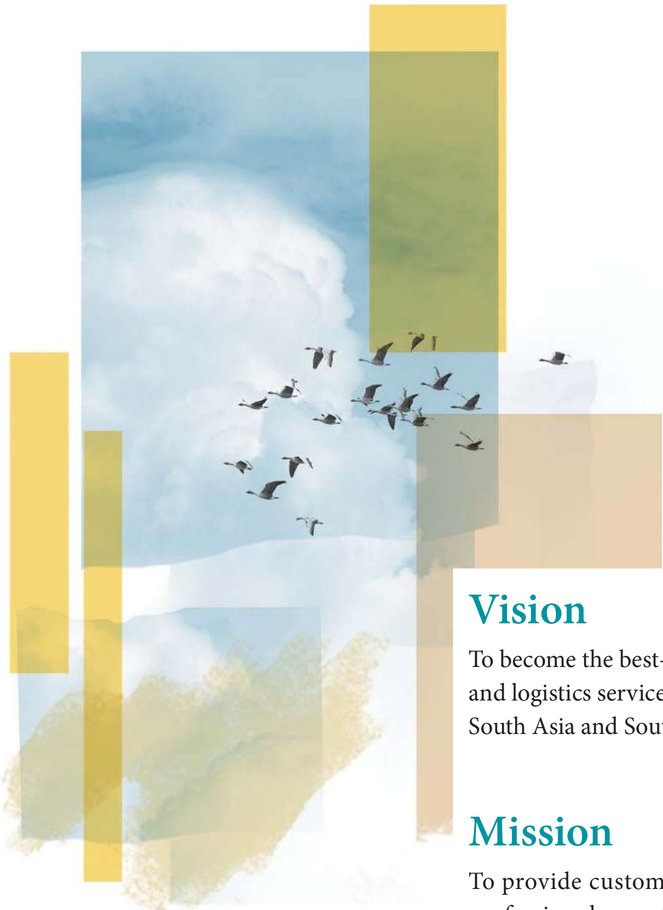
COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

ANNUAL REPORT 2022



Vision

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

Ms Chew Beng Pay
Assistant General Manager, Investor Relations

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

Contents

CORPORATE PROFILE

COSCO SHIPPING International (Singapore) Co., Ltd. (the "Company") and together with its subsidiaries (the "Group") aims to become one of the leading integrated logistics service providers having significant presence in South Asia and Southeast Asia. The Group also embarks in dry bulk shipping, ship repair and marine engineering, as well as property management.

Cogent Holdings Pte. Ltd. ("**Cogent**"), a wholly-owned subsidiary acquired in 2018, prides itself with 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, it's core businesses comprises of warehousing, container depot, automotive logistics, transportation, and property management in Singapore.

In line with the Company's expansion goals in establishing collaborative relationships amongst logistical operations within the region, Cogent, through its wholly-owned subsidiary, SH Cogent Logistics Pte Ltd, acquired 80% shares in four Malaysian based entities, i.e. Guper Integrated Logistics Sdn. Bhd., Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd. and East West Freight Services Sdn. Bhd. in 2020. Subsequently in 2022, Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd., and East West Freight Services Sdn. Bhd. became wholly-owned subsidiaries of SH Cogent Logistics Pte Ltd while its shareholdings in Guper Integrated Logistics Sdn. Bhd., was increased to 97.56%. This acquisition diversified the Company's logistics services in Malaysia, which now include container haulage, freight forwarding, forwarding agency services, container depot and warehousing businesses.

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 SINOVNL Company Limited (formerly known as TAN CANG-COSCO-OOCL Logistics Company Limited), a company incorporated in Vietnam providing storage and warehouse services, container station and depot service, maintenance and repair of equipment, and freight transport agency services.

COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd., an associated company, is involved in dry bulk shipping and is predominantly focused on voyage charter and time charter.

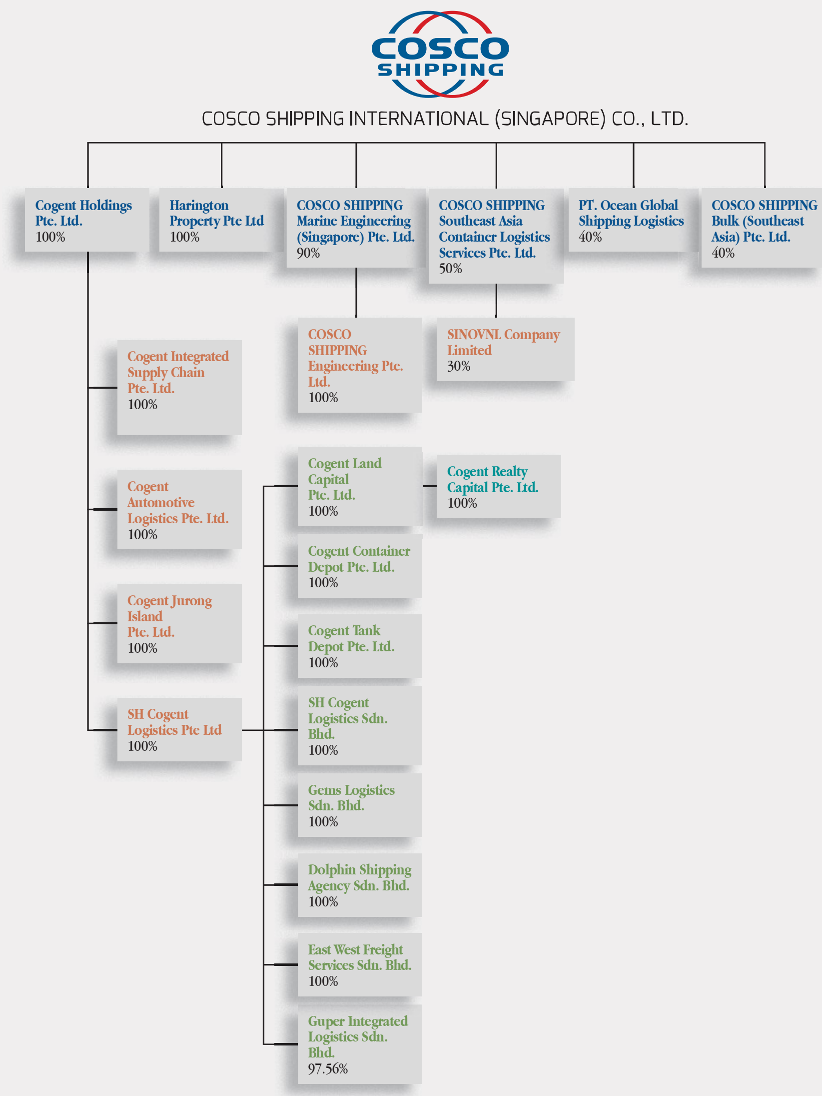
Through COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd., a subsidiary of the Company, the Company also engages in ship repair and marine engineering activities.

Under property management arm, 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.

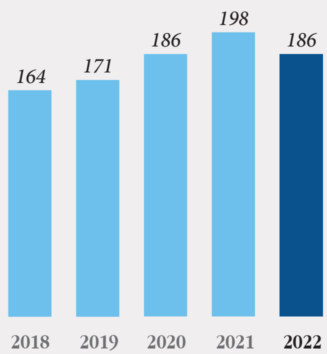
With a globalized, integrated container service network, our niche "door to door" supply chain solution will inevitably augment customers' global reach and generate business opportunities. The Company will actively expand its logistics networks through strategic acquisitions and investments as it continues 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**").

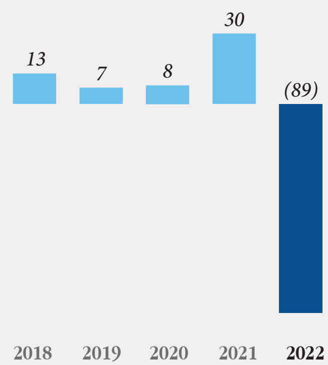
CORPORATE STRUCTURE



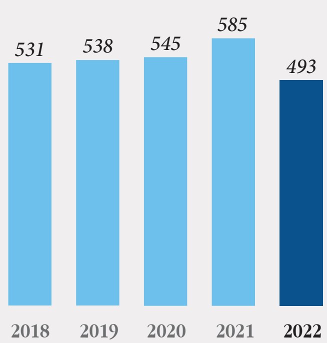
Revenue from Continuing Operations
($'million)



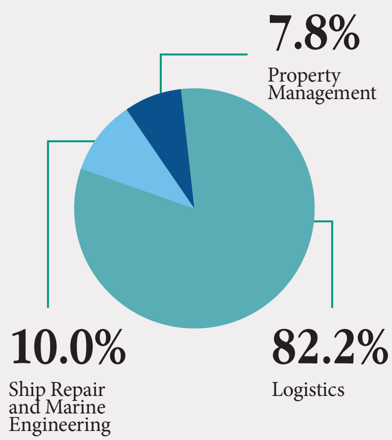
Net Profit / (Loss) Attributable to Equity Holders from Continuing Operations
($'million)



Net Assets
($'million)



Revenue by Activities (%)



2,239.2
Number of Shares (million)

(3.96)
Basic Loss per Share (cents)

20.9
Net Tangible Assets per Share (cents)

21.8
Net Assets Value per Share (cents)

0.5
Gearing Ratio
(Net of cash)(times)

(16.7)
Return on Equity (%)

(9.5)
Return on Assets (%)

5-YEAR PROFIT OR LOSS ACCOUNTS ($'million)	2018	2019	2020	2021	2022
Revenue	163.7	171.5	185.8	198.5	185.6
Total profit / (loss)	13.2	7.7	9.1	30.8	(87.8)
Profit / (Loss) attributable to equity holders of the Company	13.0	7.4	8.3	30.1	(88.6)

OTHER KEY STATISTICS	2018	2019	2020	2021	2022
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)	0.6	0.3	0.4	1.3	(4.0)
Net Tangible Assets per Share (cents)	17.6	18.1	18.1	20.1	20.9
Net Assets Value per Share (cents)	23.7	24.0	23.9	25.6	21.8
Gearing Ratio (net of cash)(times)	0.2	0.4	0.5	0.4	0.5
Return on Equity (%)	2.5	1.4	1.6	5.4	(16.7)
Return on Assets (%)	1.9	0.8	0.8	2.9	(9.5)

Enhancing Our Portfolio for Strategic Growth

We will remain focused on optimising our diversified portfolio through strategic investments and acquisitions, empowering us to balance profitability with business agility.

CHAIRMAN AND PRESIDENT'S STATEMENT

We will continue to create greater value for our shareholders and realize the long-term sustainable development of the Company.

Zhu Jian Dong
Chairman and President

Dear Shareholders,

The world economic growth inevitably witnessed a deceleration in 2022, under the pressures of elevated inflation, the Russia-Ukraine conflict and COVID-19 pandemic. As published in the World Economic Outlook in January 2023 by the International Monetary Fund, the global growth in 2022 is estimated at 3.4% compared with 5.9% in 2021.

As a matter of course, it was ineludible for the economic growth in Singapore to have endured similar impact in 2022. Singapore Ministry of Trade and Industry announced in a press release on 13 February 2023 that the Singapore economy expanded by 3.6 per cent, moderating from the 8.9 per cent growth in 2021.

Against such backdrop, the Group has recorded a revenue of $185.6 million in FY2022, a decrease of 6% compared to FY2021. The Group's financial results for FY2022 were affected by a non-cash impairment of goodwill in connection with the Group's investment in Cogent Holdings Pte. Ltd. (formerly known as Cogent Holdings Limited), which was acquired by the Group for $490 million in 2018. The Group recognised goodwill of $99 million arising from the aforesaid acquisition. In accordance with the Singapore Financial Reporting Standards (International), the management of the Company performed an annual impairment assessment on the goodwill and concluded that an impairment was required for FY2022.

The Group has recorded a net loss attributable to equity holders of $88.6 million in FY2022 as compared to a net profit of $30.1 million in FY2021. The net loss was mainly due to impairment of goodwill, lower profit margins, lower government grants and higher interest expenses, partly offset by an increase of profits of associated companies and increase in interest income. The Group's net asset value per share for FY2022 was 21.84 cents.

OPERATION OF THE GROUP

Despite onerous conditions, the overall operation of the Group in 2022 has demonstrated stability. In the logistics business, Cogent Holdings strived to increase revenue and control costs in 2022 through various channels in the face of reduced pandemic-related subsidies and increased costs of utilities, fuel and interest. Revenues from logistics activities increased by 5% to $152.6 million mainly due to higher contribution from transportation and warehousing. Cogent Holdings' various businesses in Singapore and Malaysia, including warehousing, trailers, depots, commercial centers and agency services, developed steadily. In the ship repair and survey business, the Company's subsidiary, COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd., capitalized on the favorable opportunity of the rebound of the Singapore regional market and strived to provide more and better value-added services to shipowners, achieving 48% surge in operating income. In the property management business, Grandstand Commercial Centre, managed by Cogent Holdings, has maintained a high occupancy rate, and Harington Property has successfully renewed its lease agreement for the office space in Suntec City, achieving a significant increase in rental margins.

In 2022, our associate company, COSCO SHIPPING Bulk (Southeast Asia) Pte Ltd, strived to overcome challenges in a bulk market where freight rates were lower than in 2021, and with the backing of both shareholders, managed to capture the high points of the market in signing charter parties and achieve earnings that exceeded the market average. Another partially owned associate company, PT Ocean Global Shipping Logistics, actively launched end-to-end business, set up a customs clearance team and built a complete service chain from customs clearance, warehousing, towing to distribution. These two associate companies also made positive contributions to the Company's efficiency in FY2022.

Cogent 1• Logistics Hub

MAJOR PROJECTS COMPLETED

Equity Acquisition in Malaysia

Pursuant to the completion of the first equity acquisition in 2020, Cogent Holdings concluded the second equity acquisition of four logistics companies in Malaysia in September 2022, resulting in Gems Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd., and East West Freight Services Sdn. Bhd. becoming wholly-owned subsidiaries of SH Cogent Logistics Pte Ltd while its shareholdings in Guper Integrated Logistics Sdn. Bhd., increased to 97.56%. This equity acquisition is conducive to Cogent Holdings to continue promote the restructuring and integration of its logistics business in Malaysia and to lay a better foundation for its future business development in Malaysia.

Construction of Jurong Island Chemical Logistics Facility

With regards to the Jurong Island Chemical Logistics Facility ("**JICLF**"), SH Cogent has fulfilled the required compliances set out in the letter of intent issued by the Singapore Economic Development Board ("**EDB**") for the first phase of the development of JICLF. The Group has thus submitted an application to EDB and JTC Corporation for the Direct Allocation of Industrial Land of an additional 2.5 hectares of approximately 62,500 square meters of corresponding built-in area to develop the second phase of the JICLF.

CHAIRMAN AND PRESIDENT'S STATEMENT

Cogent Jurong Island Logistics Hub (Phase 1)

Innovative Business Model and Integration of Business Structure

In 2022, Cogent Holdings strived to promote customized end-to-end supply chain solutions. With the combined efforts of all business units and the support of sister companies, a total of 11 new end-to-end full-service customers were added in Singapore and Malaysia. The management of Cogent Holdings has integrated and optimized the internal structure of the company and consolidated the customer service work of independently operated land transportation, warehousing, and container depot segments to further optimize the management and enhance the scale effect.

Completion of New Plant Construction Project

After continuous efforts, the new plant and office building construction project of COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd. was completed at the end of 2022 and has obtained the temporary occupation permit from relevant authorities to commence production.

FUTURE ECONOMIC OUTLOOK

According to the World Economic Outlook report released by the International Monetary Fund in January 2023, global economic growth is expected to decline to 2.9% in 2023 from 3.4% in 2022. The main reasons for the slowdown in global economic growth are that inflation remains high, the resurgence of the Covid-19 pandemic remains a risk and geopolitical instability. Economic trends in the world's major economies are expected to continue to diverge in 2023.

According to the Asian Development Bank's Asian Development Outlook Supplement report released in December 2022, economic growth in Southeast Asia is expected to be around 4.7% in 2023 due to a lack of global demand. Intra-regional trade volumes in Southeast Asia have continued to grow since the Regional Comprehensive Economic Partnership Agreement came into effect in January 2022. It is expected that industries from China and other regions will continue to move to Southeast Asia in 2023, and Southeast Asian countries will continue to benefit from this trend.

FUTURE BUSINESS OUTLOOK

Development Goals and Directions

The Company's vision for growth is to become the best integrated logistics services company in the South and Southeast Asia region. Through its Cogent business platform, the Company is evaluating potential acquisition and investment opportunities. In addition to the existing logistics network in Singapore and Malaysia, the Company is studying the construction or acquisition of additional logistics infrastructure such as warehouses, trailer fleets and depots in Malaysia, Thailand and other parts of Southeast Asia to lay a better foundation for the Company's future growth.

Digital Supply Chain Project

In recent years, with the development of the digital economy and the emergence of new modes of e-commerce, the traditional supply chain is gradually transforming into digital supply chain. COSCO SHIPPING Holdings Co., Ltd. is well versed and has vast expertise in the construction of digital supply chain. In March 2023, the Company and Supply Fortune Limited, a subsidiary of COSCO SHIPPING Holdings Co., Ltd., signed a joint venture agreement, in which both parties are to set up a joint venture company in Singapore to, inter alia, invest in the construction of supply chain infrastructure in the Southeast Asia region. Upon the establishment of the joint venture, the logistics business unit of the Company will have the advantage of being backed by the resources of COSCO SHIPPING Holdings Co., Ltd to further develop the supply chain market in Southeast Asia and increase the proportion of end-to-end business in the region. The establishment of the joint venture company aims to provide customers with more diversified supply chain products and solutions, and enhance COSCO SHIPPING International Singapore's salient role in logistics infrastructure resources and operation management in the Southeast Asia region, opening up a broader ambit for the Company's future business development.

Other Business Units

In the new year, COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd. aspires to seek opportunities in the completion of new plants and office buildings and strive to develop new businesses. The real estate business will seek to seize on favorable conditions from any market rebound and pursue improved revenue.

As for our associate companies, COSCO SHIPPING Bulk (Southeast Asia) Pte Ltd, with the support of COSCO SHIPPING Bulk Co. Ltd, will continue its efforts to sign charter parties at favourable market rates. PT Ocean Global Shipping Logistics will strive to continue providing quality services in depot renovation and end-to-end business.

Cogent Holdings' General Goods Warehouse

Dear shareholders, in 2023, COSCO SHIPPING International Singapore endeavours to work hard to drive the sustainable development of the businesses. In terms of digital transformation, the digitalization of Cogent Holdings has taken shape and the initial construction of an integrated information platform has made progress. The Company will continue to push forward with its digital transformation efforts and strive to achieve greater progress. At the same time, the Company also wants to achieve green and low-carbon sustainable development through continuous energy saving and emission reduction and will continue to make efforts in this regard.

In conclusion, I would like to thank all employees for their immense contributions to the Company in the past year. I would also like to thank the Shareholders and all parties concerned for their long-term support to the Company. We will continue to work hard to achieve better operating results in the new year, create greater value for our Shareholders and realize the long-term sustainable development of the Company.

Zhu Jian Dong
Chairman and President

Preserving Our Future and Safeguarding Its Potential

We will take sustainability in our stride as we mindfully integrate it into our operations and growth strategies, in order to continue to create and enhance value for our shareholders.

OPERATIONS REVIEW

Prime Mover from Cogent Holdings' Transportation Fleet

Life Boat Inspection

Logistics

In 2022, the Group continued establishing synergistic relationships amongst its logistical operations across Singapore, Malaysia, Indonesia, Vietnam and with its parent company's businesses and resources. The Group's logistics business mainly operates in Singapore and Malaysia and are carried out under Cogent Holdings Pte. Ltd. ("**Cogent**").

Cogent's key logistics businesses in Singapore comprises of warehousing, container depot, automotive logistics and transportation. In 2022, whilst demand for diversified services escalated, Cogent in Singapore increased efforts to provide door to door supply chain solutions which resulted in successfully attracting new clients. In addition, Cogent has also integrated client services in transportation, warehousing and container depot businesses, merged departments handling maintenance, repairing and safety management, so as to optimize management and create scale effect.

The key businesses in Malaysia include container haulage, freight forwarding, forwarding agency services, container depot and warehousing businesses. As announced by Bank Negara Malaysia, the Malaysia's central bank, the Malaysian economy expanded by 8.7% in 2022. To better serve increased economic activities, Cogent's logistics businesses in Malaysia are striving to improve services to better meet demand of clients.

Dry Bulk Shipping

As an associated company, COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. ("**COSCO SHIPPING Bulk SEA**") has three Supramax vessels with a total tonnage of 163,000 tonnes and an average age of 17 years as of 31 December 2022. The Baltic Dry Index ("**BDI**") started the year at 2,285 points and ended 2022 at 1,515 points, averaging 1,934 points for the entire year, lower than the average of 2,943 points in 2021. Facing market difficulties, COSCO SHIPPING Bulk SEA has been laborious in expanding its customer base. With the support from COSCO SHIPPING Bulk Co. Ltd., COSCO SHIPPING Bulk SEA has successfully signed shipping contracts with clients at higher charter rates than the market average.

Ship Repair and Marine Engineering

COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd., a subsidiary of 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 Group's ship repair network was

OPERATIONS REVIEW

Fire Fighting System Inspection

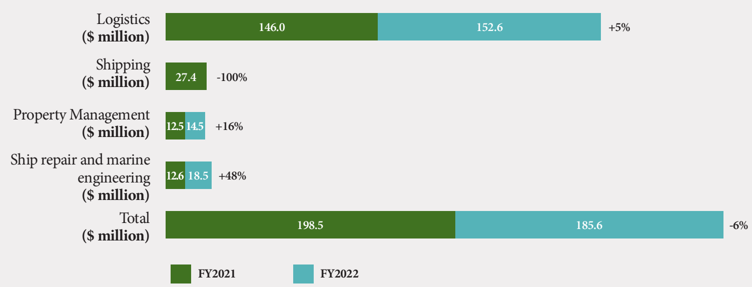
originally concentrated in Singapore, Malaysia and Indonesia, the Company now has expanded its business to Philippines, Vietnam, Thailand, Sri Lanka, India and Bangladesh. In 2022, it had obtained the Certificate of DNV Class Society on Fire Extinguishing Systems Inspection/ Maintenance. The Company has completed internal and external audits of DNV ISO9001, 14001 and 45001 management systems, and revised system documents related to business, procurement and financial management. In addition, the Company has started to provide ship special survey services in Singapore anchorage.

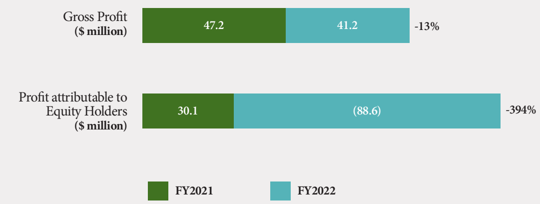
Property Management

Cogent manages the Grandstand, a 1 million square foot state property and one of the largest shopping and lifestyle hubs in Singapore through its subsidiary, Cogent Land Capital Pte. Ltd. The property maintains a high occupancy rate of approximately 90% despite the final extension granted by Singapore Land Authority up to 31 December 2023. Under the Group's property management arm, the Group also owns office units in Suntec City, operated under the Company's wholly-owned subsidiary, Harington Property Pte. Ltd. The office units are currently rented out to a tenant.

Reception & common area of tenanted office at Suntec Tower Two

OPERATIONS AND FINANCIAL REVIEW
FINANCIAL REVIEW





Sales

Group revenue for FY 2022 totalled $185.6 million, 6% lower than FY 2021. Excluding revenue from Shipping, Group revenue was about 9% or $14.6 million higher in FY 2022 as compared to FY 2021 mainly due to increase in revenue from Logistics, Property Management, Ship Repair and Marine Engineering segments.

Logistics activities accounted for about 82% of the Group's revenue in FY 2022. Revenue from logistics activities increased by 5% to $152.6 million mainly due to higher revenue contribution from transportation and warehousing resulting from higher volume of business activities from key customers; partially offset by lower revenue from automotive logistics resulting from lower volume of new vehicles storage.

Revenue from property management increased by 16% or $2.0 million to $14.5 million mainly due to average higher occupancy for the Group's retail properties in FY 2022 and lower revenue in FY 2021 resulted from rental waiver of $1.7 million granted to tenants under the Government Rental Relief Framework. No rental waiver granted to tenants in FY 2022.

The increase in revenue from Ship repair and marine engineering was driven by an increase in volume of ship repair jobs in Singapore and more marine engineering fabrication jobs due to improvement in offshore marine engineering sector.

Costs and Profitability

Cost of sales decreased by 5% in FY 2022 mainly due to the deconsolidation of the costs of sales of the disposed Shipping subsidiary.

Gross profit was 13% lower in FY 2022 as compared to FY 2021 mainly due to lower margins as a result of higher operational costs and the deconsolidation of the disposed Shipping subsidiary.

The decrease in other income was mainly due to lower government grants under the Government Rental Relief Framework and various support measures in relation to the COVID-19 pandemic, partly offset by an increase in interest income. Interest income increased by 865% in FY 2022 mainly due to increase in interest rates for bank deposits and cash at bank.

Other gains and losses in FY 2022 was lower than FY 2021 mainly due to the gain on disposal of a subsidiary in FY 2021.

Distribution expenses decreased by 2% mainly due to lower marketing cost. Administrative expenses increased by 353% mainly due to the impairment of goodwill, offset by the deconsolidation of the administrative expenses of the disposed Shipping subsidiary.

Finance costs increased by 37% to $10.2 million mainly due to higher borrowing costs resulting from increase in interest rates.

Share of profit of associated companies of $7.5 million was contributed by the Group's 40% shareholdings in COSCO SHIPPING Bulk SEA , 40% shareholdings PT. Ocean Global Shipping Logistics and the 30% shareholdings in SINOVNL Company Limited. The increase in share of profit of associated companies was mainly due to the equity accounting for the Group's remaining 40% shareholdings in COSCO SHIPPING Bulk SEA in FY 2022, following the disposal of the Group's 60% shareholdings in end December 2021.

Income tax expense decreased by 13% to $3.2 million mainly due to lower profits in FY2022.

Overall, net loss attributable to equity holders was $88.6 million in FY 2022 as compared to net profit of $30.1 million in FY 2021. The net loss was mainly due to impairmment of goodwill, lower profit margins, lower government grants and higher interest expense, partly offset by an increase in share of profits of associated companies and increase in interest income.

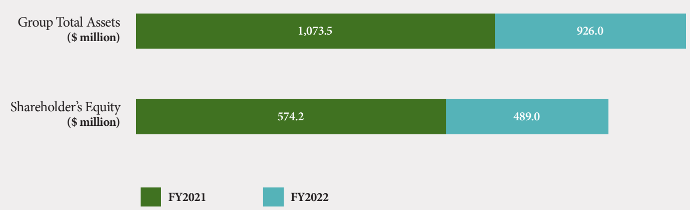
Balance Sheet

(31 December 2022 vs 31 December 2021)

Cash and cash equivalents decreased from $108.0 million to $106.7 million mainly due to net cash provided by operating activities, offset by the repayment of borrowings and interest payments and acquisition of non-controlling interests in subsidiaries. Please refer to Consolidated Statement of Cash Flow on page 163 for more details.

Trade and other receivables decreased by $8.4 million to $45.0 million (31 December 2021: $53.4 million). The decrease in trade and other

FINANCIAL REVIEW



receivables was mainly due to receipt of dividend receivable of $7.4 million from an associated company in FY 2022.

Property, plant and equipment decreased by $26.3 million to $669.9 million mainly due to depreciation expense recognised in FY 2022.

Trade and other payables decreased by $25.1 million to $36.2 million mainly due to the repayment of non-trade payables.

Total borrowings decreased by $29.3 million to $328.9 million mainly due to the repayment of bank borrowings and lease liabilities.

Shareholder's equity decreased by $85.1 million to $489.0 million mainly due to loss arising from impairment of goodwill in FY 2022.

Cash Flow

Net cash provided by operating activities for FY 2022 was $48.9 million. This was mainly due to operating profits generated during the financial year. Please refer to Consolidated Statement of Cash Flow on page 163 for more details.

Net cash used in investing activities for FY 2022 was $6.5 million. This was mainly due to dividends received from associated companies, partly offset by the payments for property, plant and equipment.

Net cash used in financing activities for FY 2022 was $43.0 million. This was mainly due to the repayment of borrowings and interest payments and acquisition of non-controlling interests in subsidiaries.

SUMMARISED CASH FLOWS ($'MILLION)	2021	**2022**
Net cash provided by operating activities	58.5	48.9
Net cash used in investing activities	(2.8)	(6.5)
Net cash used in financing activities	(24.0)	(43.0)
Net increase/(decrease) in cash and cash equivalents	31.7	(0.6)

CORPORATE GOVERNANCE

COSCO SHIPPING International (Singapore) Co., Ltd. (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 ("**Board**"), guided by the Singapore Code of Corporate Governance 2018 ("**Code**") issued by the Monetary Authority of Singapore and the disclosure guide developed by the Singapore Securities Trading Limited ("**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.

The Board confirms that, for FY2022, the Company has generally 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 the 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's 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.

The directors of the Company ("**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, and holds Management accountable for the performance of the Group including the achievement of financial and non-financial targets relating to inter alia revenue, profit, cashflow, risk management, internal controls and human resource. It also sets the tone-from-the-top 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 a matter, must promptly declare his interest at a meeting of Directors or send a written notice to the Company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the Company in accordance with the provisions of the Companies Act 1967 ("**Act**") and recuses himself from discussions and decisions on the matter involving the issue of conflicts.

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.

CORPORATE GOVERNANCE AND TRANSPARENCY

CORPORATE GOVERNANCE

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 ("**SID**") or other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties and responsibilities. Mr Guo Huawei was appointed onto the Board during the financial year under review and he has undergone the relevant mandatory trainings on his roles and responsibilities as a director of a listed company on the SGX-ST.

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 ("**ARMC**") and Management on the new or revised financial reporting standards on an annual basis.

The details of training programs attended by the Directors collectively in 2022 include the following:

- In-Board Corporate Governance Training for Board Members and Senior Management of SGX Listed Companies conducted by RSM Singapore;
- Listed Entity Directors - Environmental, Social and Governance Essentials conducted by SID; and
- Annual Audit and Risk Committee Seminar 2023 conducted by SID.

Provision 1.3

The Company has adopted internal guidelines setting forth matters which are reserved for the Board's decision. These matters include, 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;

- 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 option scheme);
- the approval of risk management policy for the Group;
- 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;
- the appointment or removal of director from the Board (with recommendation made by the Nominating Committee) and the appointment or removal of the Company Secretary;
- the making of any 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.

CORPORATE GOVERNANCE AND TRANSPARENCY
CORPORATE GOVERNANCE

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.

The present Board Committees members are as follows:

Directors	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee	Strategic Development Committee
Zhu Jian Dong	N.A.	Member	N.A.	Chairman
Guo Hua Wei	N.A.	N.A.	N.A.	Member
Ang Swee Tian	Chairman	Member	Member	Member
Wang Kai Yuen	Member	Chairman	Member	Member
Er Kwong Wah	Member	Member	Chairman	Member

Provision 1.5

During the financial year, the Board held four (4) 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 for FY2022 is set out in the table below:

	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee	Strategic Development Committee
Number of meetings held	**4**	**4**	**1**	**1**	**1**
Attendance:					
Zhu Jian Dong	4	4*	1	1*	1
Li Xi Bei[(1)]	1	1*	NA	NA	NA
Guo Hua Wei[(2)]	1	1*	NA	NA	1
Ang Swee Tian	4	4	1	1	1
Wang Kai Yuen	4	4	1	1	1
Er Kwong Wah	4	4	1	1	1

** By Invitation*
NA - Not Applicable

Notes:

(1) Li Xi Bei resigned as Non-Independent Executive Director on 27 July 2022.
(2) Guo Hua Wei was appointed as Non-Independent Non-Executive Director on 14 September 2022.

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 their 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 is circulated to the Directors as and when they arise.

For effective planning, the schedule of all Board and Board Committees meetings for the next calendar year is always planned in advance. A special Board meeting will be conducted for a special project whenever it is required. The Company's Constitution 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 working 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.

Provision 1.7

All Board members have separate and independent access to the advice and services of the Company Secretaries. The Company Secretaries attended all Board and Board Committees meetings during the financial year. They are responsible for ensuring that Board procedures are followed and that applicable rules and regulations such as the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Companies Act 1967, the Securities and Futures Act 2001 and the Constitution of the Company and all governance matters are complied with. The appointment and the removal of the Company Secretary is a decision of the Board as a whole.

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
Guo Hua Wei	Non-Independent Non-Executive Director
Ang Swee Tian	Lead Independent Non-Executive Director
Wang Kai Yuen	Independent Non-Executive Director
Er Kwong Wah	Independent Non-Executive Director

The Directors' profiles are set out on pages 68 to 69 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. 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.

The Independent Directors do not fall under the circumstances of Rule 210(5)(d) of the Listing Manual as (a) they are not employed or have been employed by the Company or any of its related corporations in the current or any of the past three financial years; and (b) they do not have immediate family members who is employed, or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is determined by the Remuneration Committee of the Company.

In addition, neither the Independent Directors nor their immediate family members, in the current or immediate past financial year, provided or received from the Company or its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) for payments aggregated in excess of $50,000 other than compensation for board service. Neither the Independent Directors nor their immediate family members, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) in excess of $200,000.

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

Provision 2.2 and 2.3

The Board currently comprises five (5) Directors, three (3) of whom are Independent Non-Executive 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.

The non-executive Directors constructively challenge and assist in the development of business strategies and assist the Board in reviewing the performance of the Management in meeting goals and objectives and monitoring the reporting of performance.

Provision 2.4

The composition of the Board is reviewed on an annual basis by the NC 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 experience, industry knowledge, strategic planning and customer-based experience and knowledge.

The Board has examined its and the 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 and the need to avoid undue disruptions from changes to the composition of the Board and the Board Committee. 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 possesses 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.

BOARD DIVERSITY POLICY

The Board adopted a Board Diversity Policy which sets out the approach to diversify the appointment of members and composition of the Board. The main objective of the policy is to have the appropriate balance and mix of skills, professional experience, knowledge, educational background and other aspects of diversity (i.e. gender, age and nationalities) that foster constructive debate and ensure the effectiveness of the Board and its Committees in the pursuit of its strategic and business objectives, and its sustainable development.

Under the policy, the Nominating Committee ("**NC**") is responsible for recommending to the Board the relevant practices to promote and achieve diversity on the Board. Each year, NC reviews the size and composition of the Board and Board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. The progress in achieving these objectives is periodically assessed.

The Board recognises the importance and value of gender diversity in the composition of the Board. When making recommendations to the Board for the appointment of a director, the NC will strive to ensure that:

- female candidates are included for consideration;
- the requirement to present female candidates will be made known where external research consultants are used; and
- there is appropriate female representation on the Board, recognising that the Board's needs will change over time taking into account the skills and experience on the Board.

The Board will continuously assess the existing attributes and core competencies of the Board to ensure Board balance and diversity with a view to enhance the efficacy of the Board and the strategic direction of the Group.

CORPORATE GOVERNANCE AND TRANSPARENCY

CORPORATE GOVERNANCE

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 Director
Guo Hua Wei	Non-Independent Non-Executive Director
Ang Swee Tian	Lead Independent Non-Executive Director
Wang Kai Yuen	Independent Non-Executive Director
Er Kwong Wah	Independent Non-Executive Director

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.

CORPORATE GOVERNANCE AND TRANSPARENCY
CORPORATE GOVERNANCE

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 the 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 Independent Non-Executive 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 and 3.3

The Board establishes and sets out in writing the division of responsibilities between the Chairman of the Board and the President of the Company.

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.

In view that Mr Zhu Jian Dong is both the Executive Chairman and President of the Company, the Independent Non-Executive Directors make up majority of the Board and the ARMC, Remuneration Committee and Nominating Committee are chaired by Independent Directors. The Board has a Lead Independent Director to provide leadership in situations where the Executive Chairman is conflicted. The Lead Independent Director also provides feedback to the Executive Chairman after meetings of 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:

- that 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 Management and the Board and the facilitation of effective contribution from the Non-Executive and Independent Directors; and
- that 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 set 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 Committees 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)	Independent Non-Executive Director
Zhu Jian Dong	Non-Independent Executive Director
Ang Swee Tian	Lead Independent Non-Executive Director
Er Kwong Wah	Independent Non-Executive Director

The NC meets at least once a year. During the financial year, the NC held one (1) meeting 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. The Board and the NC will also take into account whether the candidate had previously served on the board of a company with an adverse track record or with a history of irregularities, whether such company is or was under investigation by regulators and seek clarity on the candidate's involvement therein and whether the candidate's resignation from the board of any such company casts any doubt on his qualification and ability to act as the director of the Company. 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.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

In accordance with the provisions of the Constitution, one-third of the Directors retire 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.

CORPORATE GOVERNANCE AND TRANSPARENCY

CORPORATE GOVERNANCE

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 Director	19.09.2019	25.06.2020
Guo Hua Wei	Non-Independent Non-Executive Director	14.09.2022	N.A.
Ang Swee Tian	Lead Independent Non-Executive Director	13.11.2007	29.04.2022
Wang Kai Yuen	Independent Non-Executive Director	02.05.2001	29.04.2021
Er Kwong Wah	Independent Non-Executive Director	20.12.2002	29.04.2021

N.A. - 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:

a) Zhu Jian Dong, and
b) Guo Hua Wei.

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 resolution are stipulated in the Notice of AGM.

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 addition to the above, each independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code.

The NC has conducted rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as Directors of the Company with utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders and found no evidence to indicate that the length of service has in any way affected their respective independence.

The Independent Directors have also contributed significantly to the discussion on matters before the Board, which include matters relating to strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarifications as they deemed necessary including direct access to the Management and objectively scrutinised the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry and offered valuable advice. Accordingly, the NC, with the concurrence of the Board, is satisfied that all the Independent Directors have remained independent in their judgement and can continue to discharge their duties objectively.

Based on the above, the NC, with the concurrence of the Board, is satisfied that all the Independent Directors, namely Mr Ang Swee Tian, Mr Er Kwong Wah and Dr Wang Kai Yuen have remained independent in their judgement and can continue to discharge their duties objectively.

On 11 January 2023, Singapore Exchange Regulation ("**SGX RegCo**") announced Listing Rule changes to limit to nine years the tenure of independent directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving independent directors who have served for more than nine years. The two-tier vote was removed on 11 January 2023. As transition, independent directors whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meetings held for the financial year ending on or after 31 December 2023.

The Company has started taking active steps on the orderly replacement of its independent directors to meet the new Listing Rule requirement and will update Shareholders in due course.

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
Guo Hua Wei	Nil
Ang Swee Tian	• Zheneng JinJiang Environment Holding Company Limited (Non-Executive Lead Independent Director) • iWOW Technology Limited (Non-Executive Independent Director)
Wang Kai Yuen	• A-Sonic Aerospace Limited (Non-Executive Independent Director) • Hong Lai Huat Group Limited (Chairman and Non-Executive Independent Director) • Emas Offshore Limited (Non-Executive Independent Director)
Er Kwong Wah	• Luxking Group Holdings Limited (Non-Executive Independent Director)

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

The Board regularly reviews the performance of the Management in meeting agreed goals and monitors the reporting of performance.

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)	Independent Non-Executive Director
Ang Swee Tian	Lead Independent Non-Executive Director
Wang Kai Yuen	Independent Non-Executive Director

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 Executive Directors 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 FY2022. The RC has full authority to engage external professionals 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.

In reviewing the remuneration packages of the Executive Directors, the RC considers 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 of 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 indicators to link with the 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

The Independent Non-Executive Directors are entitled to a basic fee for their responsibilities as Directors and servicing Board Committees. The level of fees is reviewed for reasonableness taking into account the size of the Company, level of contribution and the additional duties and responsibilities of the Directors. The fees to the Independent Non-Executive Directors are put forward to shareholders for approval on an annual basis at the Company's AGM.

The Board concurred with the RC that the proposed Directors' fees of $184,000 for the financial year ended 31 December 2022 payable to the Independent Non-Executive Directors are appropriate taking into consideration the level of contributions by the Directors and factor such as effort and time spent on various committees as well as responsibilities and obligations of the Directors.

CORPORATE GOVERNANCE AND TRANSPARENCY
CORPORATE GOVERNANCE

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

Given the competitive environment that the Company is operating in and the confidentiality of remuneration matters, the Company will not disclose the exact amount and breakdown of each individual Director and key management personnel, as the Company believes that such disclosure may be prejudicial to its business interests. The Company believes that disclosing individual Director's and key management personnel's remuneration in bands of $250,000 and breakdown in percentage terms strikes a good balance between detailed disclosure and confidentiality. The Company believes that disclosing the respective and aggregate remuneration of the Directors and key management personnel in bands no wider than $250,000 provides a sufficient overview of the remuneration of Directors and key management personnel.

The remuneration (in percentage terms and in bands no wider than $250,000) of the Directors and the top three (3) key management personnel for the financial year ended 31 December 2022 are as follows:

Remuneration Bands	Directors' Fees (%)	Base/Fixed Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Directors					
$750,000 to $1,000,000					
Zhu Jian Dong	–	28	38	34	100
Li Xi Bei[(1)]	–	17	40	43	100
Guo Hua Wei[(2)]	–	–	–	–	–
Up to $250,000					
Wang Kai Yuen	100	–	–	–	100
Er Kwong Wah	100	–	–	–	100
Ang Swee Tian	100	–	–	–	100

Remuneration Bands	Directors' Fees (%)	Base/Fixed Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Key Management					
$500,000 to $750,000					
Wang Kang Tian[3]	–	25	39	36	100
$250,000 to $500,000					
Wang Hui	–	38	18	44	100
Up to $250,000					
Lan Chun Hai[4]	–	65	–	35	100

Notes:

(1) Li Xi Bei ceased to be a Non-Independent Executive Director on 27 July 2022.

(2) Guo Hua Wei was appointed as a Non-Independent Non-Executive Director on 14 September 2022. His remuneration was paid by COSCO SHIPPING (South East Asia) Pte. Ltd., a Group related entity.

(3) Wang Kang Tian ceased to be the Chief Financial Officer and Chief Risk Officer on 22 December 2022.

(4) Lan Chun Hai was appointed as an Executive Vice President on 2 September 2022.

During the year under review, the total remuneration paid to the key management personnel (who are not Directors or CEO) of the Company for the financial year ended 31 December 2022 is approximately $1,260,000.

While the Company's practice in relation to the disclosure of Directors' remuneration in bands of $250,000 varies from Provision 8.1 of the Code which requires companies to disclose the specific quantum of the remuneration of each individual Director, 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 also of the view that the disclosure of the indicative range of the Directors and key management personnel remuneration in bands of $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 the key management personnel.

Notwithstanding the abovementioned deviation, the Company is of the view that such practice does not compromise its ability to be consistent with the intent of Principle 8 of the Code. The policies and practices adopted by the Company in arriving at the remuneration packages of Executive Directors and key management personnel, including disclosure on the breakdown of the components of their remuneration (which includes fixed (salary) and variable (bonus) components), the assessment process, key performance indicators, industry practice and norms in compensation and the correlation between remuneration, performance and value creation, not only as part of the Company's compliance with Principle 8 of the Code but also in respect of Principle 6 and Principle 7 of the Code.

In light of the foregoing, the Company believes that the level of information that has been disclosed in the Annual Report is consistent with the intent of Principle 8 of the Code and provides for sufficient transparency on the Company's remuneration policies commensurate with the remuneration of the Executive Directors and key management personnel while taking into consideration the sensitive nature of remuneration disclosure on a quantum basis, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

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 $100,000 during the financial year ended 31 December 2022.

For the financial year under review, there were no terminations, retirements or post-employment benefits granted to the Directors and key management personnel.

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 ARMC, is responsible for the overall risk governance, risk management and internal control framework of the Group including monitoring the Group's risk of becoming subject to, or violating, any sanctions law and ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. 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 but not limited to requirements under the listing rules of the securities exchange and sanctions law.

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 72 to 75 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 as well as sanctions related risks 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, as well as sanctions related risks and risk management systems. Internal Control Standards are set with the objective of providing reasonable assurance that risks are effectively managed by the Group.

Based on the existing practices and reviews conducted by the Management and the Group's internal auditors and external auditors for FY2022, the Board with the concurrence of the Audit and Risk Management Committee, is of the opinion that as at 31 December 2022, 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 FY2022, ARMC and the Board of Directors noted that no material control deficiencies were identified.

Provision 9.2

For FY2022, the Board has received assurance from:

(i) the President and General Manager of Finance Division that the financial records as at 31 December 2022 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 Management 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 the 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)	Lead Independent Non-Executive Director
Wang Kai Yuen	Independent Non-Executive Director
Er Kwong Wah	Independent Non-Executive Director

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

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.

CORPORATE GOVERNANCE AND TRANSPARENCY
CORPORATE GOVERNANCE

Provision 10.4

INTERNAL AUDIT

The Board recognises the need and is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures is monitored by the Audit and Risk Management Committee ("**ARMC**"). The internal auditors have unrestricted access to all the company's documents, records, properties and personnel, including access to the ARMC.

The Company has established its internal audit function which has been carried out by an in-house internal audit team with the support from a reputable international accounting firm, Deloitte & Touché Enterprise Risk Services Pte Ltd, who is rated as generally conforming to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and staffed with professionals with relevant qualifications and experience. The primary reporting line of the internal audit function is to the ARMC, which also decides on the appointment, termination and remuneration of the internal auditor and is assisted by management in its detailed work. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including the ARMC, and has appropriate standing within the Company. The ARMC ensures, at least annually, the adequacy of the internal audit function and reviews and approves the internal audit plan.

Based on a review on the internal audit function and activities performed, the ARMC is of the view that the internal audit function is independent, effective and adequately sourced.

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 2022 are $466,000 and $108,000 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 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 examined the approach and methodology used by the management in determining the recoverable amount of the cash-generating unit ("**CGU**") to which goodwill has been allocated. The ARMC was satisfied that the approach and methodology used were appropriate. The ARMC also discussed and reviewed with the management the key assumptions made in the process including the discount rate and the revenue growth; the ARMC was satisfied that they were reasonable. Impairment assessment of goodwill was an area of focus for the external auditor who has included this item as a key audit matter in the auditor's report for the financial year ended 31 December 2022.

WHISTLE-BLOWING POLICY

The Company is committed to a high standard of ethical conduct and has put in place a whistle-blowing policy, endorsed by the ARMC. The policy provides mechanism where employees, may in good faith and confidence, raise concerns about possible corporate improprieties with the assurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports will be sent to the ARMC. The ARMC will be responsible for oversight and monitoring of whistleblowing. The ARMC will objectively assess, investigate and recommend appropriate remedial actions to be taken, where warranted. It will report to the Board on such matters at Board Meeting. If the ARMC receives reports relating to any serious offence and/or criminal activities in the Group, the ARMC and the Board may direct an independent investigation and will have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

All concerns will be treated with strict confidentiality. The ARMC and the Board ensure the identity of whistleblower is kept confidential. It is the Company's commitment that if an employee or any person raises a genuine concern, that person will not be at risk of losing his/her job or suffering from reprisal/harassment or detrimental or unfair treatment as a result.

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

The ARMC will review the policy from time to time to ensure it remains relevant, related changes in legal and regulatory requirements are updated and the procedures have been effective.

There were no reports of fraudulent or inappropriate activities or malpractice received during the year under review.

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 in a timely manner 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 selected group, the Company ensures it would make the same disclosure publicly to others as promptly as possible.

All half year 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 last AGM was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") on 29 April 2022. Attendance at the last AGM was by way of electronic means accessed via live audio-visual website or live audio-only stream. Questions were submitted to the Chairman of the Meeting in advance of the said AGM. Voting was conducted by appointing the Chairman of the Meeting as proxy at the said AGM. Pursuant to the Order, all attendees comprising Shareholders, all Directors, Company Secretaries, Auditors, Share Registrar, Scrutineer and invitees attended the last AGM via electronic means.

The Company's forthcoming AGM will also be held by electronic means pursuant to the Order on 28 April 2023. Shareholders may participate at the forthcoming AGM in the following manner:

(a) observing and/or listening to the AGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

(b) submitting questions in advance of the AGM or "live" at the AGM; and/or

(c) voting at the AGM (i) "live" by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

The Company will endeavor to address substantial and relevant questions prior to, or at, the forthcoming AGM. Details of the arrangements will be provided in the Notice of AGM which will be disseminated by electronic means via publication on the website of the Company and SGXNet.

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 Board 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.

All Directors, the Chief Financial Officer and the Company Secretaries were present at the annual general meeting of the Company held on 29 April 2022.

Provision 11.4

Under the Company's Constitution, the Directors may approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow 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 prepares minutes of general meetings detailing proceedings and questions raised by shareholders and answers given by the Board and Management.

In view of the requirements of COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company had published minutes of the last Annual General Meeting on SGXNet and its corporate website within one month after the date of meeting.

Results of general meetings will continue to be released as an announcement on SGXNet.

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.

For FY2022, the Company did not declare any dividend as it is not in a profitable position.

Provision 12.1, 12.2 and 12.3

The Company is firmly committed to providing its shareholders and investors with as much useful and relevant information as is possible in a timely, fair and transparent manner. The Board views the annual general meeting as a forum for dialogue with shareholders as it provides an opportunity for shareholders to raise issues and ask the Directors or the Management questions regarding the Company and its operations and to enable the Company to understand the views of the shareholders.

It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's prospects, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Where there is inadvertent disclosure made to a selected group, the Company will endeavour to make the same disclosure publicly to all others promptly.

Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report. The Company's half year and full year results announcements, announcements and press releases are issued via SGXNet. Shareholders also have access to information on the Group via the Company's website.

INVESTOR RELATIONS

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.

The Company values dialogue sessions with its shareholders and welcomes the views of shareholders on matters affecting the Company. Shareholders can submit their feedback and raise any questions to the Company's investor relation contact as provided in the Company's website, https://www.coscoshipping.com.sg/

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 71 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 76 to 142 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.

CORPORATE GOVERNANCE AND TRANSPARENCY
CORPORATE GOVERNANCE

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.

The interested person transaction carried out by the Group in FY2022 are as follow:

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)
		FY 2022	FY 2022
		$'000	$'000
Cosco Shipping Seafarer Management Co, Ltd. -Qingdao Branch	Subsidiaries of Controlling Shareholders	–	5,403
Cosco (Cayman) Mercury Co., Ltd		–	307
Cosco (Qidong) Offshore Co., Ltd		–	2,268
Cosco (Shanghai) Shipyard Co., Ltd		–	528
Cosco Shipping Lines (Singapore) Pte Ltd		–	127
Refined Success Limited.		–	8,197
Cosco Shipping Energy Transportation Co Ltd		–	549
OOCL (Vietnam) Co., Ltd.		–	223
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited		–	492
COSCO SHIPPING (South East Asia) Pte Ltd		–	1,096
Golden Land (26) Pte Ltd		–	755
Golden Land (27) Pte Ltd		–	351
Cosco Shipping (Singapore) Petroleum Pte Ltd		–	2,571
COSCO SHIPPING LINES EMIRATES LLC		–	112
ASL SHIPPING & LOGISTIC (INDIA) PVT LTD		–	123
CETUS SHIPPING CO., LIMITED		–	951
COSCO SHIPPING SPECIALIZED CARRIERS CO,. LTD		–	637
Chimbusco International Petroleum (S) Pte Ltd		–	5,412
Golden Logistics & Storage Sdn. Bhd.		–	373
Cosco Shipping Lines Co., Ltd		–	686
COSCO SHIPPING BULK CO., LTD		–	1,266

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)
		FY 2022 $'000	FY 2022 $'000
HAINAN HAISHENG SHIPPING CO.LTD		–	3,476
天津中海华润航运有限公司		–	958
COSCO SHIPPING TECHNOLOGY CO., LTD.		513	–
COSCO (CAYMAN) VENUS CO LTD		40,049	–
Total		**40,562**	**36,861**

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 FY2022 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE AND TRANSPARENCY

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Zhu Jian Dong and Guo Hua Wei are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2023 ("**Retiring Directors**").

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("**Listing Rules**"), the following is the information relating to the Retiring Directors seeking re-election as Directors as set out in Appendix 7.4.1 of the Listing Rules:

	Zhu Jian Dong	Guo Hua Wei
Date of Appointment	19 September 2019	14 September 2022
Date of last re-appointment (if applicable)	25 June 2020	N.A.
Age	59	57
Country of principal residence	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 2022 Annual Report	Please refer to the Corporate Governance section in the Company's 2022 Annual Report
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title	Chairman, President and Non-Independent Executive Director	Non-Independent Non-Executive Director
Professional Qualifications	Please refer to the Board of Directors section in the Company's 2022 Annual Report	Please refer to the Board of Directors section in the Company's 2022 Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2022 Annual Report	Please refer to the Board of Directors section in the Company's 2022 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Please refer to the Board of Directors section in the Company's 2022 Annual Report	Please refer to the Board of Directors section in the Company's 2022 Annual 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

CORPORATE GOVERNANCE AND TRANSPARENCY

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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	No
c) Whether there is any unsatisfied judgment against him?	No	No
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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
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
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Zhu Jian Dong	Guo Hua Wei
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	No

CORPORATE INFORMATION

Board of Directors

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

Guo Hua Wei
Non-Independent Non-Executive Director

Ang Swee Tian
Lead Independent Non-Executive Director

Wang Kai Yuen
Independent Non-Executive Director

Er Kwong Wah
Independent Non-Executive 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

Guo Hua Wei

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.coscoshipping.com.sg

Company Registration Number

196100159G

Auditor

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

Loo Shi Yi

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 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 GUO HUA WEI

Non-Independent Non-Executive Director

Mr Guo Hua Wei was appointed Non-Independent Non-Executive Director of the Company on 14 September 2022. He is a member of the Strategic Development Committee.

Prior to his current appointment, Mr Guo was the Secretary of the Board in COSCO SHIPPING Holdings Co., Ltd. and China COSCO Holdings Co., Ltd. from December 2016 to June 2022 and January 2012 to December 2016 respectively. Between July 2006 to January 2012, Mr Guo was a General Manager of the Investor Relations Division and the Strategic Development Division of COSCO Corporation (Singapore) Limited. Having held several key positions previously, Mr Guo brings extensive knowledge, skills and experience to his current appointment as the Non-Independent Non-Executive Director of the Company.

Mr Guo holds a Doctorate Degree in Transportation Economics from Northern Jiaotong University.

BOARD OF DIRECTORS

MR ANG SWEE TIAN

Lead Independent Non-Executive Director

Mr Ang Swee Tian was appointed as a Independent Non-Executive Director on 13 November 2007 and subsequently appointed as Lead Independent Non-Executive Director on 27 April 2018. He chairs the Audit and Risk Management Committee 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 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

Independent Non-Executive Director

Dr Wang Kai Yuen was appointed Independent Non-Executive Director on 2 May 2001. He chairs the Nominating Committee and is a member of the Audit and Risk Management Committee, 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

Independent Non-Executive Director

Mr Er Kwong Wah was appointed Independent Non-Executive Director on 20 December 2002. He chairs the Remuneration Committee and is a member of the Audit and Risk Management Committee, 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 LAN CHUN HAI

Executive Vice President

Mr Lan Chun Hai was appointed Executive Vice President of the Company on 2 September 2022.

Mr Lan was the Managing Director of COSCO Philippines Shipping Ltd from May 2005 to January 2013. In January 2013, Mr Lan joined China Ocean Shipping (Group) Company as a Deputy Director in Research & Development/Technology Centre. From July 2015 to February 2016, he served as the Deputy General Manager in the Informatization Management Division of China Ocean Shipping (Group) Company.

Prior to his current appointment at COSCO SHIPPING International (Singapore) Co., Ltd., Mr Lan was the Deputy Director of the Research & Development/Technology Centre in China COSCO SHIPPING Corporation Ltd.

Mr Lan graduated from the Asian Institute of Management with an Executive Master in Business Administration.

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 current 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") remains committed to ensuring that price-sensitive information is timely, accurately, and clearly disseminated on the Company website and the SGXNet platform to facilitate investors in making informed investment decisions on the Company's shares. We continue to nurture and maintain strong links with research analysts to allow them to gain better understanding on the Company's business operations.

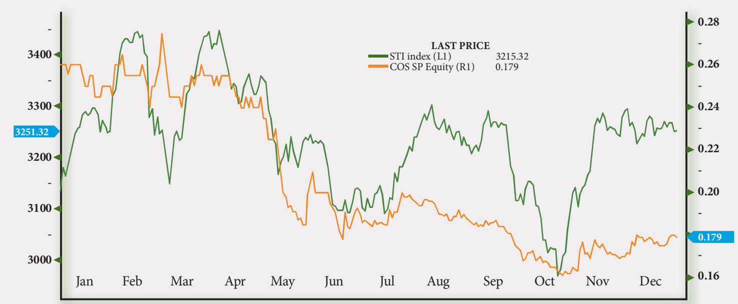
Moving forward, the Company strives to continue its efforts to communicate with its investing community through various channels, such as shareholders' meetings, analyst briefings, corporate roadshows, and press releases to keep stakeholders informed of the Company's key updates and strategies.

The Annual General Meeting and/or Extraordinary General Meetings will also continue to be a vital platform for the Board of Directors and the senior management to update the shareholders on the Company's developments and to provide shareholders with a channel for them to communicate with the Company. Due to COVID-19, the Annual General Meeting this year continued to be held via electronic means.

Major Investor Relations Events in 2022

Date	Organiser	Event
1 March 2022	COSCO SHIPPING	FY2021 Full Year Results Announcement
2 March 2022	COSCO SHIPPING	Virtual Analysts Briefing for FY2021 Full Year Results
29 April 2022	COSCO SHIPPING	Annual General Meeting through Live Webcast
12 August 2022	COSCO SHIPPING	1HFY2022 Half Year Results Announcement
15 August 2022	COSCO SHIPPING	Virtual Analysts Briefing for 1HFY2022 Half Year Results

COSCO SHIPPING vs STI Index



COS SP Equity (COSCO SHIPPING International SIngapore Co., Ltd) Daily 01JAN2022-31DEC2022 Copyright 2023 Bloomberg Finance L.P

RISK MANAGEMENT

Introduction

At COSCO SHIPPING, 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 the Audit and Risk Management Committee ("**ARMC**"). In the ever-changing business environment, the risk management process of the Group is constantly being reviewed and updated by the ARMC. The risk management process aims to identify 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 identification and management of the risks 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 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.

RISK MANAGEMENT

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 that 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.

Fluctuation in the 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 reached its 13-year high at 5,650 points on 7 October 2021, before falling back to 1,515 points as of the end of 2022. As the dry bulk shipping industry is very volatile, it contributed to a higher level of uncertainty, which typically has an impact on the dry bulk shipping market.

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 is backed up by 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 relies on the continued contributions of its executive officers and employees, both individually and as a team. 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 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 alleviate 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 exposes it to financial risks of manifolds: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out under policies formulated and approved by the Board. The Board ratifies 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 promulgated policies, guidelines and control procedures to manage and report exposure to such risks.

The Group also engaged the guidance of the Parent Company in managing its financial risks. The Parent 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 248 to 256 in the Notes to the Financial Statements.

Sustainability Report

BOARD STATEMENT

To ensure COSCO SHIPPING International (Singapore) Co., Ltd. ("COSCO SHIPPING", the "**Company**" or "**Group**") prospers in the long run, the Board of Directors ("**The Board**") of the Group is committed to sustainability and takes it into account in the Group's strategy formulation.

The Board 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 Environmental, Social and Governance ("**ESG**") topics and exercises oversight in managing and monitoring its material ESG topics.

The ESG topics disclosed in this report has been re-evaluated by engaging our stakeholder to conduct the stakeholder survey in FY2022 to ensure all materiality topics are effective. The Group continues to adopt the Global Reporting Initiative ("**GRI**") reporting framework in its sustainability reporting. At the same time, the Group continues to support the United Nations 2030 Agenda-17 Global Goals as part of its commitment towards its sustainability development journey.

This Sustainability Report is the sixth sustainability report issued, providing an update on the Group's performance and targets on sustainability, which was set out in FY2021's Sustainability Report.

Board understands the importance of declaring the Company's effort in ESG issues to ensure information communication and transparency among all the stakeholders. With the latest change in SGX Sustainability Reporting requirements, the Board are well realized of the change in regulations and keeps ourselves equipped with sustainability knowledge and catch up with the latest change, such as board diversity and climate-related disclosures.

The Board is responsible for reviewing the reported information, including the Company's material topics. All the information disclosed in this report has been approved and endorsed by the Board.

The post COVID-19 global pandemic and the Russia-Ukraine conflict have unprecedentedly impacted our society and business. Although gradual recovery from the impact of the COVID-19 pandemic is underway, the Russia-Ukraine war still brings more uncertainty at this time, such as a surge in fuel prices, resource shortages and so forth. This is coupled with other economic factors, such as rising inflation rates and labour costs. The increase in the carbon tax proposed by Singapore government in tie with long-term national sustainability plan also proposes another challenge to the business sector we are operating in. Despite the challenges, it has made us more aware that, as a Group, we should pay more attention to sustainability, social well-being, environmental climate actions and pursue long-term sustainable delivery in our businesses. As we continue to face uncertainties, the Group will navigate through the challenges ahead to create value for its shareholders.

BOARD STATEMENT

The Group continues its emphasis to stay committed to 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, having good corporate governance practices with zero tolerance for corruption or fraud, and furthering our participation in long-term environmental sustainability activities to fulfil our roles as responsible corporate citizens.

SUPPORT THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

UN SDGs and their accompanying targets were ratified by 193 states at the UN Summit in September 2015. The scale and ambition of the SDGs mean they cannot be achieved by governments alone, also require the collective efforts of businesses, organizations and all levels of society. The United Nations Sustainable Development Goals ("**UN SDGs**") provide a shared roadmap for governments, private sectors and civil society organisations to address the most pressing social and environmental issues our society faces today.

Since last year, COSCO SHIPPING has committed our effort to contribute to the 17 Global Goals. We believe in playing our part to help meet these goals by transforming our operation activities into a greener and healthier future.

Source: Image from United Nations (https://sdgs.un.org/goals)

In line with our business strategy, we are focusing on the following Goals:

The Group presents its annual Sustainability Report for Financial Year 2022 (“**FY2022”)** to all its stakeholders. This report aims to disclose our ESG performance against the issues deemed most material to the 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.

Reporting Period

This Sustainability Report summarizes the Group’s sustainability efforts in FY2022, from 1 January 2022 to 31 December 2022.

Reporting Scope

This report covers sustainability topics of all business segments of the Group, including:

Logistics

Dry Bulk Shipping

Ship repair and Marine engineering

Property Management

with a primary focus on the Group’s logistics business as it is the mainstay of the Group’s revenue and profitability. Information presented in this report are sourced directly from our operations.

Reporting Framework

The Global Reporting Initiative (“**GRI**”) standards is a widely recognised global reporting framework for sustainability reporting. Our sustainability report has been prepared and reported the information cited in this GRI content for the reporting period with reference to the GRI standards: 2021 revision.

This report is also prepared in accordance with SGX-ST Listing Rules 711A and 711B, as well as Practice Note 7.6 Sustainability Reporting Guide.

Our climate-related disclosures are guided by the commendations of the Task Force on Climate-related Financial Disclosure (“**TCFD**”).

There are no significant changes from the previous reporting period in the list of material sustainability issues and boundaries.

SUSTAINABILITY REPORT
ABOUT THIS REPORT

Feedback

For any further queries, suggestions or feedback related to the Group’s sustainability initiatives, please contact us at enquiry@coscoshipping.com.sg

Internal Review and Assurance

Our data is reported in good faith and to the best of our knowledge. Currently, there is no external assurance for this report.

The Group has engaged an external sustainability consultant to guide us on the sustainability reporting to comply with the latest requirements.

Sustainability reporting process has been review by the internal reviewer. The information and data disclosed in this report have been reviewed by the internal auditor on sustainability engaged by the Group. No external assurance was performed on this sustainability report

MEMBERSHIP ASSOCIATIONS

COSCO SHIPPING upholds high standards of health and safety for our employees. To ensure that our performance is on par with industry standards, we have secured the ISO 9001, 14001 and 45001 certificates for our subsidiaries.

	ISO 9001 Quality Management System (QMS)	ISO 14001 Environmental Management System (EMS)	ISO 45001 Occupational Health and Safety Management System (OHM)
COGENT HOLDINGS PTE LTD			
SH Cogent Logistics Pte Ltd	✓	✓	✓
Cogent Automotive Logistics Pte Ltd	✓		✓
Cogent Land Capital Pte Ltd			✓
Cogent Container Depot Pte Ltd	✓	✓	✓
Cogent Tank Depot Pte Ltd	✓		✓
Cogent Integrated Supply Chain Pte Ltd	✓		✓
COSCO SHIPPING MARINE ENGINEERING (SINGAPORE) PTE LTD			
	✓	✓	✓

Cogent Holdings Pte. Ltd. also awarded with bizSAFE Star under all the business units as listed below:

- SH Cogent Logistics Pte Ltd
- Cogent Automotive Logistics Pte Ltd
- Cogent Land Capital Pte Ltd
- Cogent Container Depot Pte Ltd
- Cogent Tank Depot Pte Ltd
- Cogent Integrated Supply Chain Pte Ltd

BizSAFE is a nationally recognised capability-building programme to help companies build workplace safety and health capabilities.

BizSafe Certifications are ranked from level 1 to 5, with the fifth level of bizSAFE certificates known as "bizSAFE Star". Business units must have the ISO 45001 certification provided by Certification Bodies recognized under the Mutual Recognition Arrangement to receive the bizSAFE star certification. The bizSAFE Star accreditation is valid for three years after it has been approved. The expiration date is tied up to the organization's expiration date for its ISO 45001 certification.

OUR REPORTING PRINCIPLES

According to GRI 2021-Foundation, we follow the 8 reporting principle in preparing our FY2022 Sustainability Report.

Principle	Explanation
Accuracy	The information disclosed in this report is correct and sufficiently detailed to assess the Group's impact on ESG topics.
Balance	The information disclosed in this report is in unbiased way and provides a fair representation of the Group's negative and positive impacts.
Clarity	The information presented in this report is accessible and understandable.
Comparability	The Group is trying to select and compile the report information consistently to enable an analysis of changes in the Company's impacts over time.
Completeness	The Group tries our best to provide sufficient information to enable the transparency of our effort in ESG topics.
Sustainability Context	The Group ensures that the information we disclosed in this report is about our business impacts with the context of sustainable development.
Timeliness	The Group reviews our ESG material topics on a regular basis to ensure that all the information declared in this report is updated.
Verifiability	The Group is responsible for gathering, recording, compiling, and analysing the information in the way that the information has been reviewed and examined to ensure the quality and accuracy for the report.

CORPORATE GOVERNANCE AND GOVERNANCE STRUCTURE

A well-defined corporate governance structure with ethical business conduct and process are essential to enhancing the Company's accountability and striving for long-term sustainability performance to maximise and protect shareholders' interest.

The Board of Directors ("**the Board**") is committed to upholding high standards of corporate governance practices throughout the Group that align with the Code of Corporate Governance 2018. The Board will ensure that there is compliance with the other relevant regulations, notices, circulars, and guidelines that may be issued by the Monetary Authority of Singapore and the SGX-ST.

The Board provides leadership, determines and sets the Group's corporate strategies and objectives, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The primary role of the Board is to protect and enhance long-term shareholders' value. It provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary governance approach, policies and procedures are in place to meet its objectives.

The Board has an established framework of prudent and effective controls, which enable risks to be assessed and managed, including safeguarding shareholders' interests and the Group's assets, supervising management, reviewing management performance, and monitoring the performance of business goals to enhance shareholders' value.

The Board is also responsible for the overall corporate governance of the Group, acting in its fiduciary capacity. Where appropriate, the Directors receive relevant briefings from time to time on new updates in relation to regulatory changes to accounting standards, the listing manual, corporate governance, and other regulations or statutory requirements.

The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal control to safeguard shareholders' interests and the Group's assets.

CORPORATE GOVERNANCE AND GOVERNANCE STRUCTURE

Our Governance Structure

Here is the detail of our Board Directors:

NAME	GENDER	BOARD OF DIRECTORS
Zhu Jian Dong	Male	Chairman President Non-Independent Executive Director
Li Xi Bei[1]	Male	Non-Independent Executive Director
Guo Hua Wei[2]	Male	Non-Independent Non-Executive Director
Ang Swee Tian	Male	Lead Independent Non-Executive Director
Wang Kai Yuen	Male	Independent Non-Executive Director
Er Kwong Wah	Male	Independent Non-Executive Director

Note:

(1) Li Xi Bei resigned as Non-Independent Executive Director on 27 July 2022

(2) Guo Hua Wei was appointed as Non-Independent Non-Executive Director on 14 September 2022.

All Board Directors have attended the one-time director sustainability training required by SGX in FY2022.

Total Number of Board Directors		5	
Female	0 (0%)	Independent	3 (60%)
Male	5 (100%)	Non -Independent	2 (40%)

In Shipping and Logistics sector, number of female directors and management members are limited.

Collective Knowledge of Governance Body

The current Board composition provides a diversity of background, knowledge and experience to enable the Board to make decisions in the best interests of the Company with the following core competencies:

- Business Management;
- Economic and Financial Planning;
- Marine and Electrical;
- Legal and Corporate Governance;
- Risk Analysis;
- Labour and Human Resources Management;
- Accounting and Finance;

More details about our Corporate Governance Statement are provided in our annual report.

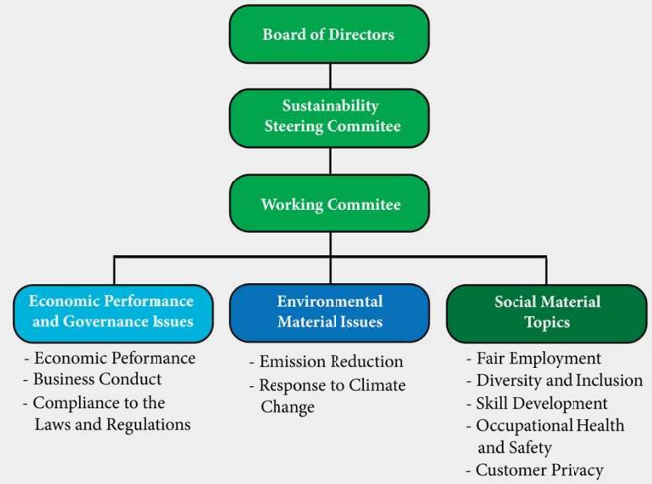
Sustainability Governance

COSCO SHIPPING's Board of Directors oversees the business affairs of the Company. The main duties of the Board include reviewing and endorsing the Group's sustainability targets and plans accordingly, which takes into consideration our key material sustainability issues.

COSCO SHIPPING also has a Sustainability Steering Committee comprising key management executives, providing guidance on the Group's sustainability strategies. The Steering committee also 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 topics identified by stakeholders.

The working Committee comprises discipline-specific working groups, the main tasks are identifying possible material topics and reaching an agreement on the action plan for the reporting process.

The Sustainability Governance Structure of the Group is as follows:



With the current climate challenges, the Group will transform the Strategic Development Committee into the Strategic and Sustainability Committee to handle sustainability issues including response toward the climate risks in FY2023.

GOALS AND STRATEGY

We have set up sustainability targets as mentioned in our previous year's report and will be reporting on the same this year and in subsequent years. Our sustainability-related goals are as follows:

- **Reduce Energy Consumption;**
- **Improve on waste management techniques;**

- **Increase operations with local community conduct impact assessment;**
- **Increase programmes for upgrading employee's skill;**

- **Increase focus on innovative business practices;**
- **Enhance shareholder's value;**

STAKEHOLDER ENGAGEMENT

Our stakeholders are people or entities directly or indirectly influenced by our business operations and outcomes.

COSCO SHIPPING adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders.

Stakeholder engagement is the key step in determining issues that are material to the Company, giving insight into our stakeholders' perspectives and what they deem important in the context of their relationship with the Company.

Feedback from our key stakeholders forms a crucial part of our strategic and business planning. It is considered a valuable insight for the Group to improve its sustainability performance continuously. Through internal discussions and review, key stakeholder groups are identified across the entire value chain.

The internal and external stakeholders for our Group are listed below:

Internal Stakeholders	External Stakeholders
Shareholders and Investors Board of Directors Managers Employees	Customers NGOs and Community Supplier & Contractors Government and Regulators

We are trying our utmost to protect all levels of our stakeholders' interests

STAKEHOLDER ENGAGEMENT

We are committed to expanding our engagement methods and using any subsequent outputs in our future disclosures. The Company's management is very much determined to continuously improve by engaging with key stakeholder groups, as presented in the table below.

Stakeholder Group	Engagement Approach	Stakeholder Focus
Employees	Monthly management meetings are held to discuss operational issues. Newsletters are circulated to keep employees updated. Regular training sessions and transitional assistance programs are conducted. Regular surveys were deployed to understand their concerns.	Fair employment Economic performance Safe working environment Staff training and development
Government Regulators	We work with various industry associations, ports and governments on areas related to our key business activities. Regular surveys were deployed to understand their concerns. 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). Ports & Government: PSA Singapore, Maritime Port Authority (MPA).	Economic performance Compliance with laws and regulations
Customers	Customer-related surveys and engagement activities are conducted to collect feedback	Effective service Privacy of customers' data
Suppliers and Contractors	Safety briefings are conducted regularly for employees and contractors working on-site. Assessment and evaluation of contractors are conducted regularly.	Good relationships Fair market practices Potential business growth

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Engagement Approach	Stakeholder Focus
Local Communities and NGOs	Regular dialogues with our endorsed charity organisations shape our community outreach initiatives. Regular surveys were deployed to understand their concerns.	Social responsibility Compliance with environmental regulations Fair employment
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.	Economic performance Staff training and development Investment returns Business transparency

MATERIALITY ASSESSMENT

Materiality analysis enables COSCO SHIPPING to better define our sustainability issues that are of the greatest significance to our business and stakeholders over the long term.

In COSCO SHIPPING, we adopt the following approach to assist us in determining our material topic:

Step 1. Scoping
Conduct the scoping analysis to understand the business context.

Step 2. Identification
Identify the actual and potential impacts, including positive and negative

Step 3. Evaluation
Evaluate the significance of the impacts based on management and stakeholder inputs

Step 4. Prioritization
Prioritize the most significant impacts for reporting

Step 5. Review
Re-examine the material topics taking into consideration the changing of business landscape and emerging trends

With the latest social-economic situation we are facing and the latest sustainability reporting requirements launched by SGX, the management and sustainability steering committee have decided to re-examine our material topics to ensure the effectiveness of our sustainability strategy and stay competitive in the market.

The Group engaged ESG & Biz Solutions Pte. Ltd. ("**the Consultant**") to work with the Sustainability Working Committee to identify potential sustainability matters most relevant and significant to the Group in FY2022.

The list of potential sustainability matters was identified through the following:

(i) identification of internal and external stakeholders; and

(ii) discussion with the Sustainability Working Committee to understand their concerns;

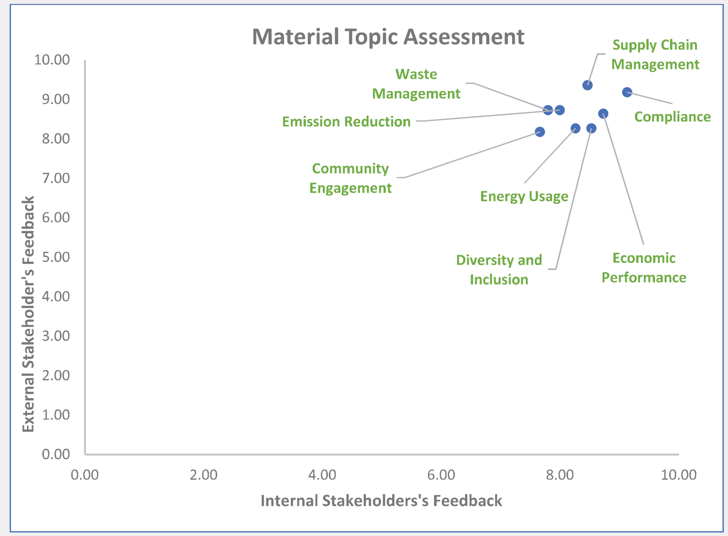
Furthermore, the concerns of the key external stakeholders they communicate with are reviewed on regular basis.

The sustainability matters were compiled into a questionnaire by the Consultants using an online survey tool to identify the ESG topics that the Group considered important to internal and external stakeholders.

MATERIALITY ASSESSMENT

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 the Sustainability Working Committee selected employees. The survey results were collated and presented to the Board for selection and monitoring accordingly.

The chart below shows the material topic assessment survey outcome based on the survey. The chart below have been summarised based on the Internal and External Stakeholders' feedback.



The significance of each matter is determined by the two key factors below:

- relevance to the Company's business model, strategies and outcome ;
- likelihood and impact of the business;

Based on the Stakeholder survey, management feedback, and company business strategies, the Steering Committee re-evaluated the material topics. As such, the Committee recommended the following topics to the Board.

These material topics cover the sustainability topics of all business segments of the Group, with a primary focus on the Group's logistics business segment held under Cogent Holdings Pte. Ltd. ("**Cogent**") and its related subsidiaries, as the logistical businesses account for the bulk of the Group's business, revenue and profit.

MATERIALITY ASSESSMENT

Material Topics

Material Topics	Approach	Relevant SDGs
Economic/Governance		
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 aim to create value for all stakeholders.	8 DECENT WORK AND ECONOMIC GROWTH
Business Conduct GRI 205-3	The management has established zero tolerance for corruption or bribery and has implemented policies and procedures (for example, the performance of duties and business entertainment) to guide all employees to abide by and will continually review its policies to ensure effectiveness to uphold good business practices. As such, this topic is deemed to be material to the Group.	8 DECENT WORK AND ECONOMIC GROWTH
Compliance with the laws and regulations GRI 2-27	The Group is committed to adhering to all necessary regulations for all our operational business units. The Group places importance on caring for the business activities impact on the environment and the stakeholders. As such, this topic is deemed to be material to the Group.	8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION
Environment		
Emission Management GRI 305-5	With the current social-economic situation, the surge of energy prices, and increasing attention to emission regulations, the group evaluated energy usage and emission management as one of our key material topics. Efficient energy and emission management can help the Group contribute our part in combating climate change and better managing the business operating cost. As such, this topic is deemed to be material to the Group.	13 CLIMATE ACTION
Social		
Fair Employment GRI 401 GRI 402	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.	5 GENDER EQUALITY
Safe Working Environment GRI 403	The Group is committed to providing a safe and healthy workplace for all employees to safeguard their safety and health, which the Group deems to be of utmost importance. Due to the business sector Group operates in, there is a proper safety management system for all employees, including proper incident investigations and reporting procedures.	3 GOOD HEALTH AND WELL-BEING
Staff training GRI 404-1	Training and staff development is important for the Group as it enhances the productivity of all employees by equipping them with the necessary skill sets to perform their duties in an ever-changing working environment.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Privacy of Customers' Data GRI 418-1	The IT environment constantly changes, 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 can cause data breaches and result in significant legal and reputational costs to the Group.	8 DECENT WORK AND ECONOMIC GROWTH

FY2022 TARGETS AND PERFORMANCE AT A GLANCE

Material Topics	Targets for FY2022	Performance for FY2022	Achieved? Yes/No	Targets for FY2023
Business Conduct GRI 205-3	0 Confirmed Incidents of Corruption	0 Confirmed Incidents of Corruption	Yes	0 Confirmed Incidents of Corruption
Compliance with Laws and Regulations GRI 2-27	0 Legal Cases Or Fines And Non-monetary Sanctions Against The Group	0 Legal Cases Or Fines And Non-monetary Sanctions Against The Group	Yes	0 Legal Cases Or Fines And Non-monetary Sanctions Against The Group
Safe Working Environment GRI 403	0 Fatalities As A Result Of Work-related Injury	0 Fatalities As A Result Of Work-related Injury	Yes	0 Fatalities As A Result Of Work-related Injury
	0 High-consequence Work-related Injuries (Excluding Fatalities)(1)	2 High-consequence Work-related Injuries (Excluding Fatalities)	No	0 High-consequence Work-related Injuries (Excluding Fatalities)
	0 Recordable Work-related Injuries(2)	14 Recordable Work-related Injuries	No	N.A
Staff training GRI 404-1	8 Training Hours per Employee who underwent training	8.69 Training Hours per Employee who underwent training	Yes	9 Training Hours per Employee who underwent training
Privacy of Customers' Data GRI 418-1	0 Substantiated Complaints Received Concerning Breaches Of Customer Privacy	0 Substantiated Complaints Received Concerning Breaches Of Customer Privacy	Yes	0 Substantiated Complaints Received Concerning Breaches Of Customer Privacy

Note:

(1) "High-consequence work-related injuries" include injuries where the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

(2) "Recordable work-related injuries" include medical treatment beyond first aid, restricted work or days away from work. All injury incidents leading to medical leave or light duties are also reportable to the Ministry of Manpower, effective from 1 September 2020.

The above definitions are according to GRI Standard as per reference of United States Occupational Safety and Health Administration ("**OSHA**") requirements. Meanwhile, with respect to Singapore's national OHS reporting requirement, cross-reference with Singapore Ministry of Manpower and Workplace Health and Safety Council in line with national annual WSH national statistic reporting system.

ECONOMIC PERFORMANCE AND GOVERNANCE

Key Material Topic

- Economic Performance
- Business Conduct
- Compliance with Laws and Regulations

UN SDGs We Support

8 DECENT WORK AND ECONOMIC GROWTH

GRI Topics

GRI 201 Economic Performance
GRI 205 Anti-Corruption
GRI 2-27 Compliance with Laws and Regulations

ECONOMIC PERFORMANCE

MATERIAL TOPIC	RELEVANT SDG
Consistent economic performance	8 DECENT WORK AND ECONOMIC GROWTH

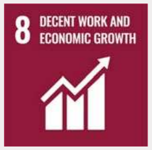
Economic performance is our most material topic because, like most companies, our economic success ensures our long-term viability and enables the execution of our sustainability strategies.

In the Group, our corporate culture, value chain and business models aim to create value for all stakeholders.

The Group's turnover for FY2022 totalled $185.6 million, 6% lower than FY2021. The decline in revenue was mainly due to the absence of Shipping revenue resulting from the disposal of 60% shareholdings in a former Shipping subsidiary in December 2021. Excluding revenue from Shipping, Group revenue was about 9% or $14.6 million higher in FY2022 as compared to FY2021 mainly due to increase in revenue from Logistics, Property Management, Ship Repair and Marine Engineering segments. Overall, net loss attributable to equity holders was $88.6 million in FY2022 as compared to net profit of $30.1 million in FY2021. The net loss was mainly due to impairment of goodwill, lower profit margins, lower government grants and higher interest expense, partly offset by an increase in share of profits of associated companies and increase in interest income.

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

For a detailed explanation and breakdown of our businesses and their performances, please refer to the Group's Financial Statements for FY2022.

MATERIAL TOPIC	RELEVANT SDG
Anti-Corruption Practice	

Responsible business conduct ensures the long-term viability of our businesses by building trust and confidence with our stakeholders.

At COSCO SHIPPING, we operate our businesses in a highly regulated environment with no tolerance for non-compliance.

We operate our business by the following key policies.

Anti-Corruption Policy

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

In COSCO SHIPPING, all employees shall:

- Avoid all situations in which a potential or actual conflict of interest arises in relation to the performance of their duties
- Where this is not possible, the staff member must inform their supervisor in writing of a potential or actual conflict of interest and seek authorization prior to continuing the work.

SUSTAINABILITY REPORT

BUSINESS CONDUCT

Whistle-Blowing Policy

The Company is committed to a high standard of ethical conduct and has put in place a whistleblowing policy, endorsed by the ARMC. The policy provides mechanism where employees, may in good faith and confidence, raise concerns about possible corporate improprieties with the assurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

To ensure independent investigation of such matters and for appropriate follow-up action, all whistleblowing reports will be sent to the ARMC. The ARMC will be responsible for oversight and monitoring of whistleblowing. The ARMC will objectively assess, investigate and recommend appropriate remedial actions to be taken, where warranted. It will report to the Board on such matters at Board meetings. If the ARMC receives reports relating to any serious offence and/or criminal activities in the Group, the ARMC and the Board may direct an independent investigation and will have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

All concerns will be treated with strict confidentiality. The ARMC and the Board ensure the identity of whistleblower is kept confidential. It is the Company's commitment that if an employee or any person raises a genuine concern, that person will not be at risk of losing his/her job or suffering from reprisal/harassment or detrimental or unfair treatment as a result.

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.

The ARMC will review this Policy from time to time to ensure it remains relevant, related changes in legal and regulatory requirements are updated and the procedures have been effective.

There were no reports of fraudulent or inappropriate activities or malpractice received during the year under review.

Conflict of Interest Policy

The Company's logistics segment, as carried out by Cogent has in place a Conflict of Interest Policy for itself and all its subsidiaries in Singapore. Regarding subsidiaries of Cogent registered in Malaysia, this Conflict of Interest Policy serves as a reference for alignment with the regulation and practices in Malaysia. The policy provides guidelines for the declaration of conflict of interests of employees of Cogent and to promote honest and ethical conduct when contemplating entering into a transaction, arrangement and/or agreement with a third party that may potentially benefit the private interest of an employee involved in the setting up, negotiation and/or approval of such transactions, arrangements or agreements.

BUSINESS CONDUCT

Policy Commitment

Besides the above policies to ensure the ethical conduct of business, COSCO SHIPPING also set up various policies across environment management, human resource management, and Occupational Health and Safety Management system in line with our ISO management and certification process.
We commit ourselves to all policies, including:

- Ensure fairness employment;
- Protect environment;
- Ensure the highest level of protection toward Occupational Health and Safety Management to our employees and contractors;

To ensure we can fulfil our roles as a responsible corporate citizen, we provide the utmost responsibility to our stakeholders as a group.

Please refer to our material topic sections for the policy and management approach.

All the above policies are well communicated to all employees within the Group, as well as our suppliers and contractors.

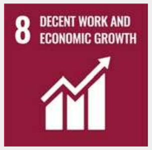
Our Performance

For FY2022, the Group has met the target set in FY2021, and there were no incidents of corruption. The Group has a target of zero incidents perpetually.

Our Target

Zero Confirmed Incidents of Corruption.

COMPLIANCE WITH LAWS AND REGULATIONS

MATERIAL TOPIC	RELEVANT SDG
Compliance with Laws and Regulations	

COSCO SHIPPING is committed to complying with relevant laws and regulations as we operate in a highly regulated industry. Besides establishing whistleblowing and anti-corruption policies, we also have a legal policy that states the Group's commitment to ethically and adequately conduct business with integrity, fairness, and impartiality.

Our compliance guidelines and policy requirements are aligned with industry standards and requirements. Also, we focus on our community responsibilities as corporate citizens. We take these responsibilities very seriously, including paying our fair share of taxes and social contributions.

Our commitment to these responsibilities is also embodied in our corporate culture. Tax payments to the relevant authorities are in accordance with applicable anti-corruption laws and regulations, rules and regulations.

We monitor our existing customers and contractors periodically. This ensures that we stay vigilant and remain up to date with the latest international sanctions to ensure fair trading practices.

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

Below is an overview of the main Laws and Regulations we comply with in our Singapore and Malaysia operations.

Singapore

Environment

- NEA[1] Environmental Protection and Management Act, Environmental Protection and Management (Hazardous Substances) Regulations; Environmental Protection and Management (Vehicular Emissions) Regulations;
- NEA Environment Public Heath (Toxic Industrial Waste) Regulations; Sewerage and Drainage Act - Sewerage and Drainage (Protection of Public Sewage System) Regulations

Note:

(1) National Environmental Agency, Singapore

COMPLIANCE WITH LAWS AND REGULATIONS

Occupational Health and Safety (OHS)

- MOM[1] Workplace Safety & Health Act; Workplace Safety and Health (General Provision) Regulations; Workplace Safety and Health (Major Hazard Installation) Regulations;
- SCDF[2] Fire Safety Act 1993 (Part VI) – Control of Petroleum and Flammable Materials; SCDF Fire Safety (Petroleum & Flammable Materials) Regulations;

Note:

(1) Ministry of Manpower

(2) Singapore Civil Defence Force

Malaysia

Environment

- Environmental Quality Act 1974 (EQA) – an Act relating to the prevention, abatement, control of pollution and enhancement of the environment and for purposes connected therewith.
- Environmental Quality (Clean Air) Regulations 2014 – the Clean Air Act aims to reduce air pollution's risks and harmful health effects.
- Street Drainage and Building Act 1974 – to provide a uniform in local authority areas of Malaysia and set out rules to regulate the activities of streets, drainage and building in those areas.

Occupational Health and Safety (OHS)

- The Occupational Safety and Health Act 1994 (OSHA 1994) – to secure the safety, health and welfare of persons at work against risks to safety or health arising out of the activities of persons of work.
- Factories and Machinery Act 1967 – to control factories operations with compliance with persons' safety, health and welfare.
- Petroleum (Safety Measures) Act 1984 – to ensure safety in the transportation, storage and utilization of petroleum.

In addition to the above, the Group also adheres to the relevant legislations and regulations related to all its business segments.

Our Performance

We are pleased to report that there was no reported non-compliance with the local anti-corruption laws, rules and regulations across the Group in FY2022.

Our Target

We aim to maintain zero violation of the laws, rules and regulations for FY2023 and beyond.

ENVIRONMENT

Key Material Topic

- Emissions Reduction
- Response to Climate Change

GRI Topics

GRI 305 Emission Management
GRI 306 Waste Management

UN SDGS We Support

MATERIAL TOPIC	RELEVANT SDG
Emission Reduction **Waste Management** **Climate Risk Management**	

With the industry sector we are in, COSCO SHIPPING Group and our subsidiaries, COSCO SHIPPING remains dedicated to our long-term responsibility to protect the environment. We consistently review our policies and practices to optimize energy, water and waste management.

In order to reduce our environmental footprint, we practice and adhere to the "Reduce, Reuse and Recycle" principles. We make every effort to conduct our business sustainably and reduce the minimum environmental impact level.

Meanwhile, the Group has started a few programmes to monitor our performance on Energy Usage, Water Consumption and Emission.

Waste Management

To reduce our environmental footprint, the Group has set a high standard for our Environmental Management System to reduce or minimize environmental risks to the lowest level. COSCO SHIPPING has set the target of zero hazardous substance leakage in the warehouse operation area or on the road as well as the emergency preparedness and response programme to ensure the quickest response to the incident in case it happens.

Our Marine Engineering business unit also documented a procedure on Chemical Waste Control Procedure. The procedure defines the system for chemical waste disposal to ensure that it is properly handled and disposed of by approved (licensed by the NEA). It also highlights that only contractors licensed by NEA shall be used to dispose of chemical wastes. Companies approved by the NEA shall be deemed to have the necessary facilities for chemical waste disposal, and no additional assessment is necessary.

Meanwhile, all employees and personnel handling chemical waste shall be trained to use Personal Protective Equipment ("**PPE**") if required.

All personnel must be briefed on the following:

- Care to be taken to separate chemical wastes from normal wastes;
- Prevent spillage of chemical wastes to the environment;

Emission Control

Ensure all existing and new vehicles comply with the standards and tests for vehicular exhaust emissions as stipulated in the Environmental Protection and Management (Vehicular Emissions) Regulations.

Operators of vehicles owned, controlled or possessed by the Company have the responsibility to inform their superiors when the vehicle under their charge is observed to be emitting unacceptable levels of exhaust gases or noise.

Superiors informed of such underperforming vehicles are to ensure that the vehicle is serviced or repaired as soon as possible.

The following practice has been conducted to ensure the emission control of vehicular emissions in our operation.

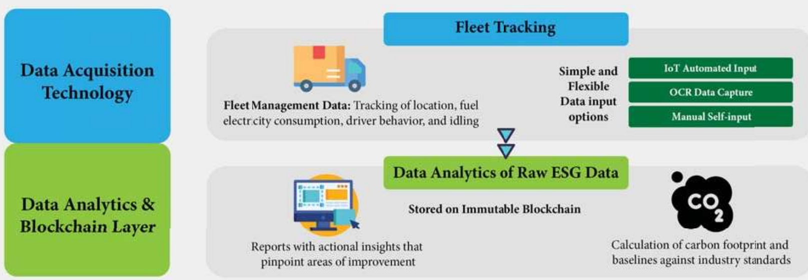
Vehicular and Machinery Emissions	
Smoky Motor Vehicles	Prime mover drivers shall carry out pre-use inspections, and if any smoky motor vehicles are observed, they shall be sent to the workshop for inspection and rectification.
Stationary Motor Vehicles	Drivers are to turn off the engine when the vehicle is stationary and 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, including 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 a plan to replace the EURO 5 trucks at the appropriate time.
Monitor Diesel Consumption	We monitor the diesel consumption (by litre) to analyse if there are any abnormalities in the level of diesel usage by each vehicle.
Reduce the 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.

In COSCO SHIPPING, we understand that as the industry leader, we must play our part and try to combat climate change. In order to monitor Greenhouse Gas emissions, In 2022, we have installed CO2 Connect to all our Prime Mover Fleet.

CO2 Connect is a device to track the carbon footprint and reports the data as part of Cogent's sustainability action plan. The programme of CO2 Connect, it supports Cogent in kickstarting our transition journey with greater ease by monitoring the carbon emissions level, setting a reduction target, devising reduction strategies and exploring other ways of offsetting the carbon footprint to meet Cogent's long-term sustainable goals.

CO2 Connect provides insights and reports that empower Cogent to reduce and avoid carbon emissions through conscientious efforts.

The picture below shows the overall benefits of the CO2 Connect System.



The following are some of the processes that are in place for the transportation of hazardous substances, storage and handling of hazardous substances in our logistics operations within Singapore:

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 two years) which is conducted by an external provider.
Transport Routes	Transport routes are approved by the authority as stated in the Transport Emergency Response Plan ("**TERP**"). Drivers are informed of the transport routes and if a different route is required, management shall seek approval from the 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 Handling of Hazardous Substances	
Permission to Store and Handle Hazardous Substances	Hazardous Substance Storage permit is obtained before being allowed to operate the chemical warehouse.
Records of Storage of Hazardous Subtances	The movement of the hazardous substances is maintained in Warehouse Management System to ensure the inventory in the warehouse will not exceed the maximum allowed quantity.
Storage Requirements	The facility's design, construction and maintenance are according to the code of practice, including proper labelling at the storage area.
Instruction and Training	Workers handling hazardous substances are briefed on the Safe Work Procedure and reminded of the hazards during toolbox meetings and refresher training. Workers are sent for external training courses on the handling of harzardous substances.

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

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

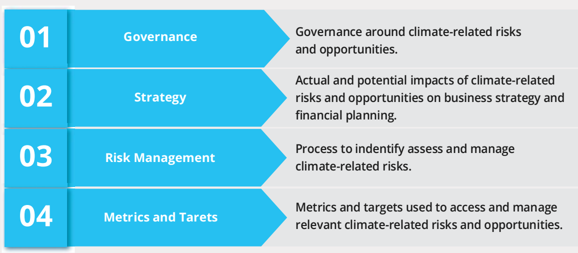
A dedicated team of employees have been assigned to monitor and track all licences and regulations to ensure full compliance. As part of compliance with local regulations, an emergency response team of trained members is set up to deal with emergency situations (chemical spillages and fires). In addition, 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.

The Group will continue to track any changes to the laws and regulations and will take steps to implement any new measures accordingly.

Climate change poses an enormous threat to the safety and well-being of our community and the global economy. In 2021, during Singapore National Budget announcement, Singapore government announced that the carbon tax price will increase from the current \$5/tCO2e to \$25/tCO2e in 2024 and 2025, and \$45/tCO2e in 2026 and 2027, to reach \$50-80/tCO2e by 2030 in order to achieve the climate ambition.

In Jan 2022, the Singapore Exchange mandated climate reporting for the selected sector to follow the guidelines provided by the Task Force on Climate-related Financial Disclosure ("**TCFD**"). At COSCO SHIPPING, we understand that we are seated in energy-intensive industry. With the increasing energy price and the global supply chain challenge, we must prepare ourselves for a sustainable future to stay competitive in the market. At the same time, we have an obligation to be a responsible corporate citizen in playing our part in combating climate change.

In line with the TCFD Reporting guidelines, the Group is preparing ourselves to evaluate our performance and disclosure with the following four aspects:



Governance & Strategy

The Group is targeting in setting up the Strategic and Sustainability Committee in FY2023, Climate Risk will be one of the key focus to be responded and discussed in the committee to set better overall strategy and response towards the climate risks.

Climate Risk Management

The Group will transform the Strategic Development Committee into the Strategic and Sustainability Committee to handle sustainability issues including response toward the climate risks.

Physical Risk

Physical risks are associated with the physical impacts of climate change arising from extreme weather events due to changes in climate patterns.

The physical risk might affect the following operation activities within the Company's operation.

Risk		Risk Description	Potential Impact
Physical Risk	Acute Risk	Adverse Weather, such as flooding	• Customer goods safety; • Supply chain disruption; • Occupational Health and Safety, e.g. road safety; • Increase maintenance fee;
	Chronic Risk	Sea level Rise	• Customer goods safety; • Higher maintenance fee; • Investment direction; • Increase maintenance fee;
		Higher temperature	• Employees working outdoors might suffer more occupational diseases.

Transitional Risk

Transitional Risk means transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying financial and reputational risk levels to organizations.

Within the operation activities, the following transitional risks might be faced by the organisation in our short and long-term operations:

Risk	Risk Description	Potential Impact
Transitional Risk	Increasing emission requirements by local laws (e.g. NEA, LTA)	• Increasing maintenance fee; • Higher operating cost;
	Carbon Tax	• Higher operating cost;
	Higher fuel cost	• Higher operating cost;
	Change in customer preference across the supply chain, e.g. preference on low carbon logistic provider	• Decreasing in service demand; • Reputation lost

With those risks being identified and assessed, the countermeasures will be discussed to prepare a better response to reduce the risk level as lower as possible.

Matrix and Target

In FY2022, the Group started to collect energy consumption data and Scope 1 and 2 Emissions to cover all our operating premises. The information is targeted to disclose in our FY2023 report.

Key Material Topic

- Fair Employment
- Diversity and Inclusion
- Skill Development
- Occupational Health & Safety
- Customer Data Privacy

UN SDGS We Support

GRI Topics

GRI 401 – Employment
GRI 403 – Occupational Health & Safety
GRI 404 – Training and Education
GRI 405 – Diversity and Equal Opportunity
GRI 406 – Non-discrimination
GRI 418 – Customer Privacy

MATERIAL TOPIC	RELEVANT SDG
Employment **Diversity and Equal Opportunity**	

In COSCO SHIPPING, we treat our employees as our most significant assets and are crucial for the long-term success of the Group. Boosting a nurturing all-inclusive, and safe working environment with opportunities for development all play a part in keeping our employees engaged. Their expertise and contributions help drive the Group's growth beyond its existing capacity. As the nature of the work at COSCO SHIPPING's different business segments involves manual work in high-risk areas, upholding a stringent health and safety working culture is the priority.

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.

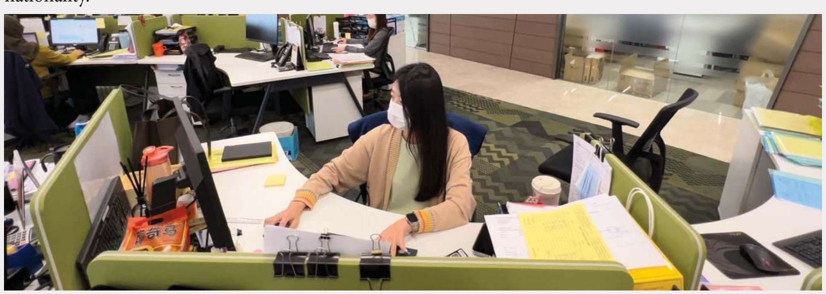
As we expand our business across the region, we strive to nurture local talents in respective markets to achieve better results. As we also believe that the younger generation is the future of tomorrow, we hope to provide the younger employees with development opportunities in order to groom them into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

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

COSCO SHIPPING engages our employees through the following management approach.

Fair Employment

The Company shall recruit employees fairly, justify and openly by arranging necessary interviews and written assessments. All employees are being fairly treated. The Group follows a policy of hiring, training and compensating employees in a non-discriminatory way regardless of their race, gender, religion, age or nationality.



A Cogent Holdings Staff Diligently at Work

SUSTAINABILITY REPORT
FAIR EMPLOYMENT

Diversity and Equal Opportunity (Country, Gender)

We value our employees. COSCO SHIPPING follows a policy of hiring, training and compensating employees in a non-discriminatory way regardless of their race, gender, religion, age or nationality.

Policy for Hiring

Identification	Shortlist	Selection	Record
Based on the "Job Description", potential candidates are identified and contacted fairly, justly and openly by attending necessary interviews and/or written assessments.	We use formal selection methods to select individuals and ensure that the right candidates are shortlisted. It helps us employ individuals with the right knowledge, skills and abilities needed to achieve the Group's objectives. These methods include using application forms, interview reference checks and formal tests (if necessary).	Both the Hiring Manager and HR personnel will state their views of each candidate after each interview We then perform a final job analysis on the selected applicant	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

To ensure employees remain equipped and competent in meeting the necessary standards and safety measures at the worksite, employees who operate as drivers and technical personnel under the Group's logistics business are required to undergo an annual assessment conducted in a simulated environment. All employees under the Group will also be sent for training or assessment whenever required to fulfil the statutory regulations. We place importance on employee recognition and organisational growth. Besides maintaining fair management through open communication channels, we encourage employees to attend management courses and participate in the decision-making process. We also seek to entrust them with greater shared responsibilities. These approaches complement our performance and achievement appraisal system, aligning employees' work goals with personal career development and competitive remuneration.

Apart from tangible rewards, the Company also focuses on 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.

To ensure fair employment and that all the employees' benefits are well protected, the following policies are also highlighted in the Company Employee Handbook. All employees are communicated well about this handbook before being hired by the Company and agree to the terms.

- Employee's code of practice
- Employment
- Attendance and leave Benefits
- Remuneration
- Medical/Dental/Insurance Benefits
- Performance Appraisal
- Training
- Non-Discrimination

Parental Leave

A male employee is entitled to share up to 4 weeks of his wife's 16 weeks of maternity leave, subject to the agreement of the spouse, who must be qualified for Government Paid Maternity Leave.

Our Performance

With the consideration of the share percentage and operation activity of the Group, the following business entities are included in this section:

- COSCO SHIPPING International (Singapore) Co., Ltd. (HQ Office)
- Cogent Holdings Pte. Ltd. (Singapore and Malaysia)
- COSCO SHIPPING Marine Engineering (Singapore) Pte. Ltd.

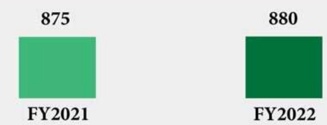
Our Workforce

The Group has 880 employees (under the Group's employment as of 31 December 2022).

Among the 880 employees in FY2022, 677 (77%) are male employees, 203 are female employees (23%). 69% of our employees are based in Singapore, 31% of our employees are based in Malaysia.

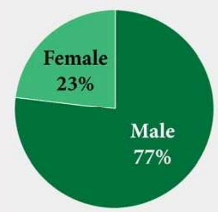
Our Employee	FY2021	FY2022
Total Number of Employee		
All	875	880
Total Number and Percentage of Employees, by Gender		
Male	673 (77%)	677 (77%)
Female	202 (23%)	203 (23%)

Total Number of Workforce

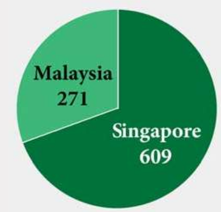


COSCO SHIPPING INTERNATIONAL					
	HQ Office	Cogent Holdings		Marine Engineering	
Gender	Singapore	Singapore	Malaysia	Singapore	TOTAL
Male	6	355	204	112	677
Female	6	121	67	9	203
Total	12	476	271	121	880

Percentage of Employee-By Gender FY2022



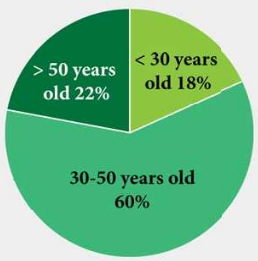
No. of Employee-By Location FY2022



Our Workforce, by Age

COSCO SHIPPING INTERNATIONAL					
	HQ Office	Cogent Holdings		Marine Engineering	
	Singapore	Singapore	Malaysia	Singapore	TOTAL
<30 years old	0	68	71	21	160
30-50 years old	5	284	153	84	526
>50 years old	7	124	47	16	194
Total	12	476	271	121	880

Percentage of Employee-Age Group FY2022



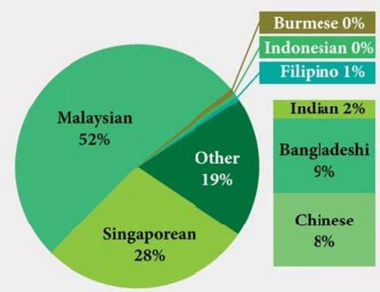
SUSTAINABILITY REPORT

FAIR EMPLOYMENT

Our Workforce, by Nationality

Diversity of Employee, by Nationality			
Nationality	Permanent	Term Contract	Total
Singaporean	223	22	245
Malaysian	450	8	458
Burmese	3	0	3
Indonesian	3	0	3
Filipino	5	0	5
Indian	18	1	19
Bangladeshi	75	0	75
Chinese	32	40	72
Total	809	71	880

Percentage of Employee-by Nationality FY2022



New Hires

New Hire By Gender					
	COSCO SHIPPING INTERNATIONAL				
	HQ Office	Cogent Holdings		Marine Engineering	
Gender	Singapore	Singapore	Malaysia	Singapore	TOTAL
Male	2	142	67	46	257
Female	1	58	22	0	81
Total	3	200	89	46	338

New Hire by Age Group					
	COSCO SHIPPING INTERNATIONAL				
	HQ Office	Cogent Holdings		Marine Engineering	
Age Group	Singapore	Singapore	Malaysia	Singapore	TOTAL
<30 years old	0	48	46	14	108
30-50 years old	1	103	39	31	174
>50 years old	2	49	4	1	56
Total	3	200	89	46	338

Employee Turnover Rate

In FY2022, the staff turnover rate is 18.4%.

MATERIAL TOPIC	RELEVANT SDG
Occupational Health and Safety	

A safe work environment is about more than just preventing injuries or the spread of disease, it is about making employees' well-being a priority. A safe workplace is one where employees feel secure and enjoy a safe space with a positive co-working environment that encourages respect for everyone.

The Group is committed to providing a safe and healthy workplace for all employees to safeguard their safety and health, which the Group deems to be of utmost importance. Due to the environment that the Group operates in, there is a proper safety management system for all employees, including 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 all our employees' health and safety, programmes such as purchasing insurance and providing annual health screening for all employees have been established.

Workplace Safety and Health Committee

In addition, a Workplace Safety and Health ("**WSH**") Committee was set up in Cogent, comprising members from both the safety and operational team to oversee all safety-related issues.

Cogent Holdings' Tank Depot Technician at Work

SAFE WORKING ENVIRONMENT

The main roles and responsibilities of the WSH Committee are listed below:

Under the logistics operations in Malaysia, we are also committed to providing a better safe and healthy workplace for all employees to ensure their safety and health to be most important. There is a proper safety management system which includes proper incident investigations and reporting procedures. In addition, an Occupational Health and Safety ("**OHS**") policy is in place to improve workplace health and safety standards. Every employer's responsibility to ensure that their employees can carry out their work as safely as possible. OHS also deals with all aspects of health and safety in the workplace and strongly focuses on the primary prevention of hazards. Its goal is to prevent accidents and harm to people from work-related activities.

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

Occupational Health and Safety Management System (GRI 403-1)

Cogent consigns workplace safety and health of all employees as one of the integral parts of its 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.

The group has documented a comprehensive set of QEHSMS that embodies the management policies and associated procedures required for effective operation and control of the processes in relation to its intended scope of certification. This covers:

- The determination of processes needed
- Determination of sequence and interaction of processes
- Determination of criteria and methods required to ensure effective operation and control of processes for Quality, Environmental, Health and Safety

SAFE WORKING ENVIRONMENT

- Availability of information necessary to support the operation and monitoring of processes
- Identify significant OHS hazards, environmental aspects & impacts at the workplace that The Company can control and those that it can influence
- Identify applicable EHS legal and other requirements and evaluate compliance with these requirements
- Facilitate monitoring, preventive and corrective actions, auditing and reviewing activities for continual improvement
- Measurement, monitoring and analysis of processes and implementation of actions necessary to achieve planned results and continual improvement.

The Company has established a Management Committee with primary objectives to develop and improve the QEHSMS. The Management Committee shall ensure that these objectives are fulfilled through the following means:

- Establishing the Quality, Environmental, Health and Safety policy and objectives which are compatible with the context and strategic direction of The Company;
- Taking accountability for the effectiveness of the QEHSMS;
- Taking overall responsibility and accountability for the prevention of work-related injury and ill-health, as well as the provision of safe and healthy workplaces and activities;
- Ensuring the integration of the QEHSMS requirements into The Company's business process;
- Promoting the use of the process approach and risk-based thinking;
- Ensuring that the resources needed for the QEHSMS are available;
- Communicating to the organization the importance of meeting customer as well as regulatory and legal requirements, such as risk assessment and aspect/impact;
- Ensuring that the QEHSMS achieves its objectives;
- Engaging, directing and supporting persons to contribute to the effectiveness of the QEHSMS;
- Conducting management reviews;
- Promoting improvement; and
- Supporting other relevant management roles to demonstrate their leadership as it applies to their areas of responsibility.

Some of the key QEHSMS applicable to the Singapore operation are:

- Workplace Safety and Health Act
- Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009
- Workplace Safety and Health (Major Hazard Installation) Regulations
- Environmental Protection and Management (Hazardous Substances) Regulations

SAFE WORKING ENVIRONMENT

- ISO 45001: 2018 Occupational Health and Safety Management system
- ISO 14001: 2015 Environmental Management System
- ISO 9001: 2015 Quality Management System, etc

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 of 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, and 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 audits to ensure that the system adheres to the QEHSMS standards.

Cogent Holdings' Forklift Operator in Action

SAFE WORKING ENVIRONMENT

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 identify gaps and areas for improvement:

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

Hazards Identification, Risk Assessment (GRI 403-2)

Cogent believes that the objective of our QEHSMS is to mitigate hazards and prevent injury. If a hazard is not assessed, the risk cannot 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 WSH Risk Management.

The Company

- establishes and maintains procedure for hazard identification, risk assessment and identify the environmental aspects of its activities and services in which it is controllable and may have an influence, or can have significant impacts on the environment,
- prepares and maintains a list of hazards/risks and aspects/impacts associated with the work activities of services, based upon job safety & environmental analysis, inspection reports, accident/incident rates and professional judgment,
- considers the significant health and safety hazards in establishing objectives and targets,
- reviews the list and updates it if necessary whenever any changes affect the current hazards and risks.

SAFE WORKING ENVIRONMENT

In our RM, the procedures for hazard identification, risk assessment and risk control are developed. Different risk management teams are formed in different business units to identify hazards, assess, and control risks. Competent and experienced persons with adequate training in 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 workers' feedback.

Risk evaluation is based on the '5x5' matrix recommended in the Approved Code of Practice.

SEVERITY (S) LEVELS & DESCRIPTIONS

Level	Severity	Description
5	Catastrophic	Fatality, fatal diseases or multiple major injuries
4	Major	Serious injuries or life-threatening occupational disease
3	Moderate	Injury requiring medical treatment or ill-health leading to disability
2	Minor	Injury or Ill-health requiring first-aid only
1	Negligible	Not likely to cause injury or ill-health

LIKELIHOOD LEVELS (L) & DESCRIPTIONS

Level	Likelihood	Description
1	Rare	Not expected to occur but still possible
2	Remote	Not likely to occur under normal circumstances
3	Occasional	Possible or known to occur
4	Frequent	Common occurence
5	Almost Certain	Continual or repeating experience

RISK LEVEL (RL) = SEVERITY (S) X LIVELIHOOD (L)

Severity\Likelihood	Rare (1)	Remote (2)	Occasional (3)	Frequent (4)	Almost Certain (5)
Catastrophic(5)	5	10	15	20	25
Major(4)	4	8	12	16	20
Moderate(3)	3	6	9	12	15
Minor(2)	2	4	6	8	10
Negligible(1)	1	2	3	4	5

Risk Level	Acceptability of Risk	Recommended Actions
Low Risk (1-3)	Acceptable	• No additional risk control measures may be needed • Frequent review and monitoring of hazards are required to ensure that the risk level assigned is accurate and does not increase over time.
Medium Risk (4-12)	Moderately acceptable	• A careful evaluation of the hazards should be carried out to ensure that the risk level is reduced to as low as reasonably practicable ("**ALARP**") within a defined time period. • Interim risk control measures, such as administrative controls or PPE, may be implemented while longer term measures are being established. • Management attention is required.

SAFE WORKING ENVIRONMENT

Risk Level	Acceptability of Risk	Recommended Actions
High Risk (15 & Above)	Not acceptable	• High Risk level must be reduced to at least Medium Risk before work commences. • There should not be any interim risk control measures. Risk control measures should not be overly dependent on PPE or appliances. • If Practicable, the hazard should be eliminated before work commences. • Management review is required before work commences.

Hierarchy of control is adopted when considering the risk control measures: elimination, substitution, engineer control, administrative control and provision of Personal Protective Equipment ("**PPE**").

Source: Code of Practice on WSH Risk Management, 2021

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 changes 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. Daily toolbox meetings and in-house training are conducted in the languages employees understand, emphasizing the hazards and risks of their work activities and the control 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 includes pre-work inspections and regular workplace maintenance. 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 machines or equipment are not allowed to be used. Cogent encourages employees to report hazards and near misses by continuously educating them on the importance of reporting and incorporating reporting hazards and near misses into workers' annual appraisals.

Incident Investigation(GRI 403-2)

Incident Investigation and Reporting procedures are 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 a hierarchy of controls are adopted in recommending appropriate corrective actions.

The detailed responsibility of incident investigation have been outlined below:

- The Operation Manager/Manager is responsible for investigating the causes of the problem and ensuring that remedial actions are taken on non-conformance detected so that it does not recur or occur elsewhere. The non-conformance or potential non-conformance could be from receiving, checking and stock/ cargo inspection, complaint after delivery, incident (accidents, near-misses or adverse environmental occurrence), legal compliance and the non-conformity resulting from internal audit or management review.
- Risk assessment shall be conducted for any new or changed hazards or new or changed controls to QEHSMS before implementing the corrective actions.

SUSTAINABILITY REPORT

SAFE WORKING ENVIRONMENT

- Department Managers/Heads are responsible for the review of action taken and ensuring that the required amended documents are updated. The (Deputy) General Manager, Senior Manager or Management Representative is responsible for verifying and endorsing the corrective actions.

Relevant records are kept, and updates on all incidents lost man-days due to these incidents. Number of injuries, number of man-days lost and Work Injury Rate ("**WIR**") for all employees are provided to the Senior Management weekly and monthly. This demonstrates our commitment to providing all employees with a safe and healthy workplace.

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

Worker Participation Consultation and Communication on Occupational Health and Safety (GRI 403-4)

The Company understands the importance of worker's participation in improving overall Occupational Health and Safety. Besides the regular training, another two main approaches are being applied to promote the overall performance of the Group on a daily basis to enhance worker's QEHS performance:

- Awareness
- Communication

Awareness

Employees shall be briefed on the Quality, Environmental, Health and Safety policy and relevant objectives and how their roles and activities are relevant and important in contributing to the effectiveness of the QEHSMS and implications to customer satisfaction or dissatisfaction and related EHS requirements. This shall be achieved via their inception briefing/on-the-job training as well as periodic update briefings/broadcasts of The Company's QEHSMS.

Communication

The Company develops proper communication procedures for internal and external communications relevant to QEHSMS. The Company maintains an open communication channel between its various levels and functions within the organization regarding the processes of the Quality, Environmental, Health and Safety and their effectiveness through regular meetings, promotion and awareness activities, training, e-mails, internal memos, notice boards and internal briefings. These communications also include those contractors and other visitors to the workplace and receiving, documenting and responding to the relevant communications from external interested parties.

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 or 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 workplace 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 discussions as risk management members. Safety perception surveys are conducted regularly for staff to gather feedback on the effectiveness of the QEHSMS.

Worker Training on Occupational Health and Safety (GRI 403-5)

Both internal and external training are conducted for employees as required by applicable legal and other requirements. It ensures that all workers are competent to carry out their work safely. Regular safety briefings and refresher training 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
- WSQ Develop a Risk Management Implementation Plan
- Perform Work in Confined Space Operation
- 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

- Working at height for workers-
- Workplace Safety & Health Legal Requirements Training
- Regulatory, Technical & Safety Requirements of ISO Tank Containers
- Assess Confined Space For Safety Entry and Work
- Supervise Work in Confined Space Operation
- 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

Occupational Health Services and Promotion of Worker Health(GRI 403-3 & 6)

Cogent facilitates employees' non-occupational medical check-ups. Medical cards are issued to the employees for clinic access under its panel of doctors.

We have arranged additional medical check-ups for a specific group of employees due to the nature of their job scope and work environment. 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-ups. Employees who are certified fit for work will be re-employed till age 67.

Under logistics operations in Malaysia, we also have proper guideline at the workplace that needs to be complied by all employees without fail to ensure their safety and health. Below are the guidelines that we set up in the workplace:

1. Ensuring every staff must be attired in full PPE upon entering the workplace.
2. Conducting annual fire drills among Cogent Team to ensure all employees are always alert.
3. Moving vehicles and trucks are prohibited from driving through under suspended loading. Trucks are required to reverse to perform any loading on its trailer.
4. Monitoring of speed limit in the yard to avoid any accidents.

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships (GRI 403-7)

Control of contractors is one of the important programmes implemented. Contractors are carefully and regularly evaluated on their safety and health performance to ensure they can perform their work safely. We conduct weekly inspections at in-house contractors' workplaces and communicate with contractors on corrective actions required for any unsafe conditions or unsafe acts. In FY2022, Cogent safety and operation team kick-off the bi-monthly ESH meetings with in-house contractors to discuss EHS-related issues.

Our goals are to stay engaged and communicate better with our contractors and achieve higher safety standards and continuous improvements over time.

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

Owning a large number of 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 responsibility for other road users by exercising extra caution when driving. 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 courses and attend in-house road safety briefings to keep alert on safety on the road.

Work-Related Injuries (GRI 403-9)

In FY2022, Cogent and the Company's other business segments reported 14 work-related recordable injuries to MOM, and 2 high-consequence work-related injuries. All injury incidents were investigated thoroughly by safety and operation teams to find out the root causes and to prevent reoccurrences.

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

Our Performance

Cogent Holdings Pte Ltd

Singapore

Total Working Hour

Year	Total Working Hour
FY2020	1,147,086
FY2021	1,099,723
FY2022	1,100,905

Type of Injuries	Number of Occurrences			Rate (per 1,000,000 hours worked)[1]		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries [2] (major injury) (Excluding Fatalities	0	0	0	0	0	0
Recordable work-related injuries[3]	5	4	7	4.54	3.63	6.36

Note:

(1) The injury rate based on per 1,000,000 working hours.

(2) "High-consequence work-related injuries" include injuries where the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

(3) "Recordable work-related injuries" include medical treatment beyond first aid, restricted work or days away from work.

Details of Work-Related Injuries

Type of Work-Related Injuries	Number of Cases	Investigation Result
Slips/Trips/Falls	2	Case 1: driver poor safety awareness Case 2: Human failure - carelessness
Slips/Hit	1	Material - Container door hard to open
Fall from height	1	Equipment failure
Traffic Accident	1	Third-party fault
Others	2	Human failure – carelessness Equipment Failure

Malaysia

Working Hour

Year	Total Working Hour
FY2020	N.A
FY2021	N.A
FY2022	525,608

Incident Rate

Type of Injuries	Number of Occurrences			Rate (per 1,000,000 hours worked)		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Fatalities as a result of work-related injury	N.A	N.A	0	N.A	N.A	0
High-consequence work-related injuries (major injury) (Excluding Fatalities	N.A	N.A	2	N.A	N.A	4.50
Recordable work-related injuries	N.A	N.A	0	N.A	N.A	0

Details of Work-Related Injuries

Type of Work-Related Injuries	Number of Cases	Investigation Result
Traffic Accident	2	1. Third party fault 2. Negligence

SUSTAINABILITY REPORT

SAFE WORKING ENVIRONMENT

COSCO SHIPPING Marine Engineering Pte Ltd

Total Working Hour

Year	Total Working Hour
FY2020	270,000
FY2021	208,947
FY2022	209,783

Incident Rate

Type of Injuries	Number of Occurrences			Rate (per 1,000,000 hours worked)		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries (major injury) (Excluding Fatalities	0	0	0	0	0	0
Recordable work-related injuries	1	1	5	3.70	4.79	23.83

Details of Recordable Work-Related Injuries

Type of Work-Related Injuries	Number of Cases	Investigation Result
Muscle Strain (back pain)	1	Ergonomic issue, bend pipe
Boon fracture (1.2m)	1	Falling from height (1.2m)
Pinched finger.	1	Manual Shifting
Muscle Strain (back pain)	1	Ergonomic
Pinched finger.	1	Manual Shifting

The number incident rate may different from reported figure in previous Sustainability Report (FY2020 & FY2021) due to the new data collection and analysis methodology being applied in FY2022.

Our Target

In FY2023, the Group has set up the HSE Target as Zero fatalities due to work-related injuries; Zero high-consequence work-related injuries.

SKILL DEVELOPMENT

MATERIAL TOPIC	RELEVANT SDG
Training and Education	

At COSCO SHIPPING, we continue cultivating a learning environment for our employees, actively investing in their training and development programs. We organised in-house training programmes and sent the employees for external courses. These programmes aim to broaden employees' knowledge and skill sets, increasing their efficiency while engaging and sustaining a productive workforce. We encourage employees to continue upgrading their knowledge in various areas, such as finance, accounting, marketing, information technology, technical and operational field. This helps the Group to achieve better productivity, spur organisational growth and achieve transformational change to build a more sustainable organisation.

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

Training and skill development help employees learn specific knowledge and skills to improve their job performance. The most important, it also brings a more significant impact on the Group and to achieve their career aspirations. In the Group, their expertise and contributions are recognised in gearing the Group beyond its existing capacity. As such, all employees are valued. The Group strives to provide a conducive working environment that emphasises the enrichment and empowerment of every individual achieve organisational growth.

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

SUSTAINABILITY REPORT

SKILL DEVELOPMENT

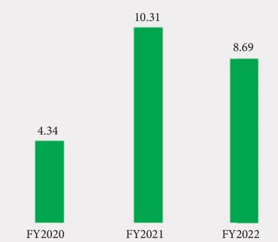
Technical employees are also required to undergo annual assessments conducted in simulated environments to ensure that they remain equipped and competent in meeting the necessary standards and safety measures at the worksite. Training evaluation forms are provided to employees for their feedback on the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

With the aim to enhance employees' proficiency levels in their respective fields 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.

Our Performance

COSCO SHIPPING INTERNATIONAL					
	HQ Office	Cogent Holdings		Marine Engineering	
	Singapore	Singapore	Malaysia	Singapore	TOTAL
Average Training Hour (Hour)	17.83	8.38	11.75	2.14	8.69

Average Training Hours Per Employee (Hour) FY2020-FY2022



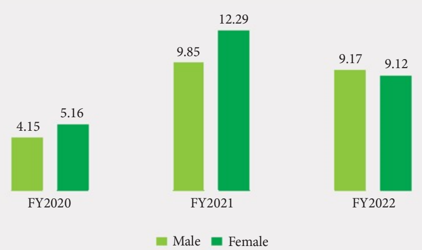
Average Training Hour Per Employee (Hour) FY2022

In FY2022, 8.69 hours of training were received per employee in COSCO SHIPPING. The number has slightly dropped from 10.31 hours per employee in FY2021. One of the key reason is due to the easing of COVID-19 restrictions, resulting in employees' focus shift more towards operation activities.

Average Training Hour, by Gender

Average Training Hour, by Gender (Hour)			
	FY2020	FY2021	FY2022
Male	4.15	9.85	9.17
Female	5.16	12.29	9.12

Average Training Hour-By Gender (Hour)
FY 2020-FY2022



Training Programmes

Technical and safety

- Hazardous Material Driver Transport Permit Course.
- Apply Workplace Safety and Health in Process Plant.
- Perform Safe Prime Mover Driving and Haulage Operations in the Port.
- Perform Work At Height.
- Forklift Refresher Course
- Safe Working at Confine Space
- Forklift Operator
- WSQ Apply Workplace Safety and Health in Shipyard (General Trade)
- Shipyard Safety Instruction Course for Workers (Hotwork Trade).

Soft Skill

- Accounting, Payroll
- Tax Training
- Sustainability

Employee Career Development Review

In COSCO SHIPPING, we encourage and shall promote the professional growth of each employee based on his/her work performance. Suitable opportunities will be provided for the promotion and upgrading of deserving employees. The Company encourage the promotion of suitable qualified and capable employees when the opportunity arises.

Fair promotion opportunity boosts employees' morale and motivates them to keep upgrading themselves to ensure high standards of job performance.

Promotion involves the placement of an employee in a position on a grade higher than his/her current position. It might involve changing tasks and duties, increased responsibilities and/or complexity.

To assess job performance, the Group conducts employee performance evaluations regularly to ensure the service standards meet the Company's level. Meanwhile, through the job performance evaluation programme ensures that every employee has the equal opportunity to get promotion regardless of age, race, nationality and gender.

For FY2022, 375 out of 609 employees have received the job performance review. Overall, 61.58% of the total workforce has received the job performance review in FY2022.

Employee Evaluation Performance

	Male	Female	Total Workforce
COSCO SHIPPING International	6	6	12
Cogent Holdings Pte Ltd (Singapore Only)	227	108	335
COSCO SHIPPING Marine Engineering	28	0	28
Total			375

Our Target

In FY2023, we set up our average training target as 9 hours per employee.

MATERIAL TOPIC	RELEVANT SDG
Privacy of Customers' Data	

The Group has in place a Personal Data Protection Guideline ("**Guideline**") to safeguard the confidential information of stakeholders. All employees of the Group are expected to comply with the Guidelines and Singapore's Personal Data Protection Act ("**Act**") . All employees in the Group shall comply with the Guideline and the Act at all times when the employee represents the Company in communicating with any individual. All employees of the Group must sign and acknowledge their awareness of the Guideline and the Act and may be required to indemnify the Group for all fines and expenses incurred in the event of a breach.

In Cogent, a PDPA statement along with the information of the designated Data Protection Officer is also stated on our website.

The Group also recognizes that 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 can cause data breaches and result in significant legal and reputational costs to the Group.

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

Our Performance

For FY2022, the Group has met the target set in FY2021, and there were zero complaints of breach of customer privacy.

Our Target

In FY2023, the Group is setting up the target to maintain zero complaints of breach of customer privacy.

Statement

COSCO SHIPPING has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI Foundation 2021 Revision have been used.

Disclosure Reference	Disclosure Title	Header	Page Reference & Remarks
General Disclosures			
2-1	Organizational details	Corporate Structure	Annual Report Pg. 3
2-2	Entities included in the organization's sustainability reporting	About This Report	Pg. 80
2-3	Reporting period, frequency and contact point	About This Report	Pg. 80
2-4	Restatements of information	Nil	Nil
2-5	External assurance	About This Report *Not conducted	Pg. 80
2-6	Activities, value chain and other business relationships		Annual Report FY2022 Pg. 14-15
2-7	Employees	Employee	Pg. 115-118
2-8	Workers who are not employees	Employee Relationship	Pg. 117
2-9	Governance structure and composition	Corporate Governance	Annual Report FY2022 Pg. 23-24
2-10	Nomination and selection of the highest governance body	Corporate Governance	Annual Report FY2022 Pg. 34
2-11	Chair of the highest governance body	Corporate Governance	Annual Report FY2022 Pg. 34
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	Annual Report FY2022 Pg. 34
2-13	Delegation of responsibility for managing impacts	Corporate Sustainability Governance	Pg. 86-87
2-14	Role of the highest governance body in sustainability reporting	Corporate Sustainability Governance	Pg. 86-87

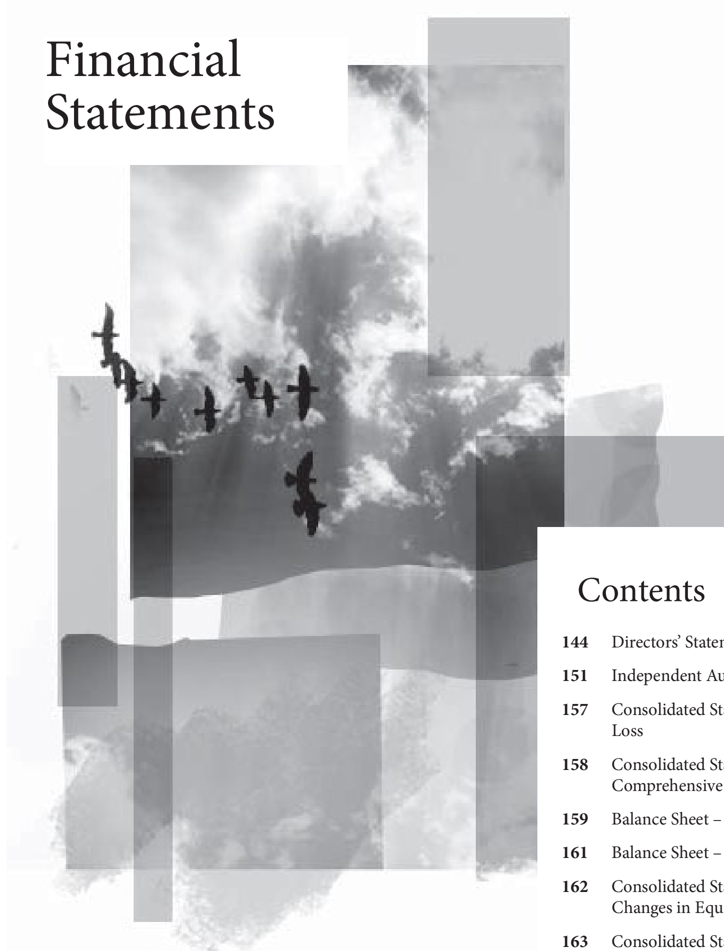
2-15	Conflicts of interest	Conflict of Interest	Pg. 99
2-16	Communication of critical concerns	NIL	NIL
2-17	Collective knowledge of the highest governance body	Collective Knowledge	Pg. 86
2-18	Evaluation of the performance of the highest governance body	Corporate Governance of Governance Body	Annual Report FY2022 Pg. 34
2-19	Remuneration policies	Corporate Governance	Annual Report FY2022 Pg. 37-39
2-20	Process to determine remuneration	Corporate Governance	Annual Report FY2022 Pg. 37-39
2-21	Annual total compensation ratio	Corporate Governance	Annual Report FY2022 Pg. 37-39
2-22	Statement on sustainable development strategy	Board Statement Goals and Strategy	Pg. 77-78 Pg. 88
2-23	Policy commitments	Business Conduct	Pg. 98
2-24	Embedding policy commitments	Business Conduct	Pg. 98
2-25	Processes to remediate negative impacts	NIL	NIL
2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing Policy (SR)	Pg.99
2-27	Compliance with laws and regulations	Compliance with Laws and Regulation	Pg. 101-102
2-28	Membership associations	Membership Associations	Pg. 82
2-29	Approach to stakeholder engagement	Stakeholder Engagement	Pg. 89-91
2-30	Collective bargaining agreements	NIL	NIL
GRI 3 Material Topics			
3-1	Process to determine material topics	Materiality Assessment	Pg. 92
3-2	List of material topics	Materiality Assessment	Pg. 94
3-3	Management of Material topics	Materiality Assessment	Pg. 94
Topic Specific GRI Standard Disclosures			
Economic Performance			
201-1	Direct economic value generated and distributed	Economic Performance	Pg. 97

Anti-Corruption			
205-1	Operations assessed for risks related to corruption	Anti-Corruption Policy	Pg. 98
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption Policy	Pg. 98
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption Policy	Pg. 98
Environment			
306-2	Management of significant waste-related impacts	Waste Management	Pg. 104
305-5	Reduction of GHG Emissions	Emission Control	Pg. 105-106
Fair Employment			
401-1	New employee hires and employee turnover	Fair Employment	Pg. 118
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Fair Employment	Pg. 112, 118
401-3	Parental leave	Parental Leave	Pg. 114
Occupational Health and Safety			
403-1	Occupational health and safety management system	Occupational Health and Safety Management System	Pg. 119-123
403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Assessment	Pg. 123-126
403-3	Occupational health services	Occupational Health and Promotion of Workers Health	Pg. 128
403-4	Worker participation, consultation, and communication on occupational health and safety	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Pg. 127
403-5	Worker training on occupational health and safety	Worker Training on Occupational Health and Safety	Pg. 127-129
403-6	Promotion of worker health	Promotion of Workers Health	Pg. 127-129

GRI CONTENT INDEX

403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazard Identification and Risk Assessment	Pg. 130
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety Management System	Pg. 119-122
403-9	Work-related injuries	Declaration of Work Related Injuries and Hours Lost	Pg. 130
403-10	Work-related ill health	Declaration of Work Related Injuries and Hours Lost	Pg. 130
Training and Education			
404-1	Average hours of training per year per employee	Skill Development	Pg. 136
404-2	Programs for upgrading employee skills and transition assistance programs	Skill Development	Pg. 136
404-3	Percentage of employees receiving regular performance and career development reviews	Skill Development	Pg. 137
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Fair Employment	Pg. 85
Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy	Pg. 138

Financial Statements



Contents

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

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 157 to 265 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 2022 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
Guo Hua Wei (appointed on 14 September 2022)
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.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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 31.12.2022	At 1.1.2022	**At 31.12.2022**	At 1.1.2022
The Company				
(No. of ordinary shares)				
Wang Kai Yuen	**900,000**	900,000	**100,000**	100,000
Er Kwong Wah	**–**	650,000	**–**	–
Ang Swee Tian	**130,000**	130,000	**5,000**	5,000

	Number of unissued ordinary shares under option held by director	
	At 31.12.2022	At 1.1.2022 or date of appointment, if later
Related corporation		
COSCO SHIPPING Holdings Co., Ltd.		
- Share Option Incentive Scheme		
Zhu Jian Dong	**333,268**	505,180
Guo Hua Wei (appointed on 14 September 2022)	**384,134**	384,134

(b) According to the register of directors' shareholdings, none of the directors 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".

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

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) 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 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

Share options (continued)

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

(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

The Company granted options under the Option Scheme to subscribe for 22,238,000 ordinary shares of the Company on 3 July 2020 (the "2020 Options"). Particulars of these options were set out in the Directors' statement for the financial year ended 31 December 2020.

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 key management personnel and employees pursuant to the Option Scheme (the "2021 Options"). The 2021 Options shall be exercisable during the First vesting period, Second vesting period and Third vesting period respectively, subject to the achievement of vesting conditions.

Share options (continued)

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

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 1.1.2022	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 31.12.2022	Exercise price	Exercise period
2020 Options	11,198,200	–	–	(8,460,200)	2,738,000	$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
2021 Options	1,972,700	–	–	(1,319,900)	652,800	$0.334	(i) One-third of options 22.4.2023 - 21.4.2028
							(ii) Another one-third of options 22.4.2024 – 21.4.2028
							(iii) Remaining one-third of options 22.4.2025 – 21.4.2028

No outstanding options were vested and exercisable as at 31 December 2022 and 31 December 2021.

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 2022 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.

DIRECTORS' STATEMENT
For the financial year ended 31 December 2022

Independent auditor

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

On behalf of the directors

ZHU JIAN DONG
Director

GUO HUA WEI
Director

8 March 2023

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 1967 ("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 2022 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 and loss of the Group for the financial year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- the consolidated balance sheet of the Group as at 31 December 2022;
- the balance sheet of the Company as at 31 December 2022;
- 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 judgements; 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 2022. 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 and Note 22(a) to the financial statements* The goodwill amounted to $98,989,000 and 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. The recoverable amount of the CGU is determined based on the higher of the CGU's fair value less cost to sell ("FVLCOD") and value-in-use ("VIU") methods. An impairment charge of $98,989,000 was recognised during the financial year ended 31 December 2022. 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. We performed look-back procedures to assess reliability of management's estimates. We assessed the reasonableness of management's adjustments made to cash flows in the VIU calculation to derive the FVLCOD calculation. With the assistance of our auditor's expert, we assessed the valuation methodology, 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.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	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 to be appropriate. We checked that the impairment charge recognised is the lower of the impairment charge computed by the two methods. Based on the audit procedures performed, we noted that the impairment assessment was performed in accordance with the requirements of SFRS(I)1-36 *Impairment of Assets*.

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 the directors 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.

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.

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

- 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 December 2022

		The Group	
	Note	**2022**	2021
		$'000	$'000
Sales	4	**185,643**	198,463
Cost of sales	5	**(144,401)**	(151,287)
Gross profit		**41,242**	47,176
Other income	7		
- Interest income		**1,225**	127
- Others		**3,016**	5,726
		4,241	5,853
Other gains and losses	8	**511**	17,164
Expenses			
- Distribution	5	**(3,060)**	(3,111)
- Administrative	5		
- (Impairment loss)/reversal of impairment on financial assets		**(79)**	26
- Impairment of goodwill		**(98,989)**	–
- Others		**(25,717)**	(27,548)
		(124,785)	(27,522)
- Finance	9	**(10,232)**	(7,455)
Share of profit of associated companies	16	**7,520**	2,412
(Loss)/profit before income tax		**(84,563)**	34,517
Income tax expense	10(a)	**(3,197)**	(3,674)
(Loss)/profit for the year		**(87,760)**	30,843
(Loss)/profit attributable to:			
Equity holders of the Company		**(88,600)**	30,112
Non-controlling interests		**840**	731
		(87,760)	30,843
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (expressed in cents per share)			
Basic (loss)/earnings per share	11	**(3.96)**	1.34
Diluted (loss)/earnings per share	11	**(3.96)**	1.34

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	The Group 2022 $'000	The Group 2021 $'000
(Loss)/profit for the year		**(87,760)**	30,843
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	28(b)(ii)		
- (Losses)/gains		**(4,977)**	965
- Reclassification on disposal of a subsidiary		**–**	8,663
Other comprehensive (loss)/income, net of tax		**(4,977)**	9,628
Total comprehensive (loss)/income		**(92,737)**	40,471
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(93,296)**	39,837
Non-controlling interests		**559**	634
		(92,737)	40,471

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

BALANCE SHEET - GROUP

As at 31 December 2022

	Note	The Group 31 December 2022 $'000	The Group 31 December 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**106,682**	108,008
Trade and other receivables	13	**44,620**	52,971
Inventories	14	**599**	325
Income tax receivables		**249**	137
		152,150	161,441
Non-current assets			
Trade and other receivables	15	**379**	424
Investments in associated companies	16	**58,803**	55,251
Investment properties	18	**28,387**	40,793
Property, plant and equipment	19	**669,916**	696,205
Intangible assets	22	**16,281**	119,411
Deferred income tax assets	26	**111**	10
		773,877	912,094
Total assets		**926,027**	1,073,535
LIABILITIES			
Current liabilities			
Trade and other payables	23	**35,895**	53,249
Current income tax liabilities		**4,543**	3,810
Borrowings	24	**30,976**	71,955
Provisions	25	**802**	1,111
		72,216	130,125
Non-current liabilities			
Trade and other payables	23	**337**	8,070
Borrowings	24	**297,939**	286,251
Provisions	25	**1,535**	1,106
Deferred income tax liabilities	26	**61,242**	62,773
		361,053	358,200
Total liabilities		**433,269**	488,325
NET ASSETS		**492,758**	585,210

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

BALANCE SHEET - GROUP (continued)

As at 31 December 2022

	Note	The Group 31 December 2022 $'000	2021 $'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	**270,608**	270,608
Statutory and other reserves	28	**38,386**	34,924
Retained earnings		**180,028**	268,628
		489,022	574,160
Non-controlling interests	17	**3,736**	11,050
Total equity		**492,758**	585,210

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

BALANCE SHEET - COMPANY

As at 31 December 2022

	Note	The Company 31 December 2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**78,309**	83,879
Trade and other receivables	13	**306**	7,497
		78,615	91,376
Non-current assets			
Investments in associated companies	16	**49,019**	49,019
Investments in subsidiaries	17	**428,503**	528,681
Property, plant and equipment	19	**45**	58
		477,567	577,758
Total assets		**556,182**	669,134
LIABILITIES			
Current liabilities			
Trade and other payables	23	**44,104**	58,825
Current income tax liabilities		**69**	–
Borrowings	24	**–**	34,069
		44,173	92,894
Non-current liabilities			
Borrowings	24	**72,069**	38,000
		72,069	38,000
Total liabilities		**116,242**	130,894
NET ASSETS		**439,940**	538,240
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	**270,608**	270,608
Other reserves	28	**45,105**	45,105
Retained earnings		**124,227**	222,527
Total equity		**439,940**	538,240

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Attributable to equity holders of the Company					
		Share capital $'000	Statutory and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2022							
Balance at 1 January 2022		**270,608**	**34,924**	**268,628**	**574,160**	**11,050**	**585,210**
(Loss)/profit for the year		–	–	(88,600)	(88,600)	840	(87,760)
Other comprehensive loss for the year		–	(4,696)	–	(4,696)	(281)	(4,977)
Total comprehensive (loss)/income for the year		**–**	**(4,696)**	**(88,600)**	**(93,296)**	**559**	**(92,737)**
Acquisition of additional interest in subsidiaries	17	–	88	–	88	(7,588)	(7,500)
Dividend declared by a subsidiary to minority shareholder		–	–	–	–	(285)	(285)
Derecognition of redemption liability		–	8,185	–	8,185	–	8,185
Accretion of redemption liability		–	(115)	–	(115)	–	(115)
Total transactions with owners, recognised directly in equity		**–**	**8,158**	**–**	**8,158**	**(7,873)**	**285**
Balance as at 31 December 2022		**270,608**	**38,386**	**180,028**	**489,022**	**3,736**	**492,758**
2021							
Balance at 1 January 2021		**270,608**	**25,560**	**238,732**	**534,900**	**10,416**	**545,316**
Profit for the year		–	–	30,112	30,112	731	30,843
Other comprehensive income/(loss) for the year		–	9,725	–	9,725	(97)	9,628
Total comprehensive income for the year		**–**	**9,725**	**30,112**	**39,837**	**634**	**40,471**
Disposal of a subsidiary		–	216	(216)	–	–	–
Accretion of redemption liability		–	(577)	–	(577)	–	(577)
Total transactions with owners, recognised directly in equity		**–**	**(361)**	**(216)**	**(577)**	**–**	**(577)**
Balance as at 31 December 2021		**270,608**	**34,924**	**268,628**	**574,160**	**11,050**	**585,210**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	**2022 $'000**	2021 $'000
Cash flows from operating activities			
(Loss)/profit for the year		**(87,760)**	30,843
Adjustments for:			
- Amortisation of intangible assets		**4,049**	4,057
- Depreciation of property, plant and equipment		**32,094**	34,113
- Depreciation of investment properties		**7,494**	9,011
- Income tax expense		**3,197**	3,674
- Interest expense		**10,232**	7,455
- Interest income		**(1,225)**	(127)
- Impairment of goodwill		**98,989**	–
- Gain on termination of lease		**(72)**	(29)
- Gain on disposal of a subsidiary		**–**	(16,445)
- Rental waiver (financing)		**–**	(1,990)
- Net allowance/(write-back) for impairment of trade and other receivables		**79**	(26)
- Net gain on disposal of property, plant and equipment		**(401)**	(165)
- Write-off on property, plant and equipment		**375**	–
- Share of profit of associated companies		**(7,520)**	(2,412)
- Exchange differences		**77**	515
		59,608	68,474
Changes in working capital:			
- Inventories		**(274)**	150
- Trade and other receivables		**1,130**	(2,984)
- Trade and other payables		**(7,701)**	(3,433)
- Provisions		**–**	(168)
Cash provided by operations		**52,763**	62,039
Income tax paid		**(3,826)**	(3,540)
Net cash provided by operating activities		**48,937**	58,499

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 31 December 2022

	Note	**2022 $'000**	2021 $'000
Cash flows from investing activities			
Deferred consideration paid for acquisition of a subsidiary		**(2,000)**	(1,000)
Additions to property, plant and equipment (Note A)		**(16,030)**	(26,067)
Proceeds from disposal of property, plant and equipment		**593**	769
Disposal of a subsidiary, net of cash disposed of	12	**–**	21,214
Proceeds from disposal of a transferable club membership		**–**	92
Interest received		**1,023**	132
Dividends received from associated companies		**9,871**	2,011
Net cash used in investing activities		**(6,543)**	(2,849)
Cash flows from financing activities			
Acquisition of non-controlling interests in subsidiaries	17	**(7,500)**	–
Proceeds from borrowings		**10,904**	17,558
Repayments of borrowings		**(18,174)**	(16,375)
Principal payment of lease liabilities		**(18,233)**	(17,771)
Decrease in bank deposits pledged		**5**	392
Interest paid		**(9,722)**	(7,801)
Dividend paid to non-controlling interest of a subsidiary		**(285)**	–
Net cash used in financing activities		**(43,005)**	(23,997)
Net (decrease)/increase in cash and cash equivalents		**(611)**	31,653
Cash and cash equivalents at beginning of financial year		**107,074**	75,007
Effects of currency translation on cash and cash equivalents		**(710)**	414
Cash and cash equivalents at end of financial year	12	**105,753**	107,074

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 20) $'000	Property, plant and equipment additions (Note 19) $'000
2022	16,030	120	(7,828)	12,321	–	–	20,643
2021	26,067	–	(2,927)	23,452	370	152	47,114

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities

	1 January 2022 $'000	Principal and interest payments $'000	Proceeds from borrowings $'000	Non-cash changes: Additions/ modifications arising from SFRS(I) 16 $'000	Non-cash changes: Early termination of lease $'000	Non-cash changes: Rental waiver $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Foreign exchange movement $'000	31 December 2022 $'000
Borrowings	245,274	(18,174)	10,904	–	–	–	–	(401)	237,603
Lease liabilities	112,932	(18,233)	–	3,676	(5,622)	–	–	(1,441)	91,312
Interest payable	266	(9,722)	–	–	–	–	10,232	–	776

	1 January 2021 $'000	Principal and interest payments $'000	Proceeds from borrowings $'000	Non-cash changes: Additions/ modifications arising from SFRS(I) 16 $'000	Non-cash changes: Property, plant and equipment acquired under financing arrangement	Non-cash changes: Rental waiver $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Foreign exchange movement $'000	31 December 2021 $'000
Borrowings	244,215	(16,375)	17,558	–	–	–	–	(124)	245,274
Lease liabilities	98,639	(17,771)	–	33,304	1,055	(1,990)	–	(305)	112,932
Interest payable	242	(7,801)	–	–	–	–	7,825	–	266

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

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 17 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 2022

On 1 January 2022, 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, except as follows.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022 (continued)

Interest Rate Benchmark Reform – Phase 2

In the previous financial year, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial instruments measured at amortised cost and lease liabilities

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities (see below).

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

Effect of IBOR reform

Following the global financial crisis, the reform and replacement of inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Interbank Offered Rate ("SIBOR").

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022 (continued)

Effect of IBOR reform (continued)

1-month and 3-month SIBOR will cease publication after 31 December 2024, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). The Group has variable-rate SGD borrowings which reference to 1-month and 3-month SIBOR and mature after 31 December 2024. The Group's communication with its debt counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. The expected transition from SIBOR to SORA had no effect on the amounts reported for the current and prior financial years.

The following table contains details of all the financial instruments that the Group and Company holds at 31 December 2022 which are referenced to SIBOR and have not yet transitioned to new benchmark rates:

	SIBOR	
	Carrying amount $'000	Of which: Not yet transited to an alternative benchmark rate $'000
Group:		
31 December 2022		
Liabilities		
- Borrowings	197,941	197,941
31 December 2021		
Liabilities		
- Borrowings	237,802	237,802
Company:		
31 December 2022		
Liabilities		
- Borrowings	38,000	38,000
31 December 2021		
Liabilities		
- Borrowings	72,069	72,069

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) *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.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Rendering of services (continued)

(ii) 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.

(iii) 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.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Rendering of services (continued)

(iii) Shipping - charter hire (continued)

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.

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.

(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.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Rental income (continued)

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

(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. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

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.

(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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals* (continued)

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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies (continued)

(ii) Equity method of accounting (continued)

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.

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.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Motor vessels (continued)

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 (refer to 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.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(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".

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. Significant accounting policies (continued)

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.

2.8 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. Significant accounting policies (continued)

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.

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 fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(b) details how the Group determines whether there has been a significant increase in credit risk.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

At subsequent measurement (continued)

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.

2.13 Financial guarantees

The Company issues corporate guarantees to banks for borrowings of its subsidiaries and third parties for services provided to its subsidiaries. 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.

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. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

2.17 Leases (continued)

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

- 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.

  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;

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: (continued)

  - 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.

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

2.17 Leases (continued)

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

- 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.

(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.

2. Significant accounting policies (continued)

2.17 Leases (continued)

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

- Lessor – Subleases (continued)

  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.

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.

2. Significant accounting policies (continued)

2.19 Income taxes (continued)

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.

2.20 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.

2. Significant accounting policies (continued)

2.20 Provisions (continued)

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 its 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.

(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.

2. Significant accounting policies (continued)

2.21 Employee compensation (continued)

(c) *Share-based compensation* (continued)

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. Significant accounting policies (continued)

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.

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.

(a) Impairment assessment of goodwill

The Group has recognised an impairment charge on its goodwill of $98,989,000 during the financial year which resulted in the carrying amount of goodwill as at 31 December 2022 to reduce to $nil, as disclosed in Note 22(a).

In performing the impairment assessment of the carrying amount of goodwill which is fully attributable to the logistics cash-generating unit ("CGU") of the Group, the recoverable amount of the CGU is determined based on the higher of fair value less costs to sell ("FVLCOD") and value-in-use ("VIU") calculations.

Significant judgements are used to estimate the revenue growth rates, terminal growth rate and 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. Specific estimates are disclosed in Note 22(a).

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

(a) *Impairment assessment of goodwill* (continued)

The change of the following magnitude on the key assumptions will result in an impairment charge to property, plant and equipment and other intangible assets to be recognised as at 31 December 2022:

	Higher/ (lower) %	Impairment $'000
Deviation in forecasted revenue growth rate	(1.0)	(25,478)
Discount rate	0.3	(19,970)
Terminal growth rate	(1.5)	(67,749)

(b) *Impairment of investments in subsidiaries*

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

As at 31 December 2022, management has performed an impairment assessment on its investment in Cogent Holdings Pte. Ltd. and recognised an impairment charge of $100,258,000 (2021: $Nil). Details of the impairment assessment are set out in Note 17.

The change of the following magnitude on the key assumptions will result in a further impairment charge to investments in subsidiaries to be recognised as at 31 December 2022:

	Higher/ (lower) %	Impairment $'000
Deviation in forecasted revenue growth rate	(1.0)	(25,478)
Discount rate	0.3	(19,970)
Terminal growth rate	(1.5)	(67,749)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

4. Sales

Revenue of the Group is analysed as follows:

	2022 $'000	2021 $'000
Ship repair and marine engineering	**18,556**	12,534
Shipping - charter hire	**–**	27,435
Logistics management services	**133,548**	127,824
Rental Income		
- Logistics management services	**19,058**	18,848
- Property management services	**14,481**	13,567
Less: rental concessions	**–**	(1,745)
	185,643	198,463

(a) Disaggregation of revenue

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**
2022			
i) Ship repair and marine engineering			
- Singapore	–	18,556	18,556
	–	18,556	18,556
ii) Logistics management services			
- Singapore	60,601	43,709	104,310
- Malaysia	27,270	1,968	29,238
	87,871	45,677	133,548
Total	87,871	64,233	152,104

4. Sales (continued)

(a) Disaggregation of revenue (continued)

	Revenue recognised		
	At a point in time $'000	Over time $'000	Total $'000
2021			
i) Ship repair and marine engineering			
- Singapore	–	12,534	12,534
	–	12,534	12,534
ii) Shipping - charter hire			
- Worldwide	–	27,435	27,435
	–	27,435	27,435
iii) Logistics management services			
- Singapore	58,279	38,787	97,066
- Malaysia	29,301	1,457	30,758
	87,580	40,244	127,824
Total	87,580	80,213	167,793

Income from time charter contracts are generated from leasing of vessels and provision of services. Lease income is approximately within the range of 25% to 30% of the total contract value for the financial year ended 31 December 2021.

4. Sales (continued)

(b) Trade receivables from contracts with customers

	31 December 2022 $'000	31 December 2021 $'000	1 January 2021 $'000
Current assets			
Trade receivables from contracts with customers	**34,142**	36,173	34,766
Less: Loss allowance	**(330)**	(258)	(233)
	33,812	35,915	34,533

(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:

(i) Transfer the property tax rebates received from the Singapore government for period 1 January 2020 to 31 December 2020;

(ii) Provide up to 4 months of rent waiver for qualifying tenants for April 2020 to July 2020; and

(iii) Provide up to 1.5 months of rental relief for qualifying tenants during the Phase Two (Heightened Alert) periods between May 2021 and August 2021.

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

5. Expenses by nature

	The Group 2022 $'000	2021 $'000
Impairment loss/(reversal of impairment) on financial assets	**79**	(26)
Amortisation of intangible assets (Note 22)	**4,049**	4,057
Audit fee	**466**	542
Raw materials, finished goods, consumables and other overheads	**9,831**	4,031
Changes in inventories and work-in-progress	**(274)**	152
Crew overheads	**–**	6,348
Depreciation of investment properties (Note 18)	**7,494**	9,011
Depreciation of property, plant and equipment (Notes 19 and 20)	**32,094**	34,113
Director and employee compensation (Note 6)	**42,452**	47,043
Insurance	**789**	1,467
Impairment of goodwill (Note 22)	**98,989**	–
Write-off of property, plant and equipment	**375**	–
Non-audit service fees paid/payable to auditor of the Company	**108**	81
Professional fees	**1,130**	1,056
Rental expense on operating leases (Note 20)	**2,538**	4,326
Repairs and maintenance	**10,410**	10,007
Sub-contractor expenses	**16,017**	16,167
Vessel overheads	**–**	3,462
Storage and handling charges	**20,398**	20,500
Fuels and utilities	**14,960**	10,745
Property tax	**4,171**	2,977
Other expenses	**6,170**	5,861
Total cost of sales, distribution and administrative expenses	**272,246**	181,920

6. Director and employee compensation

	The Group 2022 $'000	2021 $'000
Wages, salaries and staff benefits	**38,924**	43,265
Employer's contribution to defined contribution plans	**3,344**	3,594
Directors' fees of the Company	**184**	184
	42,452	47,043

7. Other income

	The Group 2022 $'000	2021 $'000
Interest income	**1,225**	127
Government grants	**884**	4,927
Rental income	**148**	199
Sales of scrap material	**1,236**	36
Sundry income	**748**	564
	4,241	5,853

Government grants comprise the following:

(a) Jobs Support Scheme ("JSS")

Grant income of $Nil (2021: $1,539,000) was recognised during the financial year under the JSS. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. 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 waivers and cash grants amounting to $Nil (2021: $2,124,000) from the Singapore Government to help businesses deal with the impact from COVID-19. Out of these amounts received, $Nil (2021: $1,990,000) 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).

7. Other income (continued)

(c) Others

Remaining government grants amounting to $884,000 (2021: $1,264,000) has been received during the current financial year. These grants relate mainly to Job Growth Incentive, Employee Work Life Grant, Wage Credit Scheme and CDAS-COVID 19 relief funds.

8. Other gains and losses

	The Group	
	2022	2021
	$'000	$'000
Currency exchange gains/(losses) - net	**38**	(158)
Gain on termination of lease	**72**	29
Gain on disposal of property, plant and equipment	**401**	165
Gain on disposal of a subsidiary	–	16,445
Gain on sale of bunker stock	–	683
	511	17,164

9. Finance expenses

	The Group	
	2022	2021
	$'000	$'000
Interest expense		
- Bank borrowings	**5,968**	3,707
- Loans from a fellow subsidiary	**1,096**	656
- Lease liabilities/finance lease liabilities	**3,168**	3,462
	10,232	7,825
Less: Amounts capitalised in property, plant and equipment	–	(370)
Amount recognised in profit or loss	**10,232**	7,455

Finance expenses on specific financing were capitalised at a rate of Nil (2021: 2.13%) per annum.

10. Income taxes

(a) Income tax expense

	The Group	
	2022	2021
	$'000	$'000
Tax expense attributable to profit or loss is made up of:		
- Profit or loss for the financial year:		
Current income tax		
- Singapore	**5,566**	5,051
- Foreign	**212**	151
	5,778	5,202
Deferred income tax (Note 26)		
- Singapore	**(1,517)**	(1,400)
- Foreign	**20**	48
	(1,497)	(1,352)
	4,281	3,850
- (Over)/under provision in prior financial years:		
Current income tax		
- Singapore	**(1,340)**	(504)
Deferred income tax (Note 26)		
- Singapore	**256**	328
Income tax expense	**3,197**	3,674

10. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group 2022 $'000	The Group 2021 $'000
(Loss)/profit before tax	**(84,563)**	34,517
Share of profit of associated companies, net of tax	**(7,520)**	(2,412)
(Loss)/profit before tax and share of profit of associated companies	**(92,083)**	32,105
Tax calculated at a tax rate of 17% (2021: 17%)	**(15,654)**	5,458
Effects of:		
- different tax rates in other countries	**65**	178
- tax incentives	**(206)**	(1,753)
- income not subject to tax	**(79)**	(2,736)
- expenses not deductible for tax purposes	**20,148**	2,685
- others	**7**	18
- over provision of current income tax in prior years	**(1,340)**	(504)
- under provision of deferred income tax in prior years	**256**	328
Tax charge	**3,197**	3,674

(b) The tax charge relating to each component of other comprehensive (loss)/income is as follows:

	2022 Before tax $'000	2022 Tax charge $'000	2022 After tax $'000	2021 Before tax $'000	2021 Tax charge $'000	2021 After tax $'000
Currency translation differences arising from consolidation	**(4,977)**	**–**	**(4,977)**	9,628	–	9,628
Other comprehensive (loss)/income	**(4,977)**	**–**	**(4,977)**	9,628	–	9,628

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

11. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group 2022	The Group 2021
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(88,600)**	30,112
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,239,245**	2,239,245
Basic (loss)/earnings per share (cents per share)	**(3.96)**	1.34

(b) Diluted (loss)/earnings per share

There were no dilutive ordinary potential shares in 2022 and 2021.

12. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year comprise the following:

	The Group 31 December 2022 $'000	The Group 31 December 2021 $'000	The Company 31 December 2022 $'000	The Company 31 December 2021 $'000
Cash at bank and on hand	**34,424**	49,074	**10,940**	25,879
Short-term bank deposits	**72,258**	58,934	**67,369**	58,000
	106,682	108,008	**78,309**	83,879

12. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group 31 December 2022 $'000	2021 $'000
Cash and bank balances (as above)	**106,682**	108,008
Less: Bank deposits pledged	**(929)**	(934)
Cash and cash equivalents per consolidated statement of cash flows	**105,753**	107,074

Cash and cash equivalents of the Group amounting to $929,000 (2021: $934,000) were pledged as security for bankers' guarantee and trade finance facilities.

Disposal of a subsidiary

On 28 December 2021, the Company disposed of its 60% equity interest in COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as "COSCO SHIPPING (Singapore) Pte. Ltd.") ("COSCO SHIPPING Bulk SEA") for a consideration of US$42,391,000 (equivalent to $57,482,000). The 40% retained interest is accounted as an investment in associate.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

12. Cash and cash equivalents (continued)

Disposal of a subsidiary (continued)

The effects of the disposal on the cash flows of the Group were:

	Group 2021 $'000
Carrying amounts of assets and liabilities disposed of:	
Cash and cash equivalents	36,268
Trade and other receivables	10,565
Inventories	337
Property, plant and equipment (Note 19)	34,257
Total assets	81,427
Trade and other payables	3,297
Current income tax liabilities	5
Total liabilities	3,302
Net assets disposed of	78,125

	Group 2021 $'000
Net assets disposed of (as above)	78,125
Reclassification of currency translation reserve (Note 28(b)(ii))	8,663
Gain on disposal of a subsidiary (Note 8)	16,445
Amount accounted for as associated company (Note 16)	(38,321)
Amount accounted for as dividend receivable	(7,430)
Sales consideration from disposal	57,482
Less: Cash and cash equivalents in a subsidiary disposed of	(36,268)
Net cash inflow on disposal	21,214

13. Trade and other receivables - current

	The Group		The Company	
	31 December		31 December	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade receivables:				
- Non-related parties	**32,228**	34,111	**–**	–
- Fellow subsidiaries	**4,444**	3,622	**–**	–
- Related parties	**–**	653	**–**	–
	36,672	38,386	**–**	–
Less: Allowance for impairment of receivables	**(548)**	(475)	**–**	–
Trade receivables - net	**36,124**	37,911	**–**	–
Other receivables:				
- Non-related parties	**2,860**	1,260	**209**	11
Advances paid to suppliers	**259**	124	**–**	–
Staff advances	**4**	8	**–**	–
Dividend receivable from an associated company	**–**	7,390	**–**	7,390
Deposits	**2,972**	3,791	**–**	–
Prepayments	**2,401**	2,487	**97**	96
Other receivables	**8,496**	15,060	**306**	7,497
Total trade and other receivables - current	**44,620**	52,971	**306**	7,497

Trade and other receivables due from fellow subsidiaries and other related parties are unsecured, interest-free and repayable on demand.

14. Inventories

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Finished goods	**599**	325

The cost of inventories recognised as expense amounted to $9,557,000 (2021: $4,183,000).

15. Trade and other receivables - non-current

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Trade receivables from non-related parties (i)	**43**	96
Less: Current portion	**(9)**	(53)
Trade receivables - non-related parties	**34**	43
Other receivables - retention sum (ii)	**345**	381
	379	424

(i) As at 31 December 2022, trade receivables amounting to $43,000 (2021: $96,000) were unsecured, interest-free with monthly instalment payments commencing in January 2021 and would be repayable in full by 2027.

(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 4.63% (2021: 1.30%) per annum which the directors expected to borrow as and when required by the Group.

16. Investments in associated companies

	The Group 31 December 2022 $'000	2021 $'000
Beginning of financial year	**55,251**	16,652
Additions (Note 12)	**–**	38,321
Currency translation differences	**(1,438)**	(123)
Share of profits, net of tax	**7,520**	2,412
Dividends received, net of tax	**(2,530)**	(2,011)
End of financial year	**58,803**	55,251

	The Company 31 December 2022 $'000	2021 $'000
Equity investment at cost		
Beginning of financial year	**49,019**	13,953
Additions	**–**	35,066
End of financial year	**49,019**	49,019

On 28 December 2021, the Company disposed of its 60% equity interest in COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as "COSCO SHIPPING (Singapore) Pte. Ltd.") ("COSCO SHIPPING Bulk SEA") for a consideration of US$42,391,000 (equivalent to $57,482,000). The 40% retained interest is accounted as an investment in associate.

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.

16. Investments in associated companies (continued)

Name of associated companies	Principal activities	Country of incorporation/ business	% of paid-up capital held by the Company 31 December 2022 %	2021 %	% of paid-up capital held by a subsidiary 31 December 2022 %	2021 %
PT. Ocean Global Shipping Logistics [(i)]	Logistic service, freight forwarding and container depot services	Indonesia	**40**	40	**–**	–
SINOVNL 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
COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. [(iii)]	Ship owning, ship chartering and investment holding	Singapore	**40**	40	**–**	–

(i) Audited by Anwar & Rekan Indonesia.

(ii) Audited by PricewaterhouseCoopers firm outside Singapore.

(iii) Audited by PricewaterhouseCoopers LLP, Singapore

16. Investments in associated companies (continued)

Summarised financial information of associated companies

Summarised balance sheet

	COSCO SHIPPING Bulk SEA 31 December		PT. Ocean Global Shipping Logistics 31 December		SINOVNL Company Limited 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**69,183**	46,913	**30,414**	32,766	**4,143**	3,648
Current liabilities	**(14,640)**	(3,284)	**(9,515)**	(10,719)	**(1,834)**	(2,061)
Non-current assets	**29,168**	34,071	**13,676**	16,544	**2,116**	3,173
Non-current liabilities	**–**	–	**(9,081)**	(10,933)	**(831)**	(1,963)
Non-controlling interests	**–**	–	**(514)**	(567)	**–**	–
Share capital and reserves attributable to shareholders	**(83,711)**	(77,700)	**(24,980)**	(27,091)	**(3,594)**	(2,797)

Summarised statement of comprehensive income

	COSCO SHIPPING Bulk SEA 31 December		PT. Ocean Global Shipping Logistics 31 December		SINOVNL Company Limited 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**62,321**	27,435	**19,071**	17,611	**14,476**	10,351
Profit before income tax	**14,348**	9,428	**7,124**	6,740	**3,331**	1,828
Net profit for the year	**14,277**	9,423	**5,612**	5,217	**2,616**	1,428
Other comprehensive (loss)/gain	**(750)**	(510)	**(2,513)**	137	**(145)**	85
Total comprehensive income	**13,527**	8,913	**3,099**	5,354	**2,471**	1,513
Dividends receivable/ received from associated company	**–**	7,390	**2,028**	1,427	**502**	584

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

16. Investments in associated companies (continued)

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:

	COSCO SHIPPING Bulk SEA 31 December		PT. Ocean Global Shipping Logistics 31 December		SINOVNL Company Limited 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Net assets of associate	**83,711**	77,700	**24,980**	27,091	**3,594**	2,797
Group's equity interest	**40%**	40%	**40%**	40%	**30%**	30%
Group's share of net assets	**33,484**	31,080	**9,992**	10,836	**1,078**	839
Fair value adjustment	**8,791**	7,038	**–**	–	**–**	–
Goodwill	**–**	–	**5,458**	5,458	**–**	–
	42,275	38,118	**15,450**	16,294	**1,078**	839

17. Investments in subsidiaries

	The Company 31 December	
	2022	2021
	$'000	$'000
Unquoted equity shares		
Beginning of financial year	**542,893**	630,557
Disposal	**–**	(87,664)
	542,893	542,893
Accumulated impairment losses	**(114,390)**	(14,212)
End of financial year	**428,503**	528,681

On 28 December 2021, the Company disposed of its 60% equity interest in COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as "COSCO SHIPPING (Singapore) Pte. Ltd.") ("COSCO SHIPPING Bulk SEA") for a consideration of US$42,391,000 (equivalent to $57,482,000). The 40% retained interest is accounted as an investment in associate.

17. Investments in subsidiaries (continued)

Movement in accumulated impairment losses are as follows:

	2022 $'000	2021 $'000
Beginning of financial year	**14,212**	15,968
Write-back of impairment [(i)]	**(80)**	(1,756)
Impairment charge during the year [(ii)]	**100,258**	–
End of financial year	**114,390**	14,212

(i) During the financial year ended 31 December 2022, the Company has assessed that there was indication that an impairment loss recognised in prior period for an investment in subsidiary has decreased. Hence, a write-back of impairment of $80,000 (2021: $1,756,000) was made to increase the carrying amount of the investment to its recoverable amount.

(ii) Impairment of $100,258,000 (2021: $Nil) made during the financial year relates to the investment in Cogent Holdings Pte. Ltd. Due to lower projected margins arising from rising fuel and utility costs, compounded by the continued increase in interest rates and inflation rates, the estimated recoverable amount of the subsidiary is expected to be below the Company's cost of investment. The recoverable amount was determined using fair value less costs to sell method, based on a Level 3 fair value measurement. Significant assumptions used in the model are presented in Note 22(a).

The Group had the following subsidiaries as at 31 December 2022 and 31 December 2021:

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	
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
			$'000	$'000	**%**	%	**%**	%	**%**	%
COSCO SHIPPING 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

17. 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	
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
			$'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	**–**	–

17. 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	
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
			$'000	$'000	**%**	%	**%**	%	**%**	%
Cogent Automotive Logistics Pte. Ltd. [(i) and (iv)]	Export processing, transportation and storage of motor vehicles	Singapore	**–**	–	**–**	–	**100**	100	**–**	–
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), (iv) and (vi)]	Provision of container depot management services	Malaysia	**–**	–	**–**	–	**–**	–	**–**	–
SH Cogent Logistics Sdn. Bhd. [(ii) and (iv)]	Provision of container depot management services and warehousing management services	Malaysia	**–**	–	**–**	–	**100**	100	**–**	–

17. 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	
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
			$'000	$'000	**%**	%	**%**	%	**%**	%
COSCO SHIPPING 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 services, transportation and cargoes	Malaysia	**–**	–	**–**	–	**98**	80	**2**	20
GEMS Logistics Sdn. Bhd. [(ii) and (iv)]	Provision of warehousing services	Malaysia	**–**	–	**–**	–	**100**	80	**–**	20
Dolphin Shipping Agency Sdn. Bhd. [(ii) and (iv)]	Provision of value added logistics services	Malaysia	**–**	–	**–**	–	**100**	80	**–**	20
East West Freight Services Sdn. Bhd. [(ii) and (iv)]	Provision of value added logistics services	Malaysia	**–**	–	**–**	–	**100**	80	**–**	20
			542,893	542,893						

(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 SHIPPING Marine Engineering (Singapore) Pte. Ltd.

17. Investments in subsidiaries (continued)

(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.

(vi) On 31 December 2021, the Group completed the winding-up of its wholly owned subsidiary, Cogent Container Depot (M) Sdn. Bhd.

Carrying value of non-controlling interests

	31 December	
	2022	2021
	$'000	$'000
Malaysia Subsidiaries	**764**	8,450
Subsidiaries with immaterial non-controlling interests	**2,972**	2,600
	3,736	11,050

Summarised financial information of subsidiaries with material non-controlling interests

During the financial year ended 31 December 2022, following the acquisition of additional interest in Guper Integrated Logistics Sdn. Bhd. ("GIL"), GEMS Logistics Sdn. Bhd. ("GEMS"), Dolphin Shipping Agency Sdn. Bhd. ("DSA") and East West Freight Services Sdn. Bhd. ("EWF") (collectively the Malaysia subsidiaries), the non-controlling interests amounted to $764,000. At 31 December 2022, in the opinion of the directors, none of the subsidiaries that have non-controlling interests are material to the Group.

At 31 December 2021, Guper Integrated Logistics Sdn. Bhd. ("GIL"), GEMS Logistics Sdn. Bhd. ("GEMS"), Dolphin Shipping Agency Sdn. Bhd. ("DSA") and East West Freight Services Sdn. Bhd. ("EWF") (collectively the Malaysia subsidiaries) have non-controlling interests amounting to $8,450,000 and the summarised financial information are set out below and presented before inter-company eliminations.

17. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised balance sheet

	31 December 2021 $'000
Current	
Assets	12,381
Liabilities	(5,167)
Total current net assets	7,214
Non-current	
Assets	49,394
Liabilities	(14,360)
Total non-current net assets	35,034
Net assets	42,248

Summarised income statements

	2021 $'000
Revenue	24,041
Profit before income tax	2,244
Income tax expense	(632)
Profit after tax	1,612
Other comprehensive income	(579)
Total comprehensive income	1,033
Total comprehensive income allocated to non-controlling interests	207

17. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	2021 $'000
Net cash generated from operating activities	4,548
Net cash used in investing activities	(757)
Net cash used in financing activities	(1,421)

Acquisition of additional interest in subsidiaries

On 12 September 2022, pursuant to the shareholder agreements entered into for the acquisition of the Malaysia subsidiaries, the Group acquired additional interest in the Malaysia subsidiaries from its non-controlling interests for a purchase consideration of $7,500,000. The Group effectively now holds 97.56%, 100%, 100% and 100% of the equity share capital of GIL, GEMS, DSA and EWF respectively.

The effect of the changes in the Group's ownership interest on the equity attributable to owners is summarised as follows:

	2022 $'000
Amount paid on change in ownership interest in subsidiaries	**(7,500)**
Non-controlling interests acquired	**7,588**
Amount recognised in equity reserve	**88**

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

18. Investment properties

	The Group 31 December **2022 $'000**	2021 $'000
Cost		
Beginning of financial year	**79,468**	68,184
Currency translation differences	**(829)**	(196)
Additions	**–**	11,480
Lease modifications	**(4,137)**	–
End of financial year	**74,502**	79,468
Accumulated depreciation		
Beginning of financial year	**38,675**	29,669
Currency translation differences	**(54)**	(5)
Depreciation charge (Note 5)	**7,494**	9,011
End of financial year	**46,115**	38,675
Net book value	**28,387**	40,793
Fair values	**57,272**	69,429

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 20) for commercial and industrial properties which the Group leases and further sub-leases 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.

18. Investment properties (continued)

The following amounts are recognised in profit or loss:

	The Group 2022 $'000	2021 $'000
Rental income	**23,738**	21,546
Direct operating expenses arising from investment properties that generate rental income	**15,721**	16,473

Fair value hierarchy - Recurring fair value measurements

Description	Fair value measurements using Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable Inputs (Level 3) $'000
31 December 2022			
- Office units and industrial properties	–	–	44,912
- Right-of-use assets	–	–	12,360
31 December 2021			
- Office units and industrial properties	–	–	42,963
- Right-of-use assets	–	–	26,466

FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

18. Investment properties (continued)

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 and industrial properties

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 result 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 2022 and 2021, the fair values of the properties have been determined by CBRE Private Limited and Knight Frank Malaysia Sdn. Bhd.

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.

(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.

19. Property, plant and equipment

The Group

	Freehold land $'000	Leasehold land and buildings $'000	Office renovations, furniture, fixtures and equipment $'000	Plant, machinery and equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
2022							
Cost							
Beginning of financial year	13,514	667,650	16,072	35,904	34,692	22,118	789,950
Currency translation differences	(810)	(3,329)	(49)	(10)	(439)	(12)	(4,649)
Additions	–	11,010	767	1,739	1,841	5,286	20,643
Modifications	–	(4,508)	–	–	–	–	(4,508)
Disposals	–	(8,796)	(389)	(262)	(4,113)	–	(13,560)
Write-off	–	–	–	–	–	(433)	(433)
Reclassification		6,831	1,300	8,516	–	(16,647)	–
End of financial year	12,704	668,858	17,701	45,887	31,981	10,312	787,443
Accumulated depreciation and impairment losses							
Beginning of financial year	–	62,089	7,392	10,281	13,983	–	93,745
Currency translation differences	–	(264)	(24)	(7)	(142)	–	(437)
Depreciation charge	–	22,964	1,639	3,067	4,424	–	32,094
Disposal	–	(3,304)	(387)	(261)	(3,923)	–	(7,875)
End of financial year	–	81,485	8,620	13,080	14,342	–	117,527
Net book value							
End of financial year	**12,704**	**587,373**	**9,081**	**32,807**	**17,639**	**10,312**	**669,916**

19. Property, plant and equipment (continued)

The Group (continued)

	Freehold land $'000	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
2021								
Cost								
Beginning of financial year	13,705	560,109	15,101	32,184	35,359	81,001	103,339	840,798
Currency translation differences	(191)	(739)	(6)	(2)	(88)	2,183	27	1,184
Disposal of a subsidiary (Note 12)	–	–	(25)	–	(232)	(87,738)	–	(87,995)
Additions	–	22,133	1,037	1,592	3,334	5,043	13,975	47,114
Disposals	–	(4,745)	(41)	(19)	(3,681)	(2,665)	–	(11,151)
Reclassification	–	90,892	6	2,149	–	2,176	(95,223)	–
End of financial year	13,514	667,650	16,072	35,904	34,692	–	22,118	789,950
Accumulated depreciation and impairment losses								
Beginning of financial year	–	45,257	5,615	7,785	12,535	50,733	–	121,925
Currency translation differences	–	(40)	–	(2)	(16)	1,354	–	1,296
Depreciation charge	–	21,087	1,811	2,509	4,827	4,031	–	34,265
Disposal of a subsidiary (Note 12)	–	–	(3)	–	(166)	(53,569)	–	(53,738)
Disposal	–	(4,215)	(31)	(11)	(3,197)	(2,549)	–	(10,003)
End of financial year	–	62,089	7,392	10,281	13,983	–	–	93,745
Net book value								
End of financial year	**13,514**	**605,561**	**8,680**	**25,623**	**20,709**	**–**	**22,118**	**696,205**

19. Property, plant and equipment (continued)

The Company

	Office renovations, furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
2022			
Cost			
Beginning of financial year	113	390	503
Additions	12	–	12
Disposals	(27)	–	(27)
End of financial year	98	390	488
Accumulated depreciation			
Beginning of financial year	78	367	445
Depreciation charge	20	5	25
Disposals	(27)	–	(27)
End of financial year	71	372	443
Net book value			
End of financial year	**27**	**18**	**45**
2021			
Cost			
Beginning of financial year	106	366	472
Additions	7	24	31
End of financial year	113	390	503
Accumulated depreciation			
Beginning of financial year	61	341	402
Depreciation charge	17	26	43
End of financial year	78	367	445
Net book value			
End of financial year	**35**	**23**	**58**

19. Property, plant and equipment (continued)

The Company (continued)

(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 20.

(b) Included within additions in the current year consolidated financial statements are right-of-use assets amounting to $12,321,000 (2021: $23,452,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $401,533,000 (2021: $409,942,000) (Note 24).

20. 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 18).

20. Leases – The Group as a lessee (continued)

Right-of-use ("ROU") assets (continued)

Nature of the Group's leasing activities (continued)

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	
	2022	2021
	$'000	$'000
Leasehold land and buildings	**82,180**	92,496
Equipment	**6,398**	6,567
Motor vehicles	**6,363**	7,086
	94,941	106,149

ROU assets classified within Investment properties

The right-of-use asset relating to leasehold land and buildings presented under investment properties (Note 18) is stated at cost less accumulated depreciation and has a carrying amount at balance sheet date of $17,193,000 (2021: $29,081,000).

20. Leases – The Group as a lessee (continued)

Right-of-use ("ROU") assets (continued)

(b) Depreciation charge during the year

	The Group	
	2022	2021
	$'000	$'000
Investment properties	**6,975**	8,492
Leasehold land and buildings	**9,740**	9,161
Equipment	**355**	337
Motor vehicles	**1,819**	1,879
	18,889	19,869
Less: Amount capitalised in property, plant and equipment	**–**	(152)
Amount recognised in profit or loss	**18,889**	19,717
(c) Interest expense on lease liabilities (Note 9)	**3,168**	3,462
(d) Lease expense not capitalised in lease liabilities Lease expense - Short term leases (Note 5)	**2,538**	4,326
(e) Total income from sub-leasing ROU assets	**21,318**	19,106
(f) Total cash outflow for all the leases	**23,939**	25,559

(g) Addition and modification of ROU assets during the financial year was $12,321,000 (2021: $34,932,000) and $8,645,000 (2021: $Nil) respectively. During the current financial year, ROU assets with carrying amounts of $5,493,000 (2021: $544,000) was derecognised due to early termination of certain leases.

21. 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.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Less than one year	**32,073**	21,962
One to two years	**8,345**	7,795
Two to three years	**1,715**	2,946
Three to four years	–	64
Total undiscounted lease payment	**42,133**	32,767

22. Intangible assets

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Goodwill arising on consolidation (Note (a))	–	98,989
Club memberships (Note (b))	–	–
Contract-based intangible asset (Note (c))	–	–
Customer relationships intangible assets (Note (d))	**16,281**	20,422
	16,281	119,411

22. Intangible assets (continued)

(a) Goodwill arising on consolidation

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Cost		
Beginning and end of financial year	**98,989**	98,989
Accumulated impairment		
Beginning of financial year	–	–
Impairment charge (Note 5)	**(98,989)**	–
End of financial year	**(98,989)**	–
Net book value	–	–

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.

In performing the impairment assessment of the carrying amount of goodwill, the recoverable amount of the CGU is determined based on the higher of fair value less costs to sell ("FVLCOD") and value-in-use ("VIU") calculations.

In 2022, the recoverable amount of the CGU was determined based on FVLCOD calculation. Cash flow projections used in the FVLCOD calculation were based on financial budgets approved by management covering a one-year period, adjusted to market participants' perspective. Cash flows beyond the one-year period are determined using the estimate growth rates stated below, while cash flows beyond the five-year period were extrapolated based on 3.0% growth rate. The growth rate did not exceed the long-term average growth rate for the logistics business in which the CGU operates.

22. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

Key assumptions used for FVLCOD calculation:

	2022
Revenue growth rate	**3.8% to 10.0%**
Terminal growth rate[1]	**3.0%**
Discount rate[2]	**10.2%**

(1) Growth rate used to extrapolate cash flows beyond the budget period

(2) Post-tax discount rate applied to the post-tax cash flow projections

Management determined budgeted growth rate based on past performance and its expectations of the market developments from market participants' perspective. Climate-related risks such as higher fuel costs have also been factored into the recoverable amount calculation. The terminal growth rate used is consistent with the forecasts included in industry reports. The discount rate used is post-tax and reflects specific risks relating to the relevant industries.

An impairment charge of $98,989,000 is included within "Administrative expenses" in the statement of comprehensive income. The geopolitical uncertainties and supply interruptions have contributed to rising fuel and utility costs, resulting in lower projected margins. This, compounded by the continued increase in interest rates and inflation rates during the second half of the financial year, led to the impairment charge at year end.

22. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

Fair value hierarchy

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable Inputs (Level 3) $'000
31 December 2022			
- Recoverable amount based on FVLCOD calculation	–	–	520,081

Valuation techniques and inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2022 ($'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Recoverable amount based on FVLCOD calculation	520,081	Discounted cash flow method	Risk-adjusted discount rate	**10.2%**	The higher the discount rate, the lower the fair value.
			Terminal growth rate	**3.0%**	The higher the terminal growth rate, the higher the fair value.
			Revenue growth rate	**3.8% to 10.0%**	The higher the revenue growth rate, the higher the fair value.

22. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

In 2021, the recoverable amount of the CGU was determined based on VIU. Cash flow projections used in the VIU 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 3.0% 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 for VIU calculation:

	2021
Revenue growth rate	2.3% to 9.2%
Terminal growth rate[3]	3.0%
Discount rate[4]	10.5%

[3] Growth rate used to extrapolate cash flows beyond the budget period

[4] Pre-tax discount rate applied to the pre-tax cash flow projections. Post-tax discount rate was 9.1%

Management determined budgeted growth rate 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	
	2022	2021
	$'000	$'000
Transferable club memberships, at cost		
Beginning of financial year	–	92
Disposals	–	(92)
End of financial year	–	–

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

22. Intangible assets (continued)

(c) Contract-based intangible assets

	The Group 31 December	
	2022	2021
	$'000	$'000
Cost		
Beginning and end of financial year	**3,644**	3,644
Accumulated amortisation		
Beginning and end of financial year	**3,644**	3,644
Net book value	**–**	–

(d) Customer relationships intangible assets

	The Group 31 December	
	2022	2021
	$'000	$'000
Cost		
Beginning of financial year	**36,116**	36,146
Currency translation differences	**(128)**	(30)
End of financial year	**35,988**	36,116
Accumulated amortisation		
Beginning of financial year	**15,694**	11,643
Amortisation charge	**4,049**	4,057
Currency translation differences	**(36)**	(6)
End of financial year	**19,707**	15,694
Net book value	**16,281**	20,422

The amortisation charge is presented within the "Cost of sales" in the consolidated statement of profit or loss.

23. Trade and other payables

	The Group 31 December 2022 $'000	The Group 31 December 2021 $'000	The Company 31 December 2022 $'000	The Company 31 December 2021 $'000
Current				
Trade payables:				
- Non-related parties	**10,754**	10,735	–	–
- Fellow subsidiaries	**195**	255	–	–
- Related parties	–	102	–	–
	10,949	11,092	–	–
Advances from non-related parties	**1,557**	647	–	–
Non-trade payables:				
- Non-related parties	**2,545**	2,940	**176**	2,180
- Subsidiaries	–	–	**40,651**	43,834
- Fellow subsidiaries	**2,255**	2,453	–	–
- Associated company	–	9,440	–	9,440
- Related parties	**2**	11	–	–
	4,802	14,844	**40,827**	55,454
Deposits received	**7,439**	8,396	–	–
Other accruals for operating expenses	**10,372**	18,004	**2,819**	3,366
Interest payable	**776**	266	**458**	5
	18,587	26,666	**3,277**	3,371
Total current trade and other payables	**35,895**	53,249	**44,104**	58,825
Non-current				
Trade payables:				
- Non-related parties	**337**	–	–	–
Redemption liability	–	8,070	–	–
Total non-current trade and other payables	**337**	8,070	–	–
Total trade and other payables	**36,232**	61,319	**44,104**	58,825

23. Trade and other payables (continued)

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, associated company and related parties are unsecured, interest-free and are repayable on demand.

The fair values of the non-current trade and other payables approximated its carrying amounts, determined from cash flows analyses discounted at market borrowing rates of 4.63% per annum (2021: 3.24%) which the directors expected to borrow as and when required by the Group.

24. Borrowings

	The Group 31 December 2022 $'000	The Group 31 December 2021 $'000	The Company 31 December 2022 $'000	The Company 31 December 2021 $'000
Current				
Bank borrowings (unsecured)	**2,365**	36,242	–	34,069
Bank borrowings (secured)	**16,021**	16,058	–	–
Lease liabilities (secured)	**12,590**	19,655	–	–
	30,976	71,955	–	34,069
Non-current				
Bank borrowings (unsecured)	**55,964**	18,261	**34,069**	–
Bank borrowings (secured)	**125,253**	136,713	–	–
Loan from a fellow subsidiary (unsecured)	**38,000**	38,000	**38,000**	38,000
Lease liabilities (secured)	**78,722**	93,277	–	–
	297,939	286,251	**72,069**	38,000
Total borrowings	**328,915**	358,206	**72,069**	72,069

The borrowings of the Group and of the Company amounting to $237,603,000 and $72,069,000 respectively (2021: $245,274,000 and $72,069,000) have variable interest rates that are contractually repriced within 1 to 3 months (2021: 1 to 3 months) from the balance sheet date.

24. Borrowings (continued)

(a) Security granted

At the balance sheet date, total borrowings include secured liabilities of $232,586,000 (2021: $265,703,000) for the Group.

Bank borrowings are secured by:

(i) certain bank deposits (Note 12); and

(ii) certain property, plant and equipment (Note 19).

Lease liabilities are secured over the Group's right-of-use assets classified within property, plant and equipment and investment properties (Note 20).

(b) Fair values of non-current borrowings

As at 31 December 2022 and 2021, the carrying amounts of non-current borrowings, which are at variable rates, approximated their fair values.

25. Provisions

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Provision for reinstatement costs	**2,337**	2,217
Current	**802**	1,111
Non-current	**1,535**	1,106
	2,337	2,217

25. Provisions (continued)

Movements in provision for reinstatement costs are as follows:

	The Group	
	31 December	
	2022	2021
	$'000	$'000
Beginning of financial year	**2,217**	2,385
Provision made during the financial year	**120**	–
Provision utilised during the financial year	–	(168)
End of financial year	**2,337**	2,217

Provision for reinstatement costs represent estimated costs required to reinstate the Group's leased premises to their original state upon expiry of the lease.

26. 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	
	2022	2021
	$'000	$'000
Deferred income tax assets	**(111)**	(10)
Deferred income tax liabilities	**61,242**	62,773
Net deferred tax liabilities	**61,131**	62,763

26. Deferred income taxes (continued)

Movement in the deferred income tax account is as follows:

	The Group 31 December 2022 $'000	2021 $'000
Beginning of financial year	**62,763**	63,886
Currency translation differences	**(391)**	(99)
Deferred tax credited to profit or loss	**(1,241)**	(1,024)
End of financial year	**61,131**	62,763

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 no unrecognised tax losses 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.

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 $'000	Right-of-use assets $'000	Undistributed profits of foreign associated companies $'000	Total $'000
2022				
Beginning of financial year	63,149	20,020	198	83,367
(Credited)/charged to income statement	(1,059)	(3,667)	21	(4,705)
Currency translation differences	(390)	(356)	–	(746)
End of financial year	61,700	15,997	219	77,916

26. Deferred income taxes (continued)

Deferred income tax liabilities (continued)

	The Group			
	Accelerated tax depreciation $'000	Right-of-use assets $'000	Undistributed profits of foreign associated companies $'000	Total $'000
2021				
Beginning of financial year	63,947	17,237	150	81,334
(Credited)/charged to income statement	(721)	2,880	48	2,207
Currency translation differences	(77)	(97)	–	(174)
End of financial year	63,149	20,020	198	83,367

Reconciliation of total deferred income tax liabilities after appropriate offsetting from the same tax jurisdiction is as follows:

	The Group 31 December 2022 $'000	2021 $'000
Total deferred income tax liabilities	**77,916**	83,367
Offsetting of deferred income tax assets from the same tax jurisdiction	**(16,674)**	(20,594)
Total deferred income tax liabilities after appropriate offsetting from the same tax jurisdiction	**61,242**	62,773

26. Deferred income taxes (continued)

Deferred income tax assets

	The Group Lease liabilities $'000
2022	
Beginning of financial year	(20,604)
Charged to income statement	3,464
Currency translation differences	355
End of financial year	(16,785)
2021	
Beginning of financial year	(17,448)
Credited to income statement	(3,231)
Currency translation differences	75
End of financial year	(20,604)

Reconciliation of total deferred income tax assets after appropriate offsetting from the same tax jurisdiction is as follows:

	The Group 31 December	
	2022	2021
	$'000	$'000
Total deferred income tax assets	**(16,674)**	(20,594)
Offsetting of deferred income tax liabilities from the same tax jurisdiction	**16,674**	20,594
Total deferred income tax assets after appropriate offsetting from the same tax jurisdiction	**–**	–

27. Share capital

	Issued share capital	
	No. of ordinary shares '000	**Amount $'000**
2022		
Beginning and end of financial year	2,239,245	270,608
2021		
Beginning and end of financial year	2,239,245	270,608

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 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.

27. Share capital (continued)

Share options (continued)

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 numbers 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 Company granted options under the Option Scheme to subscribe for 22,238,000 ordinary shares of the Company on 3 July 2020 (the "2020 Options").

27. Share capital (continued)

Share options (continued)

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 key management personnel and employees pursuant to the Option Scheme (the "2021 Options"). The 2021 Options shall be exercisable during the First vesting period, Second vesting period and Third vesting period respectively, 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 2022

	Number of ordinary shares under option outstanding						
	Beginning of financial year ’000	**Granted during financial year ‘000**	**Lapsed during financial year ’000**	**Exercised during financial year ‘000**	**End of financial year ’000**	**Exercise price $**	**Exercise period**
2020 Options	11,198	–	(8,460)	–	2,738	0.202	3.7.2022-2.7.2027
2021 Options	1,973	–	(1,320)	–	653	0.334	22.4.2023-21.4.2028
	13,171	–	(9,780)	–	3,391		

27. Share capital (continued)

Share options (continued)

As at 31 December 2021

	Beginning of financial year '000	Granted during financial year '000	Lapsed during financial year '000	Exercised during financial year '000	End of financial year '000	Exercise price $	Exercise period
	Number of ordinary shares under option outstanding						
2020 Options	20,174	–	(8,976)	–	11,198	0.202	3.7.2022-2.7.2027
2021 Options	–	2,959	(986)	–	1,973	0.334	22.4.2023-21.4.2028
	20,174	2,959	(9,962)	–	13,171		

No outstanding options were vested and exercisable as at 31 December 2022 and 31 December 2021.

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. Accordingly, share-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.

28. Statutory and other reserves

	The Group 31 December 2022 $'000	The Group 31 December 2021 $'000	The Company 31 December 2022 $'000	The Company 31 December 2021 $'000
(a) Composition:				
Share option reserve	**44,578**	44,578	**44,578**	44,578
Currency translation reserve	**(6,565)**	(1,869)	**–**	–
Other reserve	**373**	(7,785)	**527**	527
	38,386	34,924	**45,105**	45,105

28. Statutory and other reserves (continued)

	The Group 2022 $'000	The Group 2021 $'000	The Company 2022 $'000	The Company 2021 $'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	**(1,869)**	(11,594)	**–**	–
Reclassification of currency translation reserves on disposal of a subsidiary	**–**	8,663	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(4,977)**	965	**–**	–
Non-controlling interests	**281**	97	**–**	–
End of financial year	**(6,565)**	(1,869)	**–**	–
(iii) ***Other reserve***				
Beginning and ending of financial year	**(7,785)**	(7,424)	**527**	527
Acquisition of additional interest in subsidiaries	**88**	–	**–**	–
Disposal of a subsidiary	**–**	216	**–**	–
Derecognition of redemption liability	**8,185**	–	**–**	–
Accretion of redemption liability	**(115)**	(577)	**–**	–
End of financial year	**373**	(7,785)	**527**	527

Other reserve is non-distributable.

29. Dividends

No dividend will be recommended at the next Annual General Meeting to be convened on 28 April 2023. No dividend was declared for the financial year ended 31 December 2022 and 31 December 2021.

30. 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	
	2022	2021
	$'000	$'000
Property, plant and equipment	**8,036**	17,197

31. 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 the functional currencies of the respective subsidiaries of the Group. 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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

31. Financial risk management (continued)

(a) Market risk (continued)

(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.

The Group is exposed mainly to the Singapore Interbank Offered Rate ("SIBOR"). The Group is managing the SIBOR transition plan. The greatest change will be amendments to the contractual terms of the SIBOR-referenced floating-rate debts.

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% (2021: 0.5%) with all other variables including tax rate being held constant, the loss after tax (2021: profit after tax) of the Group and the Company would have been lower or higher (2021: higher or lower) by $984,000 (2021: $1,015,000) and $299,000 (2021: $299,000) respectively as a result of lower or higher interest expense on these borrowings.

31. Financial risk management (continued)

(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 at 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 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.

31. Financial risk management (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) of the countries in which it sells goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the GDP.

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 Group 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**
The Group						
As at 31 December 2022						
Ship repair and marine engineering						
Trade receivable	2,639	1,275	1,252	198	464	5,828
Logistics services						
Trade receivable	19,715	7,243	709	302	345	28,314
Property management						
Trade receivable	1,146	475	164	195	584	2,564
	23,500	**8,993**	**2,125**	**695**	**1,393**	**36,706**

31. Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables (continued)

	Current $'000	Past due: 1 to 90 days $'000	91 to 180 days $'000	181 to 365 days $'000	More than 1 year $'000	Total $'000
As at 31 December 2021						
Ship repair and marine engineering						
Trade receivable	2,258	485	1,184	1,915	358	6,200
Logistics services						
Trade receivable	21,480	7,063	709	318	403	29,973
Property management						
Trade receivable	825	382	328	162	559	2,256
	24,563	7,930	2,221	2,395	1,320	38,429

As at 31 December 2022 and 2021, management has identified a group of debtors to be credit impaired and assessed the recoverability of the outstanding balances separately.

	2022 $'000	2021 $'000
Gross carrying amount	**548**	475
Less: Loss allowance	**(548)**	(475)
	–	–

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

31. Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables (continued)

The movements in credit loss allowance are as follows:

	2022 $'000	2021 $'000
The Group		
Balance at beginning of year	**475**	705
Disposal of a subsidiary	**–**	(207)
Receivables written off as uncollectible	**–**	(1)
Reversal of unutilised amounts	**(42)**	(52)
Changes in credit risk	**121**	26
Currency translation differences	**(6)**	4
Balance at end of year	**548**	475

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 2022 and 31 December 2021, the Company did not have any loss allowance arising from its financial assets.

Cash at bank and other receivables are subject to immaterial credit loss.

The Company has issued a financial guarantee to a bank for borrowings of a subsidiary amounting to $24,260,000 (2021: $20,234,000). The financial guarantee is subject to the impairment requirements of SFRS(I) 9. The Company has assessed that the subsidiary has strong financial capacity to meet its financial obligations in the near future and hence, does not expect significant credit losses arising from this guarantee.

31. Financial risk management (continued)

(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.

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 2022			
Other financial liabilities	**(34,338)**	**(337)**	**–**
Borrowings	**(45,478)**	**(206,929)**	**(198,377)**
At 31 December 2021			
Other financial liabilities	(52,602)	(8,394)	–
Borrowings	(80,274)	(160,481)	(210,375)
The Company			
At 31 December 2022			
Other financial liabilities	**(44,104)**	**–**	**–**
Borrowings	**(2,894)**	**(74,434)**	**–**
At 31 December 2021			
Other financial liabilities	(58,825)	–	–
Borrowings	(35,308)	(38,657)	–

31. Financial risk management (continued)

(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 -16.7% per annum for the current financial year ended 31 December 2022 (2021: 5.4% per annum).

The return on shareholders' fund is calculated as net profit/(loss) 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 2022 and 31 December 2021.

(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.

31. Financial risk management (continued)

(f) Financial instruments by category

The aggregate carrying amounts of financial assets and financial liabilities at amortised cost are as follows:

	The Group		The Company	
	31 December		31 December	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets at amortised cost	**149,021**	158,792	**78,518**	91,280
Financial liabilities at amortised cost	**363,590**	418,878	**116,173**	130,894

(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.

32. 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.

33. 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.

33. Related party transactions (continued)

	The Group	
	2022	2021
	$'000	$'000
Revenue		
Sales to fellow subsidiaries	**21,164**	14,232
Sales to related parties	**–**	1,218
Service income received from fellow subsidiaries	**3,399**	3,693
Commission received/receivable from fellow subsidiaries	**54**	68
Expenditure		
Purchases from fellow subsidiaries	**4,422**	12,601
Purchases from related parties	**–**	267
Rental paid/payable to fellow subsidiaries	**789**	1,196
Vessel rental paid to a fellow subsidiary	**–**	1,532
Crew wages paid/payable to fellow subsidiaries	**–**	3,232
Service expenses paid/payable to fellow subsidiaries	**1,070**	1,686
Interest paid/payable to a fellow subsidiary	**1,096**	656
Insurance premium paid/payable to a fellow subsidiary	**140**	873
Commission paid/payable to fellow subsidiaries	**–**	107
Purchase of Property, plant and equipment from a fellow subsidiary	**157**	382

Outstanding balances as at 31 December 2022, arising from sales or purchases of goods and services and receivables/payables from/to fellow subsidiaries, are set out in Note 13, 23 and 24 respectively.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

33. 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 Nil (2021: 994,000) and 2,315,300 (2021: 1,323,300) 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 27). The outstanding number of share options granted to key management of the Group at the end of financial year was 331,400 (2021: 2,646,700).

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2022	2021
	$'000	$'000
Salaries and other short-term benefits	**2,989**	2,232
Directors' fees of the Company	**184**	184
	3,173	2,416

Included in the above was total compensation to directors of the Company amounting to $1,917,000 (2021: $1,536,000).

34. 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.

34. 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
2022						
The Group						
Sales						
- External sales	–	18,556	152,606	14,481	–	185,643
- Inter-segment sales	–	–	–	689	9,313	10,002
	–	18,556	152,606	15,170	9,313	195,645
Elimination						(10,002)
						185,643
Segment results	–	3,789	(82,986)	2,379	(6,258)	(83,076)
Interest income	–	1	97	–	1,127	1,225
Finance expense	–	(50)	(8,144)	–	(2,038)	(10,232)
Share of profit of associated companies	4,546	–	2,974	–	–	7,520
Profit/(loss) before income tax	4,546	3,740	(88,059)	2,379	(7,169)	(84,563)
Income tax expense						(3,197)
Net loss						(87,760)
Other segment items						
Additions to property, plant and equipment, net of lease modifications	–	3,787	12,206	130	12	16,135
Amortisation of intangible assets	–	–	4,049	–	–	4,049
Lease modification of investment properties	–	–	–	(4,137)	–	(4,137)
Depreciation of property, plant and equipment	–	609	31,062	398	25	32,094
Depreciation of investment properties	–	–	6,731	763	–	7,494
Impairment of goodwill	–	–	98,989	–	–	98,989
Impairment of trade and other receivables	–	–	78	1	–	79
Segment assets	–	16,773	726,782	44,882	78,676	867,113
Associated companies						58,803
Deferred income tax assets						111
Consolidated total assets						926,027
Segment liabilities	–	2,582	9,071	23,456	3,460	38,569
Borrowings						328,915
Current income tax liabilities						4,543
Deferred income tax liabilities						61,242
Consolidated total liabilities						433,269
Consolidated net assets						492,758

34. Segment information (continued)

	Shipping $'000	Ship repair, and marine engineering activities $'000	Logistics $'000	Property management $'000	All other segments $'000	Total $'000
2021						
The Group						
Sales						
- External sales	27,435	12,534	146,007	12,487	–	198,463
- Inter-segment sales	–	–	–	402	15,857	16,259
	27,435	12,534	146,007	12,889	15,857	214,722
Elimination						(16,259)
						198,463
Segment results	9,382	2,375	17,324	1,533	8,819	39,433
Interest income	46	–	68	–	13	127
Finance expense	–	(52)	(6,159)	–	(1,244)	(7,455)
Share of profit of associated companies	–	–	2,412	–	–	2,412
Profit before income tax	9,428	2,323	13,645	1,533	7,588	34,517
Income tax expense						(3,674)
Net profit						30,843
Other segment items						
Additions to property, plant and equipment	5,149	908	40,620	406	31	47,114
Additions to investment properties	–	–	3,788	7,692	–	11,480
Amortisation of intangible assets	–	–	4,057	–	–	4,057
Depreciation of property, plant and equipment	4,060	753	28,880	377	43	34,113
Depreciation of investment properties	–	–	2,961	6,050	–	9,011
(Write-back)/impairment of trade and other receivables	–	(34)	23	(15)	–	(26)
Segment assets	–	13,248	881,766	31,797	91,463	1,018,274
Associated companies						55,251
Deferred income tax assets						10
Consolidated total assets						1,073,535
Segment liabilities	–	1,844	23,490	23,224	14,978	63,536
Borrowings						358,206
Current income tax liabilities						3,810
Deferred income tax liabilities						62,773
Consolidated total liabilities						488,325
Consolidated net assets						585,210

34. 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 (other than deferred tax assets) are shown by the geographical area where the assets are located.

	Sales		Non-current assets	
			31 December	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore *	**151,243**	162,336	**697,758**	821,625
Malaysia	**34,400**	36,127	**76,008**	90,459
	185,643	198,463	**773,766**	912,084

* 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 $30,668,000 (2021: $31,242,000) are derived from one (2021: one) single external customer. These revenues are attributable to the Singapore Logistics segment.

35. Arbitration proceeding

On 20 November 2021, a subsidiary of the Company, SH Cogent Logistics Pte Ltd ("SHCL"), received a Final Arbitral Award ("Award") dated 18 November 2021 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 $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 $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 2021, 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 2022, the Tribunal issued its decision on the Application under which the Application was rejected, except for a minor downward revision for an amount of $7,490 that was initially awarded in favor of the Group under the Award.

On 5 May 2022, 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.

On 25 January 2022, the High Court of Singapore dismissed the crane specialist's applications to set aside the Award and to set aside the order obtained by SHCL for leave to enforce the Award.

On 24 February 2022, the crane specialist filed a notice of appeal against the High Court's decision.

On 18 October 2022, the Singapore Court of Appeal heard the crane specialist's appeal and dismissed the same in its entirety with costs.

To date, the Group has not received any payment from the crane specialist in relation to the sums awarded by the Tribunal.

As there is material uncertainty in relation to the recoverability of the outstanding sums under the Award, the Award granted to the Group on 18 November 2020 has not been recognised in the Group's consolidated financial statements for the financial year ended 31 December 2022.

36. Events occurring after balance sheet date

On 7 March 2023, the Company entered into an agreement with Supply Fortune Limited to undertake investments in logistics infrastructure assets, with the objective of growing logistics supply chain value in the Southeast Asia region, and to lease such assets for rental income.

Under the Agreement, the parties have agreed to incorporate a company in Singapore within two months from the date of the agreement, pursuant to which the Company and Supply Fortune Limited shall subscribe for 49% and 51% of the initial issued and paid-up share capital of the company respectively, for a total cash consideration of US$10,000.

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 2023 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 waiver 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) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendment to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

37. New or revised accounting standards and interpretations (continued)

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023) (continued)

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

38 . 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 2023.

FIVE-YEAR SUMMARY

	Note	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000
PROFIT OR LOSS						
Sales		163,673	171,495	185,843	198,463	185,643
Profit/(loss) before income tax		16,940	10,641	11,875	34,517	(84,563)
Income tax expense		(3,719)	(2,933)	(2,810)	(3,674)	(3,197)
Total profit/(loss)		13,221	7,708	9,065	30,843	(87,760)
Profit/ (loss) attributable to:						
- Equity holders of the Company		12,977	7,380	8,337	30,112	(88,600)
- Non-controlling interests		244	328	728	731	840
		13,221	7,708	9,065	30,843	(87,760)
BALANCE SHEET						
Share Capital		270,608	270,608	270,608	270,608	270,608
Statutory and other reserves		35,995	35,365	25,560	34,924	38,386
Retained earnings		223,015	230,395	238,732	268,628	180,028
Non-controlling interests		1,482	1,911	10,416	11,050	3,736
Total Equity		531,100	538,279	545,316	585,210	492,758
Trade and other receivables		812	477	529	424	379
Investment in associated companies		15,171	16,209	16,652	55,251	58,803
Investment properties		13,637	22,872	38,515	40,793	28,387
Property, plant and equipment		550,012	672,412	718,873	696,205	669,916
Intangible assets		131,033	126,352	123,584	119,411	16,281
Deferred expenditure		2,212	–	–	–	–
Deferred income tax assets		–	6	–	10	111
Current assets		109,933	110,039	120,607	161,441	152,150
Current liabilities		(79,005)	(84,401)	(89,187)	(130,125)	(72,216)
Non-current liabilities		(212,705)	(325,687)	(384,257)	(358,200)	(361,053)
Net Assets		531,100	538,279	545,316	585,200	492,758
RATIOS						
Basic earnings/(loss) per share (cents)	1	0.6	0.3	0.4	1.3	(4.0)
Net tangible assets per share (cents)		17.6	18.1	18.1	20.1	20.9
Gearing ratio (Net of Cash)	2	0.2	0.4	0.5	0.4	0.5

Notes:

1. Basic earnings per share is calculated as net profit/(loss) from attributable to equity holders of the company divided by the weighted average number of ordinary shares issued in the financial year.

2. 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 14 March 2023

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 14 MARCH 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	28	0.10	905	0.00
100 - 1,000	2,100	7.77	2,017,390	0.09
1,001 - 10,000	14,458	53.47	81,201,570	3.63
10,001 - 1,000,000	10,395	38.44	601,098,297	26.84
1,000,001 and above	59	0.22	1,554,926,792	69.44
Total	**27,040**	**100.00**	**2,239,244,954**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2023

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**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.*

SHAREHOLDING STATISTICS

As at 14 March 2023

TWENTY LARGEST SHAREHOLDERS AS AT 14 MARCH 2023

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	CHINA OCEAN SHIPPING COMPANY LIMITED	1,194,565,488	53.35
2	CITIBANK NOMINEES SINGAPORE PTE LTD	70,901,251	3.17
3	DBS NOMINEES PTE LTD	53,996,921	2.41
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	25,267,546	1.13
5	OCBC SECURITIES PRIVATE LTD	21,563,924	0.96
6	RAFFLES NOMINEES (PTE) LIMITED	20,175,102	0.90
7	DBSN SERVICES PTE LTD	17,619,425	0.79
8	UOB KAY HIAN PTE LTD	17,346,200	0.77
9	OCBC NOMINEES SINGAPORE PTE LTD	16,353,069	0.73
10	PHILLIP SECURITIES PTE LTD	11,122,800	0.50
11	CHUA LIAK CHNG	8,064,000	0.36
12	MAYBANK SECURITIES PTE. LTD.	7,442,871	0.33
13	LEE FOOK CHOY	7,366,000	0.33
14	IFAST FINANCIAL PTE LTD	6,003,734	0.27
15	LIM AND TAN SECURITIES PTE LTD	5,030,500	0.22
16	ESTATE OF HUI SHUNE MING @ HUI SHUN MENG, DECEASED	4,500,000	0.20
17	CHAN YEOW HIANG	3,000,000	0.13
18	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,783,700	0.12
19	HSBC (SINGAPORE) NOMINEES PTE LTD	2,638,820	0.12
20	ANG TIAN SU	2,550,000	0.11
	Total	**1,498,291,351**	**66.91**

SHARES HELD BY PUBLIC

Based on the information available and to the best knowledge of the Company as at 14 March 2023, approximately 46.60% 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 ("**AGM**") of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**") will be held by way of electronic means on Friday, 28 April 2023 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To approve payment of Directors' Fees of $184,000 for the financial year ended 31 December 2022. *(2021: $184,000)* **(Resolution 2)**

3. To re-elect Mr Zhu Jian Dong who is retiring by rotation pursuant to Article 101 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 3)**
   (See Explanatory Note 1)

4. To re-elect Mr Guo Hua Wei who is retiring pursuant to Article 105 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 4)**
   (See Explanatory Note 2)

5. To re-appoint Messrs. PricewaterhouseCoopers LLP as Auditors and to authorise the directors of the Company (the "**Directors**") to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Authority to Allot and Issue Shares** **(Resolution 6)**

That pursuant to Section 161 of the Companies Act 1967 and the Listing Rules of Singapore Exchange Securities Trading Limited (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

FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING

(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 3)

7. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions** **(Resolution 7)**

(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 the Notice of AGM ("**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

(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 4)

8. **Authority to Allot and Issue Shares under the COSCO SHIPPING Group Executives Share Option Scheme 2020** **(Resolution 8)**

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 5)

9. To transact any other business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD
Lee Wei Hsiung
Company Secretary
Singapore, 6 April 2023

EXPLANATORY NOTES:

1. Mr Zhu Jian Dong will, upon re-election as a Director of the Company, remain as the Executive Chairman, Chairman of the Strategic Development Committee and a member of the Nominating Committee. Please refer to the "Information on Director seeking Re-election" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

2. Mr Guo Hua Wei will, upon re-election as a Director of the Company, remain as a member of the Strategic Development Committee. Please refer to the "Information on Director seeking Re-election" section of the Annual Report of the Company for detailed information required pursuant to Rule 720(6) of the Listing Manual.

3. Ordinary Resolution 6 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.

4. Ordinary Resolution 7 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 Person 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 29 April 2022; 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.

5. Ordinary Resolution 8 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 6.

NOTES:

<u>Alternative Arrangements for Participation at the AGM</u>

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.

2. Printed copies of this Notice, Appendix A to the Notice of AGM (in relation to proposed renewal of shareholders' mandate for Interested Person Transactions), Annual Report and the accompanying Proxy Form will not be sent to shareholders. Instead, this Notice, Appendix A to the Notice of AGM, the Annual Report and the accompanying Proxy Form may be assessed via the Company's website at http://coscoshipping.listedcompany.com/home.html. This Notice, Appendix A to the Notice of AGM, the Annual Report and the accompanying Proxy Form are also available on the SGXNET website at https://www.sgx.com/securities/company-announcements.

3. Shareholders may participate at the AGM in the following manner:

   (a) observing and/or listening to the AGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

   (b) submitting questions in advance of the AGM or "live" at the AGM; and/or

(c) voting at the AGM (i) "live" by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

Participation in the AGM via live webcast or live audio feed

4. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live AGM Webcast**"). Shareholders will also be able to ask questions and communicate 'live'. In order to do so, the member must pre-register by **2.00 p.m. on 25 April 2023 (the "Registration Deadline")**, at the following URL: https://conveneagm.sg/coscoshippingAGM2023 ("**COSCO AGM Website**"), to create an account.

   Corporate shareholders must also submit the Corporate Representative Certificate to sg.is.COSCOproxy@sg.tricorglobal.com, in addition to the registration procedures as set out above, by the Registration Deadline, for verification purpose.

5. Following verification, authenticated shareholders will receive an email on their authentication status and will be able to access the Live AGM Webcast using the account created.

6. Shareholders must not forward the login details to join the Live AGM Webcast to other person who is not a shareholder of the Company and/or who is not authorised to attend the Live AGM Webcast. Recording of the Live AGM Webcast by shareholders in whatever form is also strictly prohibited.

7. Shareholders who have pre-registered by the Registration Deadline but do not receive an email response by 12.00 p.m. on 27 April 2023, may contact the Company's Share Registrar, Tricor Barbinder Share Registration Services, at +65 6236 3550/ 6236 3555 or sg.is.COSCOproxy@sg.tricorglobal.com, with the following details included: (i) the full name of the shareholder, and (ii) his/her/its identification/registration number.

8. Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to participate the Live AGM Webcast must approach their respective depository agents to pre-register by **5.00 p.m. on 17 April 2023** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

Submission of Question in advance of or "live" at the AGM

9. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations in advance of, or "live" at, the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received no later than 2.00 p.m. on 17 April 2023, by posting its responses via SGXNET and the Company's website by 2.00 p.m. on 22 April 2023 or "live" at the AGM for the relevant questions received during the AGM. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of AGM and the minutes will include the responses to the questions referred to above.

10. All shareholders can submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM, in the following manner:

    (i) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or

    (ii) by email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com; or

    (iii) via the pre-registration site at https://conveneagm.sg/coscoshippingAGM2023

    no later than 2.00 p.m. on 17 April 2023.

11. When sending in their questions by post or email, shareholders are required to provide the Company with the following details to enable the Company to verify their status:

    (i) shareholder's full name as it appears on his/her/its CDP/CPF/SRS share records;

    (ii) shareholder's NRIC/Passport/UEN number;

    (iii) shareholder's contact number and email address; and

    (iv) the manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS).

How to submit questions "live" at the AGM

12. Shareholders, Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") Investors may submit textual questions "live" at the AGM in the following manner:

    (a) Shareholders or where applicable, their appointed proxy(ies), CPF and SRS investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.

    (b) Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email by the AGM service provider, ConveneAGM, upon verification of the Proxy Form(s).

    (c) Shareholders, CPF and SRS investors or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

    (d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

Live Voting

13. Shareholders or their duly appointed proxy(ies) (other than the Chairman of the Meeting) attending the AGM by electronic means will be able to participate by voting "live" at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Submission of instrument appointing a proxy(ies) to vote, or vote "live", at the AGM

14. Shareholders who wish to exercise their voting rights at the AGM may:

    (a) (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or **For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.*

    (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

    - Shareholders (including CPF and SRS Investors) and, where applicable, appointed proxy(ies), who wish to vote "live" at the AGM must first pre-register at the COSCO AGM Website via the URL: https://conveneagm.sg/coscoshippingAGM2023

    - Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.

15. 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 17 April 2023.

16. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

17. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it in the following manner:

    (a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to be received at, the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or

    (b) if submitted by email, the Proxy Form must be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

    in either case not later than 2.00 p.m. on 25 April 2023.

PERSONAL DATA PRIVACY

By pre-registering for the Live AGM Webcast, submitting an instrument appointing a proxy(ies) and/or representative 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.

中远海运国际（新加坡）有限公司
COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196100159G

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
A member will not be able to attend the Annual General Meeting ("**AGM**") in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
(a) (where the member is an individual) vote "live" via electronic means at the AGM, or (where the member is an individual or corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf; or
(b) (where the member is an individual or corporate) appoint Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/er/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instruction as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
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 17 April 2023 to submit their votes.

I/We, ______________________ *(Name)* ______________ *(NRIC/Passport No./UEN.)*

of ____________________________________ *(Address)*

being a member/members of **COSCO SHIPPING International (Singapore) Co., Ltd.** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Address	Email Address*	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	NRIC/Passport No.	Address	Email Address*	Proportion of Shareholdings (%)

as my/our proxy/proxies 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 Friday, 28 April 2023 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarized below, the proxy/proxies will vote/abstain from voting at his/their discretion.

No.	Ordinary Resolutions	For**	Against**	Abstain**
ORDINARY BUSINESS				
1.	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2022.			
2.	Approval of payment of Directors' Fees of $184,000 in respect of the financial year ended 31 December 2022.			
3.	Re-election of Mr Zhu Jian Dong as a Director pursuant to Article 101 of the Company's Constitution.			
4.	Re-election of Mr Guo Hua Wei as a Director pursuant to Article 105 of the Company's Constitution.			
5.	Re-appointment of Messrs. PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
6.	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967.			
7.	Approval of the Proposed Renewal of Shareholders' Mandate for Interested Person Transactions.			
8.	Authority to allot and issue shares pursuant to COSCO SHIPPING Group Executives Share Option Scheme 2020.			

* *Compulsory for registration purposes. Only valid email address provided in the submitted Proxy Form will receive a confirmation email from the Company.*

** *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please mark "x" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "x" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.*

Dated this ________ day of ________________ 2023

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 2001 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. A member will not be able to attend the Annual General Meeting ("AGM") in person. A member (whether individual or corporate) must appoint a proxy(ies) or the Chairman of the Meeting as his/her/its proxy(ies) or the Chairman of the Meeting 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. Where a member (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 proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953 of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   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 17 April 2023.

4. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the AGM. Such proxy need not be a member of the Company.

5. The Proxy Form can be submitted in the following manner by 2.00 p.m. on 25 April 2023:

   (a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to be received at, the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted by email, the Proxy Form must be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

   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.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) 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 a proxy(ies) 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 a proxy(ies) is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing a proxy(ies) is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject the instrument appointing a proxy(ies) 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 a proxy(ies) (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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2023.

30 Cecil Street
#26-01 Prudential Tower
Singapore 049712
Telephone: 6885 0888
Facsimile: 6885 0858