics services.

Advances paid to suppliers primarily involve upfront payments to logistics suppliers, such as government levies.

The deposits paid mainly include security deposits placed for utility services and the lease of premises.

Prepayments mainly include expenses paid in advance, such as insurance premium, road tax and other administrative expenses.

- (iv) Out of the Group's trade and other receivables as at 31 December 2023, \$35,227,000 is aged current and not past due and \$12,700,000 is past due and remain uncollected as at 31 December 2023.

The management has taken the following actions to ensure the collectability of the trade and other receivables:

- a) the management has continued to implement regular weekly receivable collection meetings to discuss and highlight any issues pertaining to receivable collections. Additionally, the management facilitates discussions on the next course of actions to address these issues effectively;
 - b) the management initiate follow-up communication with these debtors including sending reminders via emails, letters, or phone calls to remind the customers of overdue payments and prompt payment, among others;
 - c) if prompt payment is not received after follow-up communication has been initiated, formal letters of demand are sent to debtors requesting immediate payment and outlining consequences for non-payment, such as the commencement of legal action;
 - d) offer payment plans or instalment agreements to debtors who are unable to pay the full outstanding balance; and
 - e) as a last resort, the Group will pursue legal action against debtors who fail to respond to previous attempts at debt recovery. This may involve filing a lawsuit in court to obtain a judgment for the outstanding debt.
- (v) The Group performs impairment assessment of its trade and other receivables on their recoverability in accordance with SFRS(I) 9 - Financial Instruments. The assessment methodology takes into account the debtors' credit rating, past history of due repayments, past experience and other factors. In FY2023, the Group had an accumulated impairment allowance of \$1.11 million for trade receivables, representing an increase of 103.1% compared to FY2022. The provision ratio of impairment in general was 2.78%. Taking all factors into consideration, the Board is of the opinion that the current provision for impairment of trade receivables is at a reasonable level.

Query

3. Please disclose a breakdown of Group's trade and other payables amounting to S\$37,475,000 as at 31 Dec 2023 and S\$35,895,000 as at 31 Dec 2022. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response

- (i) A detailed breakdown of the Group's current trade and other payables as at 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023 \$'000	31 December 2022 \$'000
Current		
Trade payables:		
- Non-related parties	14,184	10,754
- Fellow subsidiaries	-	195
	14,184	10,949
Advances from non-related parties	983	1,557

	31 December 2023 \$'000	31 December 2022 \$'000
Non-trade payables:		
- Non-related parties	963	2,545
- Fellow subsidiaries	3,333	2,255
- Related parties	2	2
	4,298	4,802
Deposits received	6,611	7,439
Other accruals for operating expenses	11,174	10,372
Interest payable	225	776
Total current trade and other payables	37,475	35,895

- (ii) The Group's other payable aging summary and nature of the other payables as at 31 December 2023 is as follows:

	31 December 2023 \$'000
Current	23,094
Past due 6 months to 1 year	197
Total other payables	23,291

Non-trade payables primarily encompass the outstanding consideration for the newly acquired subsidiary, Golden Logistics & Storage Sdn Bhd. On 1 July 2023, the Group acquired 100% of the issued share capital of Golden Logistics & Storage Sdn. Bhd. ("GLS") from its related party, COSCO Shipping (South East Asia) Pte Ltd ("CSSEA"), for a total consideration of RM10,860,000 (equivalent to \$3,211,000). In respect of the Company's announcement dated 15 December 2023 in relation to the acquisition of GLS, payment of the consideration was to have been made within sixty (60) days from completion or such other period as may be mutually agreed upon between the parties, and not immediately upon completion. The parties have now agreed to extend the payment date of the outstanding consideration to a date falling on or before 30 June 2024.

Deposit received mainly includes the security deposit received from tenant of leased premises.

Other accruals for outside parties relate to payables to third parties for ongoing costs, including but not limited to payments to service providers for professional fees and operating expenses among others.

Query

4. With regard to page 33 of the unaudited financial statements for the year ended 31 December 2023 on interested parties' transactions, please disclose the nature of such interested parties' transactions (IPT) and the percentage of these interested parties' transactions compared against the net tangible asset value of the Group.

Company's Response

Name of interested person	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)	Nature of transaction
	FY 2023 \$'000	FY 2023 \$'000	
Cosco (Cayman) Mercury Co., Ltd		384	Repair of Vessel
Cosco (Qidong) Offshore Co., Ltd		1,660	Collection of Service fees
Cosco (Shanghai) Shipyard Co., Ltd		429	Collection of Service fees
Cosco Shipping Lines (Singapore) Pte Ltd		1,105	Railing Fee
Refined Success Limited.		10,639	Rental expense and port charges
Cosco (HK) Investment & Development Co., Ltd		1,384	Repair of Vessel
OOCL (Vietnam) Co., Ltd.		1,593	Lift on/Lift out service (LOLO)
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited		133	Insurance Expense
COSCO SHIPPING (South East Asia) Pte Ltd	3,211	471	Acquisition of a subsidiary and loan interest payment
COSCO SHIPPING BULK CO., LTD		5,090	Payment on behalf of Crew salary
Chimbusco International		4,629	Bunker Purchase
Petroleum (S) Pte Ltd		571	Port charges
SEA MARK MANAGEMENT, INC.		1,141	Repair of Vessel
Cosco Shipping Specialised Carriers (Southeast Asia) Pte. Ltd.			
QINGDAO OCEAN MARINE ENGINEERING CO.LTD		834	Dry docking services
中远海运船员管理有限公司		4,886	Payment on behalf of Crew salary
COSCO SHIPPING SPECIALIZED CARRIERS CO., LTD		110	Repair of Vessel
COSCO SHIPPING (SINGAPORE) PETROLUM PTE. LTD.		3,651	Bunker Purchase
Golden Logistics & Storage Sdn. Bhd.		979	Container Depot Management Service
			Container Yard service, trucking service and repair service
Cosco Shipping Lines Co., Ltd		407	
HAINAN HAISHENG SHIPPING CO.LTD		13,192	Vessel charter rental

Name of interested person	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)	Nature of transaction
	FY 2023 \$'000	FY 2023 \$'000	
Pan Cosmos Shipping & Enterprises Co. Ltd COSCO SHIPPING TECHNOLOGY CO., LTD.		566	Repair of Vessel
COSCO (CAYMAN) VENUS CO LTD		163	Software maintenance and upgrading fees
		54,299	Fixed Deposit placement
Total	3,211	108,316	

As of 31 December 2023, the total interested person transactions, which encompass transactions involving subsidiaries and associated companies, amounted to \$146,051,000. This figure represents approximately 31% of the net tangible asset value of the Group as of 31 December 2023.

Query

5. It is disclosed that, "Revenue from Property management decreased by 14% or \$2.0 million to \$12.5 million mainly due to reduction of occupancy rate at the Grandstand shopping mall, where the lease for the state land has expired on 31 December 2023." Please disclose the impact of the expiry of lease on the Company's operations moving forward, if any.

Company's Response

Revenue from Property management decreased by 14% or \$2.0 million to \$12.5 million mainly due to reduction of occupancy rate at The Grandstand shopping mall, where the lease for the state land has expired on 31 December 2023.

As a result of the lease at The Grandstand having expired on 31 December 2023, the Group's property management arm is undergoing re-structuring and focusing on the following new businesses tapping on its expertise in facility management and the automobile sector 1) Carpark Management, 2) OBU installation and 3) Superapp. In this segment, the Group currently focuses on the first phase of transformation after the lease at The Grandstand had expired on 31 December 2023 and its transition from a property management company to these new businesses.

1) Carpark Management

The Group will be venturing into carpark management services to further supplement its expertise in facility management. The Group will focus on public tenders under various statutory board and government agencies to build its vendor network and experience to tender and handle bigger projects. In addition, the Group will attempt to identify private carparks to venture into this new industry.

2) OBU Installation

The Land Transport Authority ("LTA") has announced that all eligible vehicles in Singapore will be required to replace their current In-Vehicle Unit (IU) system with the On-Board Unit ("OBU")

over the next 2 to 3 years. The Group has signed an agreement to be an OBU vendor under the STA Inspection which has been authorised by LTA for this project.

3) Superapp

The Group is currently developing the Superapp digital platform. The Superapp will be launched in three phases and will generate revenue from the membership fee, transaction fee and supply chain solutions for each individual order.

The Group will continue to explore potential business opportunities and make efforts to deliver better returns to its shareholders.

For and On Behalf of the Board

Zhu Jian Dong
Chairman and President
22 March 2024