COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

TOWARDS SUSTAINABILITY

ANNUAL REPORT 2021

VISION

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

Mr Yang Xiao Qing
General Manager, Investor Relations

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

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CORPORATE PROFILE

COSCO SHIPPING International (Singapore) Co., Ltd. ("COSCO SHIPPING" or the "Company" and together with its subsidiaries, the "Group") aims to become the best-integrated logistics service provider in South and Southeast Asia. The Company is also involved 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, has 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 hubs, Cogent 1.Logistics Hub, Cogent's main businesses comprise warehousing, container depot, automotive logistics, transportation, and property management in Singapore.

Cogent, through its wholly-owned subsidiary, SH Cogent Logistics Pte Ltd, acquired 80% shares of Guper Integrated Logistics Sdn. Bhd., Gem Logistics Sdn. Bhd., Dolphin Shipping Agency Sdn. Bhd., and East West Freight Services Sdn. Bhd. in 2020. The acquisition expanded the Company's logistics services in Malaysia, which now include container haulage, freight forwarding, forwarding agency services, container depot and warehousing businesses.

The Company owns 40% of PT. Ocean Global Shipping Logistics, an Indonesian shipping logistics company specialising in logistics services, freight forwarding, ship agency, bunkering and container depot services.

COSCO SHIPPING Southeast Asia Container Logistics Services Pte. Ltd., a subsidiary of the Company, owns 30% of SINOVNL Company Limited (formerly known as TAN CANG-COSCO-OOCL Logistics Company Limited). SINOVNL Company Limited is a company incorporated in Vietnam that provides 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. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.), an associated company, is involved in dry bulk shipping, focusing on voyage charter and time charter.

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

Under property management, 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.

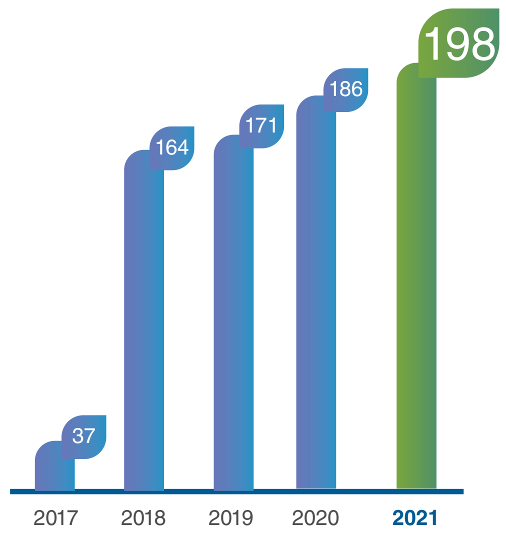
The Company will actively expand its logistics networks through strategic acquisitions and investments as it continues to build a regional logistics presence in the South and Southeast Asian region. The Company will also tap on its core competencies to actively strengthen its diversified business portfolio.

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").

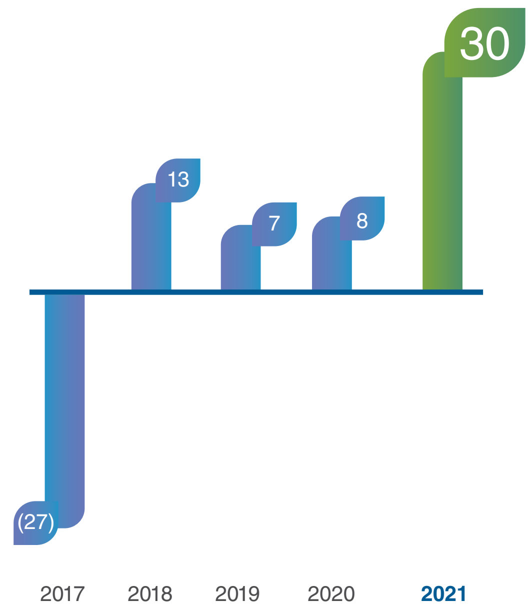
CORPORATE STRUCTURE

FINANCIAL HIGHLIGHTS

Revenue from Continuing Operations ($'million)

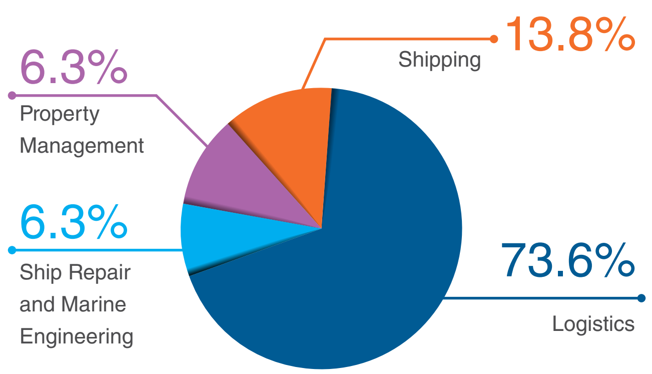


Net (Loss)/Profit Attributable to Equity Holders from Continuing Operations ($'million)



Net Assets ($'million)

Revenue by Activities (%)



FINANCIAL HIGHLIGHTS

2,239.2
Number of Shares (million)

0.4
Gearing Ratio (net of cash)(times)

1.3
Basic Earnings per Share (cents)

5.4
Return on Equity (%)

20.1
Net Tangible Assets per Share (cents)

2.9
Return on Assets (%)

25.6
Net Assets Value per Share (cents)

5-YEAR PROFIT OR LOSS ACCOUNTS ($'million)	2017[1]	2018	2019	2020	2021
Revenue from continuing operations	37.2	163.7	171.5	185.8	**198.5**
(Loss)/profit from continuing operations	(27.1)	13.2	7.7	9.1	**30.8**
Profit from discontinued operations	92.4	-	-	-	**-**
Total profit	65.3	13.2	7.7	9.1	**30.8**
Profit attributable to equity holders of the Company	189.4	13.0	7.4	8.3	**30.1**

OTHER KEY STATISTICS	2017[1]	2018	2019	2020	2021
Number of Shares (million)	2,239.2	2,239.2	2,239.2	2,239.2	**2,239.2**
Basic Earnings per Share (cents)	8.5	0.6	0.3	0.4	**1.3**
Net Tangible Assets per Share (cents)	23.0	17.6	18.1	18.1	**20.1**
Net Assets Value per Share (cents)	23.0	23.7	24.0	23.9	**25.6**
Gearing Ratio (net of cash)(times)	Net Cash	0.2	0.4	0.5	**0.4**
Return on Equity (%)	44.5	2.5	1.4	1.6	**5.4**
Return on Assets (%)	3.7	1.9	0.8	0.8	**2.9**

[1] The comparative figures for 2017 have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Integrated Logistics

We strive to become the best-integrated logistics service provider in South and Southeast Asia

CHAIRMAN AND PRESIDENT'S STATEMENT

"The Group will continue to focus on promoting sustainable development and growth in its business segments in order to create value for its shareholders."

Zhu Jian Dong
Chairman and President

CHAIRMAN AND PRESIDENT'S STATEMENT

Dear Shareholders,

The Group has grown steadily and recorded a net profit of $30.8 million on revenue of $198.5 million for the financial year ended 31 December 2021 ("FY2021"). Net profit attributable to equity holders was $30.1 million in FY2021 compared to $8.3 million in financial year ended 31 December 2020 ("FY2020"). The Group's net asset value per share for FY2021 was 25.6 cents.

According to the International Monetary Fund's World Economic Outlook update published in January 2022, the global estimated economic growth rate in 2021 is 5.9%, up from -3.1% in 2020. As evident from the growth rate, the global economy continues to recover despite the resurgence of COVID-19.

In 2021, we had completed several projects that we believe will help create long-term value for our shareholders.

Jurong Island Chemical Logistics Facility

The Jurong Island Chemical Logistics Facility ("JICLF") is an 8-storey single user ramp-up general warehouse comprising chemical storage, ISO tank depot, container depot and ancillary industrial canteen. It is located at Tembusu Crescent, Jurong Island.

The Company has obtained the temporary occupation permit from the Building and Construction Authority in the first half of 2021 and can now cater to the growing demand for one-stop logistics services within Jurong Island.

Partial Disposal of Shipping Company

The Company completed the disposal of 60% of the issued and paid-up share capital of COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.) on 28 December 2021. The partial disposal represents the Company's strategic decision to streamline its current conglomerate structure to increase focus on the Company's core logistics business and to achieve better performance for the Group's other existing businesses, including the shipping business.

CHAIRMAN AND PRESIDENT'S STATEMENT

As the shipping business is complementary to the Group's core logistics business and ship repair and marine engineering services, the Company believes that collaborating with the purchaser, COSCO (H.K.) Shipping Co., Limited, and its parent company, COSCO SHIPPING Bulk Co., Ltd., will contribute to the long-term sustainability of the Group's shipping segment and ultimately create value for the Company's shareholders.

Lease Relating to The Grandstand

The Grandstand is a shopping and lifestyle hub located at Bukit Timah and has been developed and managed by the Company's subsidiary, Cogent Land Capital Pte. Ltd., since 2012. It is part of the Group's property management business.

Singapore Land Authority has granted Cogent Land Capital Pte. Ltd. a final lease extension to 31 December 2023 for The Grandstand. With this final extension, the Company is reviewing and exploring options relating to the Group's property management business and will inform shareholders as and when there are material developments.

Future Outlook

Vision: To become the best-integrated shipping and logistics service provider in South and Southeast Asia.

Mission: To provide customers with professional one-stop shipping and logistics solutions.

CHAIRMAN AND PRESIDENT'S STATEMENT

According to the Asian Development Outlook Supplement December 2021 released by the Asian Development Bank, the growth rate of South and Southeast Asia in the year 2022 is expected to be 7.0% and 5.1%, respectively. The healthy economic recovery in the South and Southeast Asian region is expected to benefit the Group's businesses.

The Regional Comprehensive Economic Partnership ("RCEP") agreement has entered into force on 1 January 2022. The official implementation of the RCEP agreement will provide new impetus to the South and Southeast Asian region. The elimination of tariffs for about 92% of goods traded among participating countries will increase market access and commercial activities, and is beneficial for the Group's businesses, particularly for the shipping and logistics segments.

Looking ahead, business environmental risks including the emergence of new COVID-19 variants and geopolitical issues could potentially affect the Group's future financial performance. The Group's businesses are presently not materially affected by the conflict between Russia and Ukraine. However, we are monitoring the situation closely and will take appropriate steps to address any issues that arise. The uncertainties ahead have therefore emphasised the importance of incorporating sustainability into our strategies.

CHAIRMAN AND PRESIDENT'S STATEMENT

Development Goals

Steady Expansion

In line with the Company's vision of becoming the best-integrated shipping and logistics service provider in South and Southeast Asia, we will continue to examine possible acquisition and investment targets, taking into account their scale and scope, historical performance, growth potential, and synergies with the Group's existing operations.

The Group has logistics operations in Singapore as well as Malaysia, Indonesia and Vietnam, and will continue to search for value-accretive opportunities to expand the Group's logistics business. To ensure sustainable growth in its business portfolio, the Company will also look for partnership and development opportunities in the other business segments.

Moving forward, the Group strives to continue creating overall synergy by engaging in cross-sales and business optimisation with its related companies as well as to continue to form synergistic partnerships with our Parent Company's businesses and resources where there are opportunities to do so, which will help the Group to achieve economies of scale and scope.

CHAIRMAN AND PRESIDENT'S STATEMENT

As part of the Group's commitment to corporate social responsibility and sustainable development, we will continue to seek ways to promote employees' welfare, environmental conservation, regional social development and technological development.

Digitisation

Our logistics operations carried out by Cogent Holdings Pte. Ltd. ("Cogent") will be pursuing further digitalisation to become a leading logistics company in Singapore and the South and Southeast Asian region. Cogent will actively review and redevelop its existing information technology systems to further streamline operating processes to improve productivity and efficiency. Coupled with its innovative infrastructures, such as Cogent Sky Depot and JICLF automated laden container yard, Cogent can position itself to be a key player in the industry.

Fostering Long Term Partnerships with Customers

We will continue to strengthen our business portfolio to better serve our customers' needs and focus on ensuring smooth operations and improving cooperation and long-term partnership with our key customers.

Actively Communicate with Shareholders

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. The Company will also stay committed to ensuring that price-sensitive information is timely, accurately, and clearly disseminated on the Company's website and the SGXNet platform so that investors can make informed investment decisions on the Company's shares.

Employees' Health Remains Top Priority

In the current COVID-19 situation, the health of our employees will remain our top priority. We will make a persistent effort to stay vigilant while adopting the Government's guidelines and measures.

Appreciation

I would like to express my gratitude towards our employees who have contributed significantly to the Group's performance this year. I would also like to thank our shareholders and stakeholders who have provided the Company with your trust and support. We will continue to create value through achieving sustainable development and growth for the Company.

Zhu Jian Dong
Chairman and President

OPERATIONS REVIEW

OPERATIONS REVIEW

Logistics

In 2021, the Group continued establishing synergistic relationships amongst its logistical operations across Singapore, Malaysia, Indonesia, and 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 comprise warehousing, container depot, automotive logistics and transportation. As announced by the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 7.6% in 2021, rebounding from the 4.1% contraction in 2020. As a result of increased economic activities, the logistical operations in Singapore grew in FY2021. With the temporary occupancy permit obtained for Jurong Island Chemical Logistics Facility ("JICLF") in the first half of 2021, Cogent can now better serve the customers' needs.

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, Malaysia recorded a growth rate of 3.1% in 2021 compared to a decline of 5.6% in 2020. Despite an increase in growth rate as compared to 2020, the GDP performance has been rather volatile throughout the year, mainly due to multiple surges in COVID-19 cases and the corresponding restrictions implemented to curb the spread. The situation had affected Cogent's logistics operations in Malaysia to a certain extent.

While ensuring smooth operations and profitability, Cogent continued to place the health and safety of its employees as the top priority and concentrate on pandemic prevention and control.

Dry Bulk Shipping

On 28 December 2021, the Company had completed its partial disposal of 60% of the issued and paid-up capital of COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.) ("COSCO SHIPPING Bulk SEA"). Now an associated company, COSCO SHIPPING Bulk SEA has three Supramax vessels with a total tonnage of 163,000 tonnes and an average age of 16 years old as of 31 December 2021. The Baltic Dry Index ("BDI") started the year at 1,374 points and ended 2021 at 2,217 points, averaging 2,943 points for the entire year, higher than the average of 1,066 points in 2020. The BDI in 2021 proved the volatility of the dry bulk shipping industry. It reached its 13-year high at 5,650 points on 7 October 2021, before falling back to 2,217 points as of the end of 2021, representing a 61% drop in less than 3 months.

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.

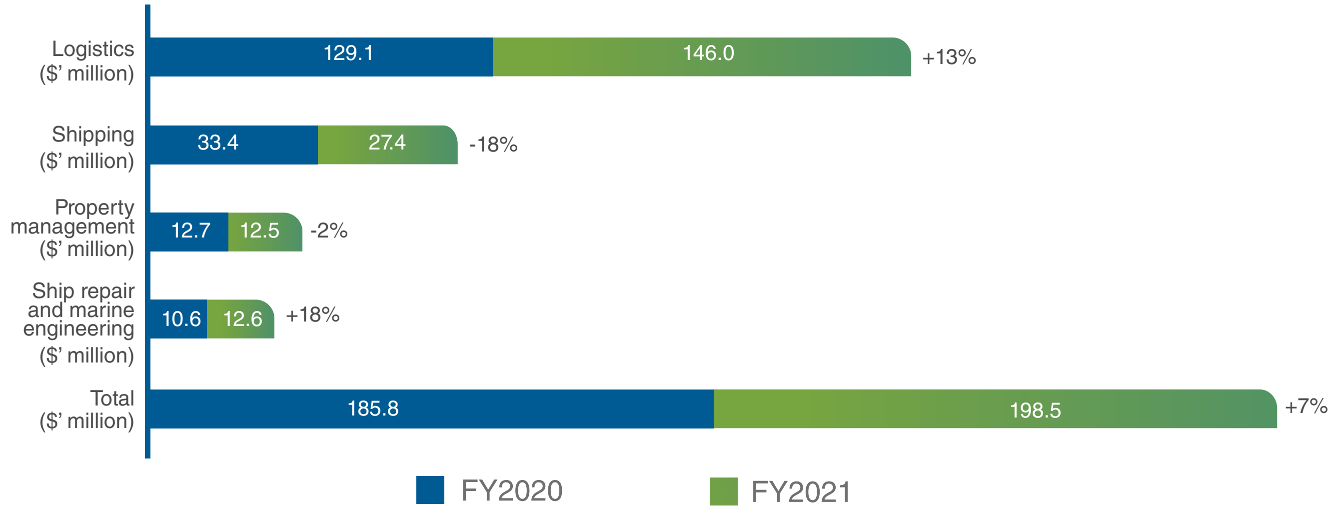
While the Group's ship repair network was originally concentrated in Singapore, Malaysia and Indonesia, the Company has expanded its business beyond the region due to customer demands. Together with its business partners, the Company now provides ship repair and other services in numerous countries including Indonesia, Malaysia, Philippines, Vietnam, Thailand, Sri Lanka, India and Bangladesh. In 2021, it had obtained the Certificate of ABS Class Society on Fire Extinguishing Systems Inspection/Maintenance, and ISO 9001 quality management system, ISO 45001 safety management system and ISO 14001 environmental management system issued by DNV Class Society.

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. In FY2021, the Singapore Land Authority has granted Cogent Land Capital Pte. Ltd. a final extension of the lease of The Grandstand 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.

FINANCIAL REVIEW

SALES



Group revenue for FY 2021 was $198.5 million, 7% higher than FY 2020. The growth in revenue was mainly due to higher revenue from logistics and ship repair and marine engineering activities, partly offset by lower revenue from shipping and property management. Revenue from logistics activities accounted for about 74% of the Group's revenue in FY 2021.

Revenue from logistics activities increased by 13% to $146.0 million in FY 2021 due to higher revenue from warehousing and transportation services resulting from higher volume of business activities, partly offset by lower revenue from automotive logistics services.

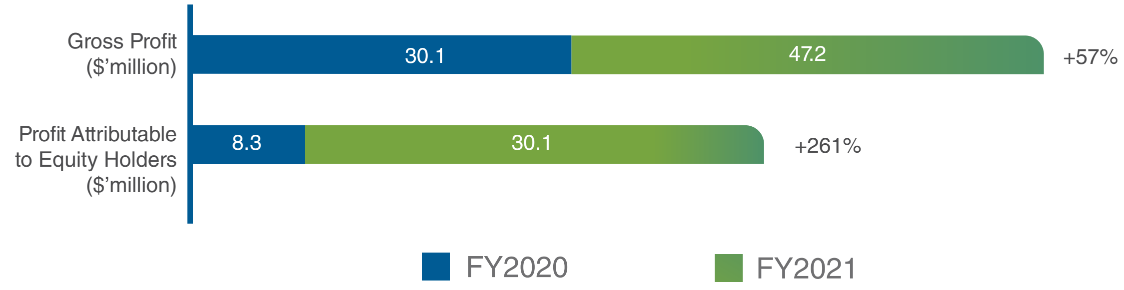
Revenue from shipping activities decreased by 18% to $27.4 million in FY 2021 mainly due to lower revenue from chartered in vessels. Excluding revenue from chartered in vessels of $1.5 million in FY 2021 (FY 2020: $21.9 million), revenue from owned vessels has increased by about $14.4 million due to higher charter rates in FY 2021 as compared to FY 2020. The BDI, a measure of shipping costs to commodities, averaged 2,943 points in FY 2021, an increase of 176% from the average of 1,066 points in FY 2020.

Revenue from property management decreased by 2% to $12.5 million in FY 2021 mainly due to lower average rental rates, partly offset by lower rental waiver granted to tenants for the Group's retail and office properties.

Revenue from ship repair and marine engineering increased by 18% to $12.6 million mainly due to higher revenue from ship repair and fabrication works.

FINANCIAL REVIEW

COSTS AND PROFITABILITY



Cost of sales decreased by 3% or $4.5 million was mainly due to lower charter-hire costs as a result of lower number of vessels chartered-in for the Group's shipping operations.

Gross profit increased by 57% from $30.1 million in FY 2020 to $47.2 million in FY 2021 mainly due to higher shipping charter rates for owned vessels and lower rental waiver granted to tenants under the Government Rental Relief Framework.

Other income was lower by 57% from $13.6 million in FY 2020 to $5.9 million in FY 2021 mainly due to lower government grants under the Government Rental Relief Framework and various support measures in relation to the COVID-19 pandemic.

Other gains and losses in FY 2021 increased by $15.0 million to $17.2 million mainly due to a gain of $16.4 million on disposal of 60% equity interest in a subsidiary, COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.) ("COSCO SHIPPING Bulk SEA"). The other gains and losses in FY 2020 included a gain on bargain purchase of subsidiaries of $2.7 million and a gain on disposal of an investment property of $0.9 million.

Distribution and administrative expenses increased by 22% and 8% respectively in FY 2021 as compared to FY 2020 were mainly due to higher staff costs for marketing and corporate functions.

Finance costs decreased marginally in FY 2021 mainly due to lower borrowing costs, partly offset by higher borrowings.

Share of profit of associated companies of $2.4 million was contributed by the Group's 40% shareholdings in PT. Ocean Global Shipping Logistics and the 30% shareholdings in SINOVNL Company Limited (formerly known as TAN-CANG-COSCO-OOCL Logistics Company Limited). The increase in share of profit of associated companies was mainly due to higher profit contributions from both associated companies.

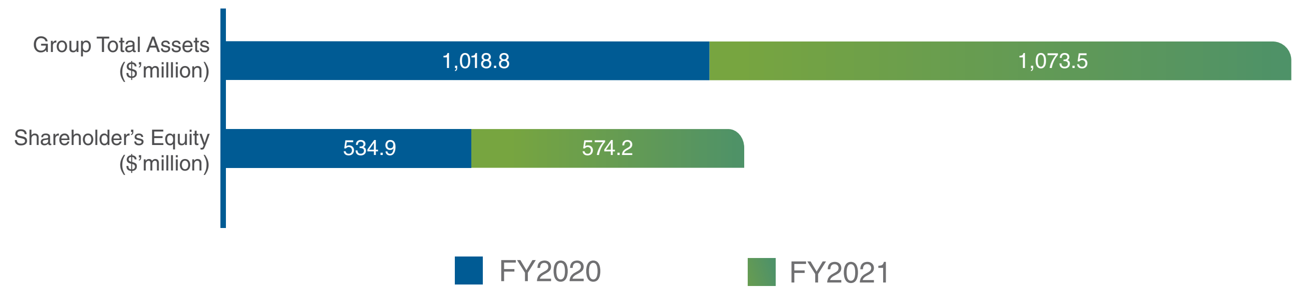
Income tax expense increased by 31% to $3.7 million mainly due to higher taxable profits in FY 2021. The effective tax rate was lower in FY 2021 as compared to FY 2020 mainly due to higher tax exempt profits from shipping and non-taxable capital gain on disposal of a subsidiary.

Overall, net profit attributable to equity holders was $30.1 million, 261% higher than FY 2020 mainly due to the gain on disposal of a subsidiary and higher shipping charter rates, partly offset by lower government grants.

FINANCIAL REVIEW

BALANCE SHEET

(31 December 2021 vs 31 December 2020)



Cash and cash equivalents increased from $76.3 million to $108.0 million mainly due to net cash provided by operating activities and net cash inflow from the disposal of a subsidiary, partly offset by cash outflow for purchase of property, plant and equipment and net cash used in repayment of lease liabilities and interest payments. Please refer to Consolidated Statement of Cash Flows on page 118 for more details.

Trade and other receivables increased by $9.4 million to $53.4 million (31 December 2020: $44.0 million). The increase in trade and other receivables was mainly due to recognition of dividend receivable of $7.4 million from an associated company, COSCO SHIPPING Bulk SEA in relation to the post completion payment as agreed in the sale and purchase agreement.

Investments in associated company increased by $38.6 million to $55.3 million as at 31 December 2021 mainly due to the recognition of the remaining 40% equity interest in COSCO SHIPPING Bulk SEA, after the completion of the disposal of the Group's 60% equity interest.

Property, plant and equipment decreased by $22.7 million to $696.2 million mainly due to the de-recognition of property, plant and equipment in relation to the disposal of subsidiary during FY 2021, partly offset by the progressive construction of Jurong Island Chemical Logistics Facility ("JICLF") which has obtained the temporary occupation permit in the first half of 2021.

Trade and other payables decreased marginally by $0.5 million to $61.3 million mainly due to the payments of construction costs for JICLF and trade payables, partly offset by the recognition of the non-trade payables due to former subsidiary.

Total borrowings increased by $15.4 million to $358.2 million mainly due to the borrowings procured to finance the construction costs of JICLF and purchase of property, plant and equipment. Despite the increase in borrowings, the Group's gearing ratio (net of cash) decreased from 0.5 times at the end of 2020 to 0.4 times at the end of 2021 mainly due to improvement in cash positions and higher shareholders' equity.

Shareholder's equity increased by $39.3 million to $574.2 million mainly due to profits and an increase in currency translation reserves in FY 2021.

FINANCIAL REVIEW

CASH FLOWS

SUMMARISED CASH FLOWS ($'MILLION)	2020	2021
Net cash provided by operating activities	64.8	58.5
Net cash used in investing activities	(53.8)	(2.8)
Net cash provided used in financing activities	(1.5)	(24.0)
Net increase in cash and cash equivalents	9.5	31.7

Net cash provided by operating activities for FY 2021 was $58.5 million, $6.3 million lower as compared to FY 2020. This was mainly due to higher working capital requirements for operations. Please refer to Consolidated Statement of Cash Flows on page 118 for details.

Net cash used in investing activities for FY 2021 was $2.8 million. This was mainly due to cash used for the payments for property, plant and equipment, partly offset by the net cash inflow from the disposal of a subsidiary.

Net cash used in financing activities for FY 2021 was $24.0 million. This was mainly due to the repayment of borrowings and interest costs, partly offset by proceeds from borrowings.

As at 31 December 2021, Group's cash and cash equivalents was $108.0 million.

Solidifying Portfolio

With our core competencies as a foundation, we will focus on steadily strengthening and solidifying our diversified portfolio

CORPORATE GOVERNANCE

COSCO SHIPPING 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 (the "Board"), guided by the Singapore Code of Corporate Governance 2018 (the "Code") issued by the Monetary Authority of Singapore and the disclosure guide developed by the Singapore Securities Trading Limited (the "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 FY2021, 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 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 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

CORPORATE GOVERNANCE

i) to promote corporate social responsibilities throughout the Group and include environmental and social factors as part of its strategic formulation.

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. It also sets the tone 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 of his interest and the conflict and recuses himself from discussions and decisions on the matter.

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.

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 or other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties and responsibilities. No new Director was appointed during the year under review.

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 auditor updates the Audit and Risk Management Committee ("ARMC") and management on the new or revised financial reporting standards on an annual basis.

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;

CORPORATE GOVERNANCE

- 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 options 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.

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
Li Xi Bei	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 five (5) 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 as well as the General Meetings for FY2021 is set out in the table below:

	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee	Strategic Development Committee	General Meeting
Number of meetings held	**5**	**4**	**1**	**1**	**1**	**2**
Attendance:						
Zhu Jian Dong	5	4*	1	1*	1	2
Li Xi Bei	5	4*	NA	NA	1	2
Ang Swee Tian	5	4	1	1	1	2
Wang Kai Yuen	5	4	1	1	1	2
Er Kwong Wah	5	4	1	1	1	2

** By Invitation*
NA - Not Applicable

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 his 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.

CORPORATE GOVERNANCE

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 are 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 special project whenever it is required. The Company's Constitution (the "Articles") 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 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 Secretary. The Company Secretary attended all Board and Board Committees meetings during the financial year. He is 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 are subject to the Board's approval.

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.

CORPORATE GOVERNANCE

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
Li Xi Bei	Non-Independent Executive Director
Ang Swee Tian	Non-Executive Lead Independent Director
Wang Kai Yuen	Non-Executive Independent Director
Er Kwong Wah	Non-Executive Independent Director

The Directors' profiles are set out on pages 57 to 59 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. No individual or group of individuals dominates the Board's decision-making. 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.

Rigorous reviews have been carried out by the Board to assess the independent status of Mr Wang Kai Yuen (who was appointed on 2 May 2001), Mr Er Kwong Wah (who was appointed on 20 December 2002) and Mr Ang Swee Tian (who was appointed on 13 November 2007), who have served on the Board beyond nine years and was of the view 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. All of them are considered independent in accordance with the Provision 2.1 of the Code. The Independent Directors do not fall under the circumstances of Rule 210(5)(d) of the Listing Manual as they were not employed by the Company or in any of its related corporations for the current or any of the past three financial years and they do not have immediate family members who is, or has been in any of the past or in the current three financial years, employed by the Company or its related corporations and whose remuneration is determined by the Remuneration Committee.

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

CORPORATE GOVERNANCE

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.

All the Independent Directors had confirmed that they do not have any relationship and business dealing with the management, its related corporations or its substantial shareholders that could interfere or be reasonably perceived to interfere with the exercise of their independent judgement.

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 Non-Executive Independent 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.

Provision 2.4

The composition of the Board is reviewed on an annual basis by the Nominating Committee 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 and strategic planning as well as industry 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. The Board and the Board Committees comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and gender so as to avoid groupthink and foster constructive debate for effective decision-making. 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.

The Board adopted a board diversity policy which recognises the importance of having an effective and diverse Board. The main objective of the policy is to have the appropriate balance of skills, experience, knowledge and other aspects of diversity (eg. gender, age and nationality) on the Board to support the long-term success of the Group. Under the policy, the Nominating Committee is responsible for recommending to the Board the relevant practices to promote and achieve diversity on the Board. The Board is making progress on the implementation of the board diversity policy.

CORPORATE GOVERNANCE

The Company will continuously assess the existing attributes and core competencies of the Board with a view to enhance the efficacy of the Board and the strategic direction of the Group to determine the skill set of the Directors required when appointing new Directors and/or re-appointment of incumbent Directors to ensure Board balance and diversity.

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
Li Xi Bei	Non-Independent Executive
Ang Swee Tian	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent
Er Kwong Wah	Non-Executive Independent

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.

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.

CORPORATE GOVERNANCE

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 Non-Executive Independent 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

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.

Provision 3.3

In view that Mr Zhu Jian Dong is both the Executive Chairman and President of the Company, the Non-Executive Independent Directors make up majority of the Board and the ARMC, Remuneration Committee and Nominating Committee are chaired by 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.

CORPORATE GOVERNANCE

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 sets 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.

CORPORATE GOVERNANCE

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)	Non-Executive Independent
Zhu Jian Dong	Non-Independent Executive
Ang Swee Tian	Non-Executive Lead Independent
Er Kwong Wah	Non-Executive Independent

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 retires 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

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	19.09.2019	25.06.2020
Li Xi Bei	Non-Independent Executive	30.08.2016	25.06.2020
Ang Swee Tian	Non-Executive Lead Independent	13.11.2007	29.04.2019
Wang Kai Yuen	Non-Executive Independent	02.05.2001	29.04.2021
Er Kwong Wah	Non-Executive Independent	20.12.2002	29.04.2021

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 Mr Ang Swee Tian be nominated for re-election at the forthcoming AGM pursuant to Article 101 of the Company's Constitution:

In making the recommendation, the NC has considered the Director's 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 respect of the Company's current Independent Directors, namely Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian, the Board is of the view that they are independent in accordance with Provision 2.1 of the Code, the Practice Guidance and Rule 210(5)(d) of the Listing Manual. Details of the review process are set out under Provision 2.1 of this Annual Report.

Under Rule 210(5)(d)(iii) of the Listing Manual, which is effective 1 January 2022, a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the directors and the CEO of the Company, and their respective associates (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

CORPORATE GOVERNANCE

By 1 January 2022, each of Dr Wang Kai Yuen, Mr Er Kwong Wah and Mr Ang Swee Tian (collectively, the "Relevant Directors") had served the Board beyond nine years from the date of his first appointment. Accordingly, approval of the shareholders of the Company for the continued appointment of each of the Relevant Directors as an independent Director was sought and obtained via the aforesaid Two-Tier Voting process at the annual general meeting of the Company held on 29 April 2021.

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.

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.

CORPORATE GOVERNANCE

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
Li Xi Bei	Nil
Ang Swee Tian	• Zheneng Jinjiang Environment Holding Company Limited (Non-Executive Lead Independent Director)
Wang Kai Yuen	• ComfortDelGro Corporation 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	• The Place Holdings Limited (Lead Independent Director) • EcoWise Holding Limited (Non-Executive Lead Independent Director) • 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.

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE

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 FY2021. The RC has full authority to engage external professional 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 takes into account 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 indicator 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.

CORPORATE GOVERNANCE

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

Non-Executive Directors are paid a basic fee for their responsibilities as Non-Executive Directors and servicing various Board Committees. Such fees are recommended by the Board for approval by the shareholders of the Company as a lump sum payment at the AGM.

The Board concurred with the RC that the proposed Directors' fees of $184,000 for the financial year ended 31 December 2021 payable to the 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

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 strike 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 two key management personnel for the financial year ended 31 December 2021 is set out below:

	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Non-Independent Executive Directors in the Band of $500,000 to $750,000					
Zhu Jian Dong	-	34	28	38	100
Li Xi Bei	-	32	33	35	100
Independent Directors in the Band of below $250,000					
Wang Kai Yuen	100	-	-	-	100
Er Kwong Wah	100	-	-	-	100
Ang Swee Tian	100	-	-	-	100
Executives in the Band of between $500,000 to $750,000					
Wang Kang Tian	-	31	30	39	100
Executives in the Band of between $250,000 to $500,000					
Wang Hui	-	46	17	37	100

CORPORATE GOVERNANCE

The Non-Executive and Independent Directors are entitled to Directors' fees. 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 Non-Executive Directors are put forward to shareholders for approval on an annual basis at the Company's annual general meeting.

During the year under review, there were only two personnel (who are not Directors or CEO) who are considered as key management personnel of the Company. The total remuneration paid to the top two key management personnel (who are not Directors or CEO) for the financial year ended 31 December 2021 is approximately $880,000.

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 2021.

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

CORPORATE GOVERNANCE

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 laws.

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 185 to 191 in the Notes to the Financial Statements.

CORPORATE GOVERNANCE

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 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, 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 has 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, 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 and external auditors for FY2021, the Board with the concurrence of the ARMC, is of the opinion that as at 31 December 2021, 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 FY2021, ARMC and the Board noted that no material control deficiencies were identified.

Provision 9.2

For FY2021, the Board has received assurance from:

(i) the President and Chief Financial Officer that the financial records as at 31 December 2021 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 Chief Risk Officer that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

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 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 on 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 on 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 Chief Financial Officer 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 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;

CORPORATE GOVERNANCE

(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 auditor 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 auditor, and all reports on the Company and the Group from the internal auditor.

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 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)	Non-Executive Lead Independent
Wang Kai Yuen	Non-Executive Independent
Er Kwong Wah	Non-Executive Independent

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.

From briefings given by the external auditor, 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.

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 ARMC. The internal auditor has unrestricted access to all the company's documents, records, properties and personnel, including access to the ARMC.

CORPORATE GOVERNANCE

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 & Touche Enterprise Risk Services Pte Ltd, which 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 2021 are $526,000 and $81,000 respectively.

After reviewing the non-audit services provided by the external auditor, PricewaterhouseCoopers LLP to the Group, the ARMC is satisfied with the independence and objectivity of the external auditor and recommends to the Board, the nomination of the external auditor 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 SGX-ST 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:

CORPORATE GOVERNANCE

Significant Financial Reporting Matters	How the ARMC reviewed these matters
Impairment assessment of goodwill	The ARMC considered the approach and methodology used by management in determining the recoverable amount of the cash-generating unit ("CGU") in which goodwill has been attributable to. The ARMC was satisfied that the approach and methodology used by management in this process was appropriate. Impairment assessment of goodwill was also an area of focus for the external auditor who has included this item as a key audit matter in the independent auditor's report for the financial year ended 31 December 2021.

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 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.

CORPORATE GOVERNANCE

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 timely 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 investor-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 the 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 Secretary is present to brief the attendees the rules governing general meetings, including voting procedures, upon request by the shareholders. The proceeding of the AGM is properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management. All minutes of general meetings are opened to the inspection of shareholder within one month after the general meeting was held when requested by any shareholder.

CORPORATE GOVERNANCE

Due to COVID-19 there is no physical meeting. The Company's last AGM on 29 April 2021 and Extraordinary General Meeting ("EGM") on 23 December 2021 were held by way of electronic means, through "live webcast" and "audio-only means" pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The notices of AGM and EGM were not published on the newspaper, but were instead disseminated to shareholders through publication on SGXNet and the Company's website. The Company had also released announcements to shareholders, together with the notices of AGM and EGM, detailing the alternative arrangements for the AGM on 29 April 2021 and the EGM on 23 December 2021, during the COVID-19 pandemic. Shareholders participated in the AGM and EGM via electronic means, and their questions in relation to any resolution set out in the notices of AGM and EGM were sent to the Company in advance of the AGM and EGM. The Company provided their responses to the substantial and relevant questions from shareholders at the AGM and EGM via electronic means, and the responses were subsequently published on the SGXNet and the Company's website together with the minutes of the AGM and EGM.

The Company's forthcoming AGM will also be held by electronic means pursuant to the Order. Attendance at the forthcoming AGM will be via electronic means through a live webcast of the proceedings comprising both live audio-visual webcast and audio-only feeds. Questions are to be submitted to the Chairman of the Meeting ahead of the forthcoming AGM. The Company will endeavour to address substantial and relevant questions prior to 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 auditor is also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the independent auditor's report.

Directors' attendance at the AGM held on 29 April 2021 and EGM held on 23 December 2021 are disclosed on Page 25 in this Annual Report.

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.

CORPORATE GOVERNANCE

Provision 11.5

The Company publishes minutes of general meetings of shareholders, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management, on its corporate website as soon as practicable.

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.

The Board has resolved not to recommend payment of dividend for the financial year ended 31 December 2021 as the Company is evaluating various strategic moves to expand its businesses.

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 possible in a timely, fair and transparent manner. 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.

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.

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 61 of this Annual Report.

CORPORATE GOVERNANCE

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 as 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 73 to 75 of this Annual Report.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTIONS ("IPTs") POLICY - Listing Manual 907

The Company's 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 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.

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.

CORPORATE GOVERNANCE

The interested person transactions carried out by the Group in FY2021 are as follows:

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)
		FY2021 $'000	FY2021 $'000
COSCO SHIPPING Seafarer Management Co, Ltd. - Qingdao Branch		-	2,632
COSCO Shipyard Qingdao Company Ltd.		-	934
COSCO Shanghai Manning Co., Ltd.		-	600
COSCO (Qidong) Offshore Co., Ltd.		-	2,452
COSCO (Shanghai) Shipyard Co., Ltd.		-	383
COSCO (Nantong) Shipyard Co., Ltd.		-	299
COSCO (DaLian) Shipyard Co., Ltd.		-	1,638
COSCO SHIPPING Heavy Industry (Guangzhou) Co., Ltd.		-	220
COSCO SHIPPING Energy Transportation Co., Ltd.		-	118
COSCO (H.K.) Shipping Co., Limited	Subsidiaries of Controlling Shareholders	57,482(1)	1,523
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited		-	873
COSCO SHIPPING (South East Asia) Pte. Ltd.		-	656
Shanghai Ocean Shipping Company		-	106
Golden Land (26) Pte Ltd		-	755
Golden Land (27) Pte Ltd		-	373
COSCO SHIPPING (Singapore) Petroleum Pte. Ltd.		-	1,515
TOSCO KEYMAX International Ship Management Co., Ltd		-	156
Chimbusco International Petroleum (S) Pte Ltd		-	2,685
Golden Logistics & Storage Sdn. Bhd.		-	1,073
Xing Yuan (Singapore) Pte Ltd		-	928
Total		**57,482**	**19,919**

(1) This relates to the disposal of 60% equity interest in COSCO SHIPPING Bulk SEA to COSCO (H.K.) Shipping Co., Limited for a consideration of USD42,391,000 (equivalent to $57,482,000) which was approved by shareholders at the EGM on 23 December 2021 and completed on 28 December 2021.

CORPORATE GOVERNANCE

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 FY2021 or if not then subsisting, entered into since the end of the previous financial year.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Ang Swee Tian is a Director seeking re-election at the forthcoming AGM of the Company to be convened on 29 April 2022 ("Retiring Director").

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

	Ang Swee Tian
Date of Appointment	13 November 2007
Date of last re-appointment (if applicable)	29 April 2019
Age	73
Country of principal residence	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 2021 Annual Report
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	Lead Independent Non-Executive Director
Professional Qualifications	Please refer to the Board of Directors section in the Company's 2021 Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2021 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Direct: 130,000 shares Indirect: 5,000 shares
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
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	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 2021 Annual Report
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Ang Swee Tian
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
c) Whether there is any unsatisfied judgment against him?	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
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
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
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Ang Swee Tian
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
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
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
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

CORPORATE INFORMATION

Board of Directors

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

Li Xi Bei
Non-Independent Executive Director

Ang Swee Tian
Non-Executive Lead Independent Director

Wang Kai Yuen
Non-Executive Independent Director

Er Kwong Wah
Non-Executive Independent 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

Li Xi Bei

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 LI XI BEI
Non-Independent Executive Director

MR ANG SWEE TIAN
Non-Executive Lead Independent Director

DR WANG KAI YUEN
Non-Executive Independent Director

MR ER KWONG WAH
Non-Executive Independent Director

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 LI XI BEI

Non-Independent Executive Director

Mr Li Xi Bei was appointed Non-Independent Executive Director on 30 August 2016 and is a member of the Strategic Development Committee.

Mr Li brings to his current role extensive experiences in human resources development, discipline inspection and corporate management. Prior to his current appointment, Mr Li was Manager, Deputy General Manager and then General Manager in Supervision Division of China Ocean Shipping (Group) Company from June 2001 to March 2016. He has been Vice President of COSCO SHIPPING (South East Asia) Pte. Ltd. (formerly known as COSCO Holdings (Singapore) Pte. Ltd.) since March 2016.

Mr Li served as Deputy Manager and Manager in Personnel Division of COSCO Industry Company from January 1998 to June 2001. He was Deputy Section Chief and Section Chief in Human Resources Division of China Ocean Shipping (Group) Company from March 1994 to January 1998. Prior to that, he was working in Personnel Division of China Ocean Shipping Company and COSCO Manning Cooperation Inc. from November 1990 to March 1994.

Mr Li started his career in 1979 onboard ships of Guangzhou Ocean Shipping Company. He graduated from Naval Academy of Engineering and specialised in Engineering Management.

MR ANG SWEE TIAN

Non-Executive Lead Independent Director

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

BOARD OF DIRECTORS

DR WANG KAI YUEN

Non-Executive Independent Director

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

Non-Executive Independent Director

Mr Er Kwong Wah was appointed Non-Executive Independent Director on 20 December 2002. He chairs the Remuneration Committee and is a member of the ARMC, 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 WANG KANG TIAN
Chief Financial Officer and Chief Risk Officer

Mr Wang Kang Tian was appointed Chief Financial Officer and Chief Risk Officer of the Company in 14 November 2017.

Mr Wang started his career in July 1988 as Vice General Manager of Finance Division of Guangzhou Shipping Company Limited. In July 1997, he joined China Shipping Group Company Limited as General Manager of Finance Division. In July 2002, Mr Wang joined China Shipping Development Company Limited where he served as Chief Financial Officer and Vice President for 14 years.

Prior to his existing appointment at COSCO SHIPPING, Mr Wang was Chief Finance Officer of China COSCO Energy Transportation Company Limited from July 2015 to October 2017.

Mr Wang graduated from Anhui University of Finance and Economics in July 1988 and obtained a Master's degree in Economics in 2005 from Renmin University of China.

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 existing 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

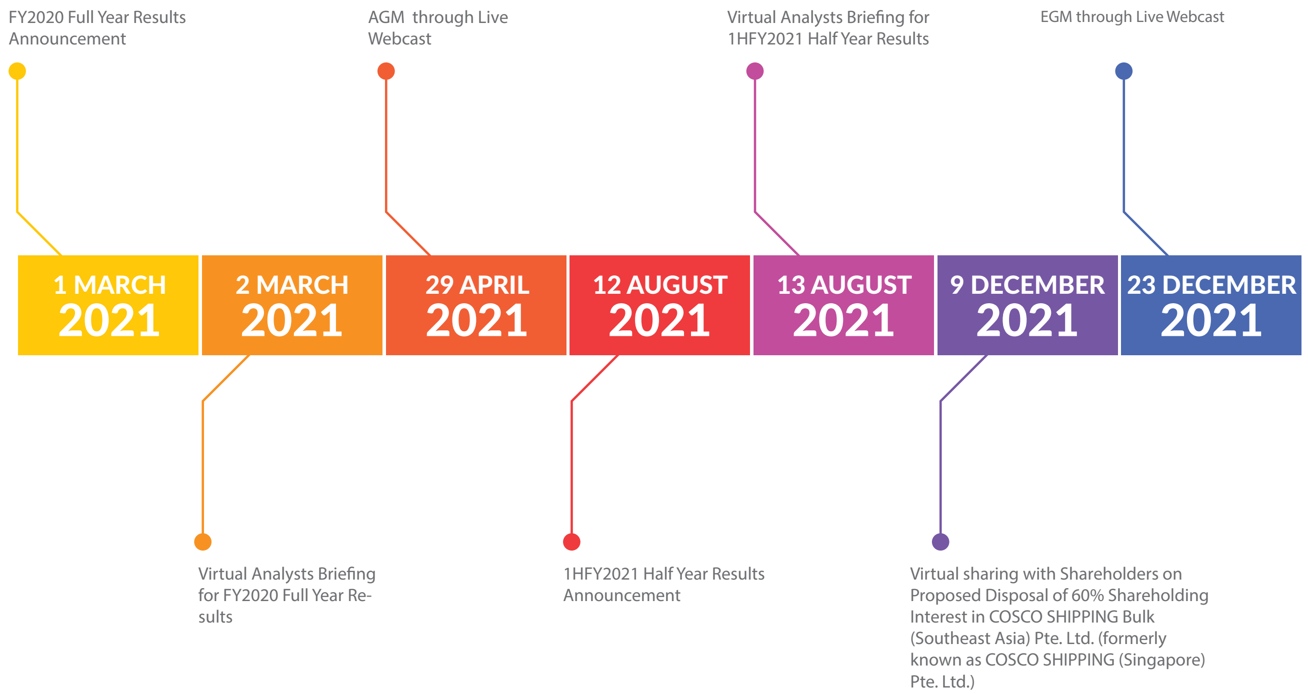
COSCO SHIPPING remains committed to ensuring that price-sensitive information is timely, accurately, and clearly disseminated on the Company's website and the SGXNet platform so that investors can make informed investment decisions on the Company's shares.

Due to COVID-19, the Company did not participate in any investor relations events organised by external parties in 2021. However, it continued to engage with research analysts so that they could gain a better understanding of the Company's 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.

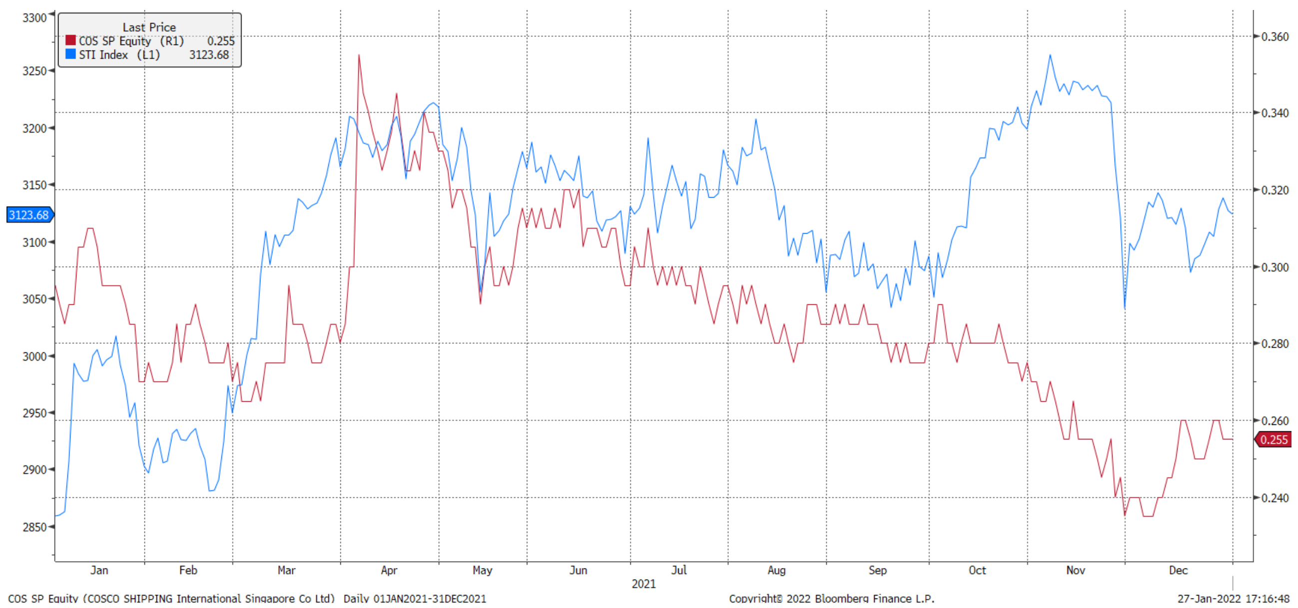
The AGM and/or EGMs will also continue to be an important platform for the Board and the senior management to update the shareholders on the Company's developments and to provide shareholders with a channel to communicate with the Company. Due to COVID-19, all AGM and/or EGMs this year continued to be held via electronic means.

COSCO SHIPPING's Major Investor Relations Events in 2021



INVESTOR RELATIONS

COSCO SHIPPING vs STI Index



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.

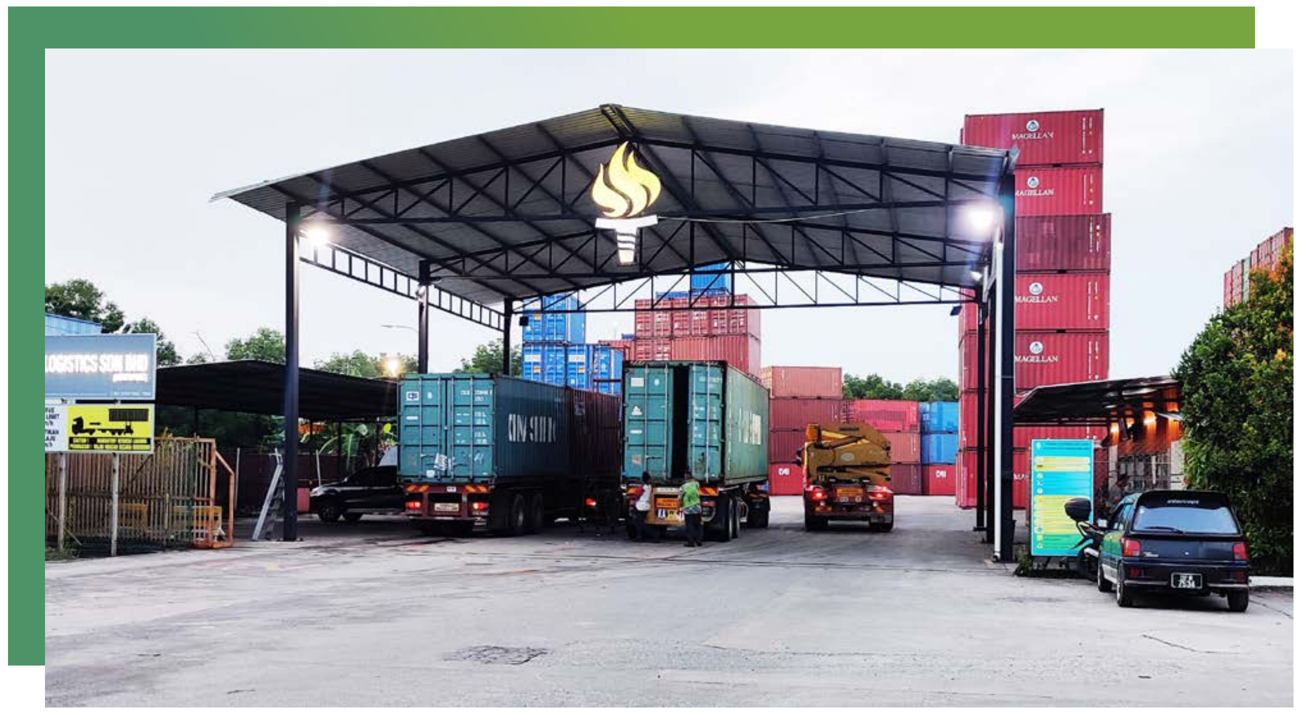
The Board has delegated the risk management and internal controls of the Group to the ARMC. In the ever-changing business environment, the risk management process of the Group is constantly being reviewed and updated by the ARMC. The risk management process aims to identify the risk factors that may 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

RISK MANAGEMENT

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.

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, Politican 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 2,217 points as of the end of 2021. As the dry bulk shipping industry is very volatile, it contributed to a higher level of uncertainty, which typically has an impact on vessel owners' willingness to place new orders for bulk carrier vessels, which in turn affects demand for the Group's services and products.

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 depends on 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 depends on the continued contributions of its executive officers and employees, both individually and as a group. 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.

RISK MANAGEMENT

A number of strategies are implemented to mitigate 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 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. The Board approves 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 established 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 185 to 191 in the Notes to the Financial Statements.

SUSTAINABILITY REPORT

CONTENTS

BOARD STATEMENT

To ensure COSCO SHIPPING prospers in the long run, the Board 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-ST sustainability reporting guidelines. It has determined the Group's material Economic, Environmental, Social and Governance ("EESG") topics, and exercises oversight in the management and monitoring of its material EESG topics.

The EESG topics selected in the FY2020 report have been re-evaluated for its materiality to the Group in FY2021. The Board is of the view that for FY2021, the material topics continued to be the same as those in FY2020. The Group continues to adopt the Global Reporting Initiative ("GRI") reporting framework in its sustainability reporting. At the same time, it supports the UN 2030 agenda-17 Sustainable Development Goals (SDGs) as part of its commitment towards its sustainability development journey.

This Sustainability Report is the fifth sustainability report issued, providing an update of the Group's performance and targets on sustainability which was set out in the FY2020's Sustainability Report dated 7 April 2021.

The global economy is recovering gradually. However, there remains uncertainty on the time needed to overcome the pandemic. This is coupled with other economic factors such as rising inflation rates and labour costs. As we continue to face uncertainties, the Group will navigate through the challenges ahead to create value for its shareholders.

Other than the 60% disposal of our shipping business which was completed on 28 December 2021, there has been no change to the Group's businesses and corporate structure. With the evolving situation of COVID-19, the Group continues to place the health of its employees as the Group's top priority. Apart from adopting guidelines and measures set out by the government, we have also taken additional steps to protect the health of our employees.

The Group continues its emphasis to stay committed in 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 a zero tolerance for corruption or fraud, and furthering our participation in environmental conservation activities.

SUPPORT THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

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 faced by our society today.

The SDGs aim to end poverty, protect the planet and ensure peace and prosperity for all people by 2030.

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

At COSCO SHIPPING, we are committed to playing our part in supporting 17 global goals. In FY 2021, we mapped the 17 goals over our material topics and decided to focus on the following goals in our sustainable business strategy.

ABOUT THIS REPORT

The Group presents its annual Sustainability Report for FY2021 for all its stakeholders. This report aims to disclose our EESG 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 FY2021, for the period 1 January 2021 to 31 December 2021. The previous Sustainability Report was published on 7 April 2021.

Reporting Scope

This report covers sustainability topics of all business segments of the Group, namely logistics, shipping, ship repair and marine engineering, and 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 information in this report is organised and presented in accordance with the GRI Standards: Core option, established by the Global Reporting Initiative ("GRI") and published in 2016.

This report is also prepared in accordance with SGX-ST Listing Rules 711A and 711B and the relevant SGX Practice Notes on Sustainability Reporting Guide. Our data is reported in good faith and to the best of our knowledge. Currently, there is no external assurance for this report.

Feedback

The GRI Standards Content Index at the end of this section confirms that all disclosures required as per 'in-accordance core' criteria of the GRI Standards, are accurately included in this Sustainability Report, as required by disclosures GRI 102-54 and 102-55. For any further query, suggestion or feedback related to the Group's sustainability initiatives, please reach out to us at enquiry@coscoshipping.com.sg.

Assurance

The data and information included in this report have not been verified by an independent third party. However, internal data monitoring and verification were done to ensure the data and information accuracy.

SUSTAINABILITY GOVERNANCE

The Sustainability Governance Structure of the Group is as follows:

Board of Directors

Frames the Group's sustainability approach and strategy

Reviews and endorses the sustainability targets and plans accordingly

Sustainability Steering Committee

Comprising key management executives, provides guidance on the Group's sustainability strategies.

The Steering Committee 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

Working Committee

Comprising discipline-specific working groups.

Identifies possible material topics and to reach an agreement on the action plan for the reporting process

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:

Environment
- Reduce energy consumption;
- Improve on waste management techniques.

Social
- Increase operations with local community and conduct impact assessment;
- Increase programmes for upgrading employee skills.

Governance (Economic)
- Increase focus on innovative business practices;
- Enhance shareholder value.

STAKEHOLDER ENGAGEMENT

Our stakeholders are people or entities that are directly or indirectly influenced by our business operations and outcomes, or who can significantly influence our businesses.

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

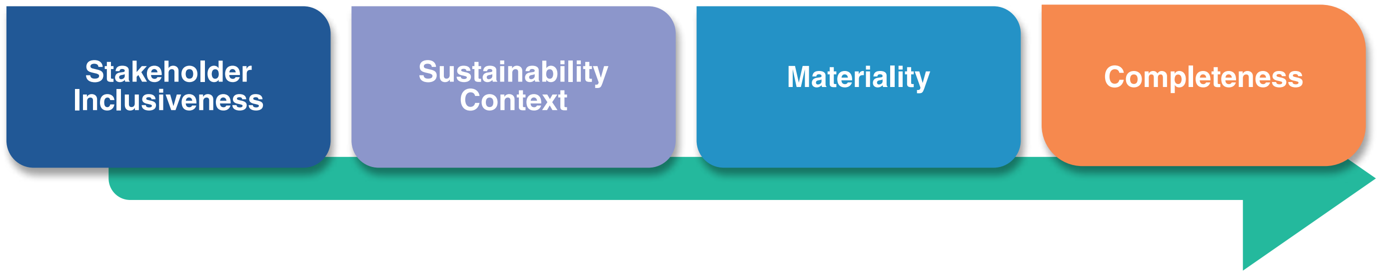
We are committed to expand our engagement methods and to use any subsequent outputs in our future disclosures. The Company's management is very much determined to continuously improve by engaging with key stakeholder groups as presented in the table below.

Stakeholder Group	Engagement Approach	Stakeholder Focus
Employees	Monthly management meetings are held to discuss daily operational issues. Newsletters are circulated on a daily basis to keep employees updated. Regular training sessions and transitional assistance programs are conducted.	• Fair employment rights • 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. 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 • Adherence to 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
Local Communities and NGOs	Regular dialogues are held with our endorsed charity organisations which shape our community outreach initiatives.	• Social responsibility • Compliance to Environmental regulations • Fair employment rights
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

OVERVIEW
KEY MESSAGE
OPERATIONS AND FINANCIAL REVIEW
CORPORATE GOVERNANCE AND TRANSPARENCY
SUSTAINABILITY REPORT
FINANCIAL STATEMENTS

REPORTING APPROACH

The content of this report is defined by the 4 Content Reporting Principles established by GRI as follows:



Principles	Objectives
Stakeholder Inclusiveness	Defining stakeholders and explain how the Group has responded to their expectations and interests.
Sustainability Context	Presenting the Group's performance in the wider context of sustainability.
Materiality	Identifying the Group's significant EESG factors.
Completeness	Disclosing significant EESG factors and boundaries to assess the Group's performance in the reporting period.

MATERIALITY ASSESSMENT

The Group engaged Virtus Assure Pte Ltd ("the Consultants") to work with the Sustainability Working Committee to identify potential sustainability matters most relevant and significant to the Group in FY2018.

The list of potential sustainability matters was identified through:
(i) identification of internal and external stakeholders; and
(ii) discussion with the Sustainability Working Committee to understand their concerns and the concerns of the key external stakeholders they communicate with on a regular basis.

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

The significance of each matter is determined by the two key factors below:
(i) relevance to the Company's business model, strategies and outcome; and
(ii) likelihood and impact of the business.

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

The Sustainability Working Committee aims to conduct an annual review of the Group's material topics as well as monitor the performance of the topics as part of the Company's sustainability strategy.

As there were no significant changes to the operating business and model of the Group in FY2021, we are of the view that we can continue to adopt the material topics identified in previous years. The Group adopts a four-step process to define the material topics:

MATERIAL TOPICS IDENTIFICATION

The Steering Committee re-evaluated the material topics from FY2018 to FY2020 and all topics were deemed to continue to be relevant and material to the Group in FY2021. As such, the Steering Committee recommended to the Board the same six topics to be the material topics to be reported in FY2021 which was subsequently approved.

These material topics covers sustainability topics of all business segments of the Group, with a primary focus on the Group's logistics business segment held by and 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.

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MATERIAL TOPICS IDENTIFICATION

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 are aimed towards creating value for all stakeholders.	8 DECENT WORK AND ECONOMIC GROWTH
Business Conduct GRI 205-3	The management has established zero tolerance for instances of corruption or bribery and has implemented policies and procedures (for example, performance of duties and business entertainment) to provide guidance for all employees to abide by and will continually review its policies to ensure effectiveness so as to uphold good business practices. As such, this topic is deemed to be material to the Group.	8 DECENT WORK AND ECONOMIC GROWTH
	Environment	
Compliance to Environmental Regulations GRI 307-1	The Group is committed to adhere to all necessary regulations for all our operational business units. The Group 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.	13 CLIMATE ACTION 14 LIFE BELOW WATER
	Social	
Human Capital 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 provide a safe and healthy workplace for all employees, so as 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 in place for all employees which includes proper incident investigations and reporting procedures.	3 GOOD HEALTH AND WELL-BEING
Staff training GRI 404-1	Training and education is important for the Group as it enhances productivity of all employees by equipping them with the necessary skillsets 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 information technology ("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 controls can cause data breaches and result in significant legal and reputational costs to the Group.	8 DECENT WORK AND ECONOMIC GROWTH

SDGs – Sustainable Development Goals as established by the UN in 2015

FY2021 TARGETS AND PERFORMANCE AT A GLANCE

Material Topics	Targets for FY2021	Performance for FY2021	Achieved? Yes/No/ Partial	Targets for FY2022
Business Conduct **GRI 205-3**	0 Confirmed Incidents of Corruption	0 Confirmed Incidents of Corruption	Yes	0 Confirmed Incidents of Corruption
Compliance to Environmental Regulations **GRI 307-1**	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 High-consequence Work-related Injuries (Excluding Fatalities) 3 Recordable Work-related Injuries	0 Fatalities As A Result Of Work-related Injury 0 High-consequence Work-related Injuries (Excluding Fatalities) 4 Recordable Work-related Injuries	Partial	0 Fatalities As A Result Of Work-related Injury 0 High-consequence Work-related Injuries (Excluding Fatalities) 0 Recordable Work-related Injuries
Staff training **GRI 404-1**	8 Training Hours per Employee who underwent training	10.31 Training Hours per Employee who underwent training	Yes	8 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: The Safe Working Environment Target for FY2021 was partially achieved as there were 4 recordable work-related injuries in Cogent. Please refer to Page 95 for the details of the incidents.

ECONOMIC PERFORMANCE

MATERIAL TOPICS	RELEVANT SDGS
Consistent economic performance	8 DECENT WORK AND ECONOMIC GROWTH

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 are aimed towards creating value for all stakeholders.

Despite the disruptions that COVID-19 and its variants have brought to our businesses, the Group has grown steadily and recorded a net profit attributable to equity holders of $30.1 million, 261% higher as compared to FY2020. The Group's revenue for FY2021 was $198.5 million, representing a 7% increase as compared to FY2020. We are also in a healthy financial position as at FY2021. The shareholders' equity attributable to shareholders of the Company was $574.2 million as at 31 December 2021. The Group's healthy financial position ensures the long-term viability of the Group and enables the execution of sustainability strategies.

With strategic planning, corporate governance practices, incentives, and other initiatives, we will continue to coordinate and balance interests of our shareholders, customers, suppliers, employees, and other stakeholders. This will help to further 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 FY2021.

BUSINESS CONDUCT

MATERIAL TOPICS	RELEVANT SDGS
Anti-Corruption Practice	8 DECENT WORK AND ECONOMIC GROWTH

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

Whistle-Blowing Policy

The Group has in place a whistle-blowing policy and arrangements, embedded within the Code of Conduct section in the Employee Handbook, by which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

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 meetings. If the ARMC receives reports relating to 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, he will not be at risk of losing his job or suffering from reprisal/harassment or detrimental or unfair treatment as a result.

Conflict of Interest Policy

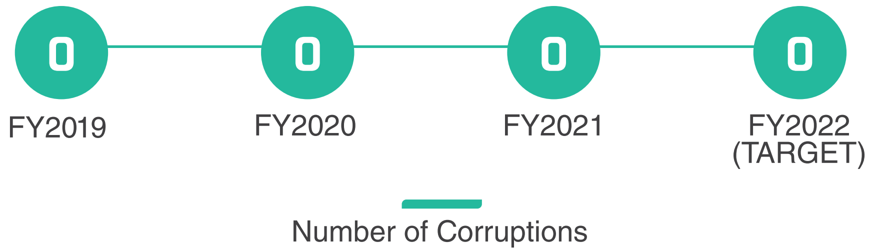
The Company's logistics segment as carried out by Cogent has in place a Conflict of Interest Policy for itself and all its subsidiaries in Singapore. With regards to subsidiaries of Cogent registered in Malaysia, this Conflict of Interest Policy serves as a reference for alignment with the regulation 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.

For FY2021, the Group has met the target set in FY2020 and there were no incidents of corruption.

BUSINESS CONDUCT

The Group has a target of zero incidents perpetually.

TOTAL NUMBER OF CONFIRMED INCIDENTS OF CORRUPTION



ENVIRONMENT

MATERIAL TOPICS	RELEVANT SDGS
Environmental Compliance	

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.

As part of its logistics services in Singapore, the Group adheres to the following legislations and regulations:

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

ENVIRONMENT

The Group's logistics operation in Malaysia complies with the following legislations and regulations:

- **Environmental Quality Act 1974 (EQA)** – an Act relating to prevention, abatement, control of pollution and enhancement of the environment and for purposes connected therewith.
- **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.
- **Environmental Quality (Clean Air) Regulations 2014** – the Clean Air Act aim to reduce the risks and harmful health effects associated with air pollution.
- **Street Drainage and Building Act 1974** – to provide a uniform in local authority areas of Malaysia and set out rules to regulate the activities to street, drainage and building in those areas.
- **Factories and Machinery Act 1967** – to control factories operations with compliant to safety, health and welfare of persons.
- **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.

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

Transportation of Hazardous Substance	
Instruction for Drivers	Transport emergency response plan is provided to drivers and all drivers transporting hazardous materials are required to attend Hazmat training (every 2 years) which is conducted by an external provider.
Transport Routes	Transport routes are approved by authority as stated in the TERP. Drivers are informed of the transport routes and if a different route is required, management shall seek approval from 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.

ENVIRONMENT

Storage and Handling of Hazardous Substance	
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 Substances	The movement of the hazardous substances are maintained in Warehouse Management System to ensure the inventory in the warehouse will not exceed the maximum allowed quantity.
Storage Requirements	Design, construction and maintenance of the facility is according to code of practice, including proper labelling at the storage area.
Instruction and Training	Workers handling hazardous substance are briefed on the Safe Work Procedure and reminded of the hazards during tool box meetings and refresher training. Workers are sent for external training courses on handling of hazardous substances.

Vehicular and Machinery Emissions	
Smoky Motor Vehicles	Pre-use inspection shall be carried out by prime mover drivers, and if any smoky motor vehicles observed, it 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 they 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 which includes 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 plan to replace the EURO 5 trucks at the appropriate time.
Monitor Diesel Consumption	We monitor the consumption of diesel (by litre) to analyse if there is any abnormalities on the level of diesel usage by each vehicle.
Reduce 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.

ENVIRONMENT

We keep track of changes in the laws/regulations so that we can take actions 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 the compliance to local regulations, an emergency response team made up of trained members are set up to deal with emergency situations (chemical spillages and fires). In addition, regular audits are conducted by National Environment Agency (NEA) accredited auditors and Singapore Civil Defence Force (SCDF) and we have to ensure that these audits are successful so that our licences can be continuously renewed.

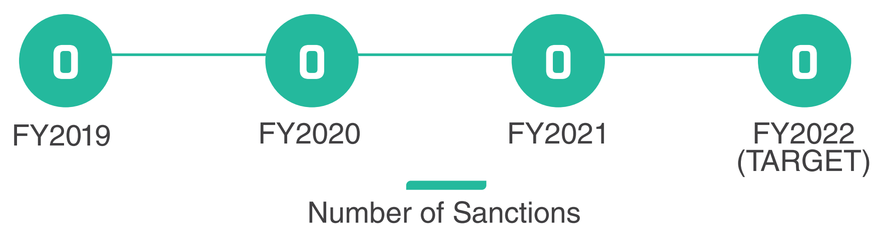
To further improve, subsidiaries of Cogent, SH Cogent Logistics Pte Ltd, Cogent Container Depot Pte Ltd and Cogent Tank Depot Pte Ltd have established and received the Environmental Management System ISO 14001:2015 accreditation. The Group will continue to track any changes to the laws and regulations and will take steps to implement any new measures accordingly.

During the pandemic, the Group has complied with all new regulations set out by the authorities and have implemented COVID-19 safe management measures, i.e. safe distancing at workplaces, work-from-home arrangements, segregated work teams, and wearing mask at all times. It is crucial that we take preventive measures seriously as part of our business continuity plan and ensure undisruptive continuation of our business operations.

Placing employees' health as top priority, Cogent started its business continuity plan ("BCP") on 16 March 2020. 15 Safe Management Officers have been appointed to inspect the facilities and ensure that employees observe all safe management measures. While observing safe management measures, we were still able to carry on with our business operations smoothly due to our highly adaptable and cooperative customers. About one month after BCP started, all employees in Cogent have gotten used to the BCP due to the digitalization of our backend functions. All safe management measures continued to be observed even after Singapore moved into Phase 3 of Re-opening.

For FY2021, the Group has met the target set of zero legal cases, fines or sanctions against any companies of the Group for environmental-related violations and the target will be to maintain this performance perpetually

LEGAL CASES OR FINES AND NON-MONETARY SANCTIONS AGAINST THE GROUP



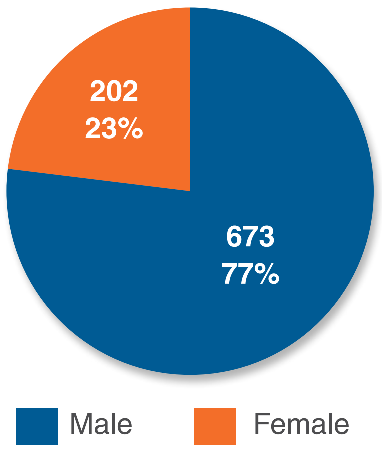
HUMAN CAPITAL

MATERIAL TOPICS	RELEVANT SDGS
Employment Diversity and Equal Opportunity	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

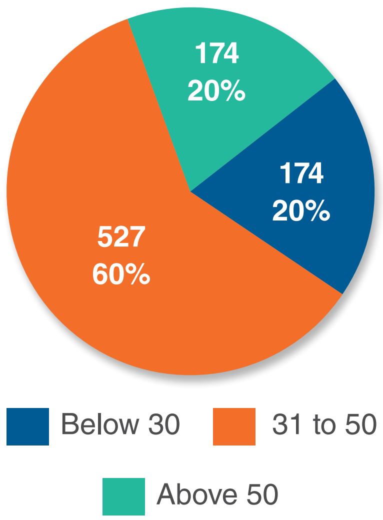
Employment

The Group has 875 employees (full-time) under its employment in the Singapore and Malaysia offices as at 31 December 2021. The employees fall under the following categories:

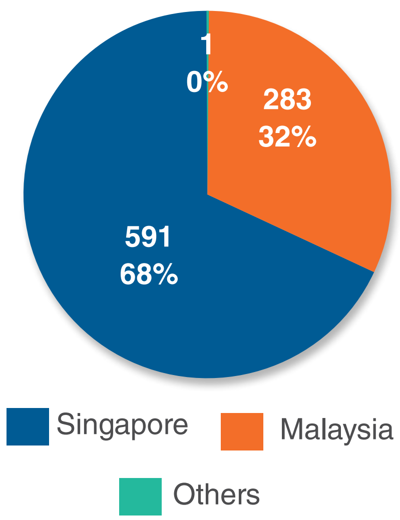
EMPLOYEES BY GENDER



EMPLOYEES BY AGE GROUP



EMPLOYEES BY LOCATION



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.

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 to improve on our talent development system to select and cultivate talents.

HUMAN CAPITAL

Policy for Hiring

Identification

- Based on the "Job Description", potential candidates are identified and contacted fairly, justly and openly by arranging necessary interviews and/or written assessments.

Shortlist

- 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).

Selection

- 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.

Record

- 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 well with our performance and achievement appraisal system which aligns employees' work goals with personal career development and competitive remuneration.

Apart from tangible rewards, the Company also gives attention to 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.

SAFE WORKING ENVIRONMENT

MATERIAL TOPICS	RELEVANT SDGS
Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING

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 provide a safe and healthy workplace for all employees, so as 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 in place for all employees which includes 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 the health and safety of all our employees, programmes have been established such as purchasing insurance and providing annual health screening for all employees.

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. Main roles and responsibilities of the WSH Committee are listed below:

Ensure	Ensure effective implementation of safety and health management system, policies and safe work procedures.
Identify	Identify hazards and related risk control measures.
Promote	Promote safety awareness and keep track of regulatory changes.

SAFE WORKING ENVIRONMENT

Under the logistics operations in Malaysia, we are also committed to provide a better safe and healthy workplace for all employees to ensure their safety and health to be most importance. There is 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 standard. 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 has a strong focus on 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.

Some of the key QEHSMS applicable to the Singapore market are:
1. Workplace Safety and Health Act
2. Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009
3. Workplace Safety and Health (Major Hazard Installation) Regulations
4. Environmental Protection and Management (Hazardous Substances) Regulations
5. ISO 45001: 2018 Occupational Health and Safety Management system
6. ISO 14001: 2015 Environmental Management System
7. 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 to 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, 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 audit to ensure that the system adheres to the QEHSMS standards.

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 identifying gaps and areas for improvement:

- Regular site inspections and walkabouts by safety team, operational heads and senior management to ensure implementation of safety policies and procedures and to identify potential safety hazards.
- Provision of regular WSH-related trainings 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 such as sharing of 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.

We always work to achieve greater heights and strive to achieve multiple accreditation at various operational premises of the Group. To date, Cogent has achieved the following safety management systems for the Group:

- SH Cogent Logistics Pte Ltd for land transportation and warehousing services
  - ◊ ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, and ISO 22001:2018 with SAC Accreditation
  - ◊ bizSAFE Star and bizSAFE Partner
- Cogent Automotive Logistics Pte. Ltd. for vehicle logistics services
  - ◊ ISO 45001:2018 and ISO 9001:2015 with SAC Accreditation
  - ◊ bizSAFE Star
- Cogent Land Capital Pte. Ltd. for facilities management
  - ◊ ISO 45001:2018 with SAC Accreditation
  - ◊ bizSAFE Star
- Cogent Container Depot Pte Ltd for storage, handling, repair and maintenance of containers
  - ◊ ISO 45001:2018, ISO 9001:2015, and ISO 14001:2015 with SAC Accreditation
  - ◊ bizSAFE Star
- Cogent Tank Depot Pte Ltd for ISO tank clean, Inspection & repair services
  - ◊ ISO 45001:2018, ISO 9001:2015, and ISO 14001:2015 with SAC Accreditation
  - ◊ bizSAFE Star
- Cogent Integrated Supply Chain Pte Ltd for Provision of freight services: ocean services, air freight, road freight, LCL services, custom clearance, documentation and marine insurance, other value-added services.
  - ◊ Cogent Integrated Supply Chain Pte Ltd has embarked on establishing the QHSMS - ISO 45001:2018 and ISO 9001:2015. In December 2021, Cogent Integrated Supply Chain Pte Ltd is fully certified with ISO 45001:2007 and ISO 9001:2015.
  - ◊ Cogent Integrated Supply Chain Pte Ltd was awarded with bizSafe Star in January 2022

SAFE WORKING ENVIRONMENT

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 could not 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 Workplace Safety and Health (WSH) Risk Management.

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

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

Severity (S) lLevels & Descriptions

Level	Severity	Description
5	Catastrophic	Fatality, fatal diseases or multiple injuries
4	Major	Serious injuries or life-threatening occupational diseases
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

Livelihood Levels (L) & Descriptions

Level	Severity	Description
1	Rare	Not expected to occur but still possible
2	Remote	Not likely to occur under normal circumstances
3	Occasional	Possible or knonw to occur
4	Frequent	Common occurrence
5	Almost certain	Continual or repeating experience

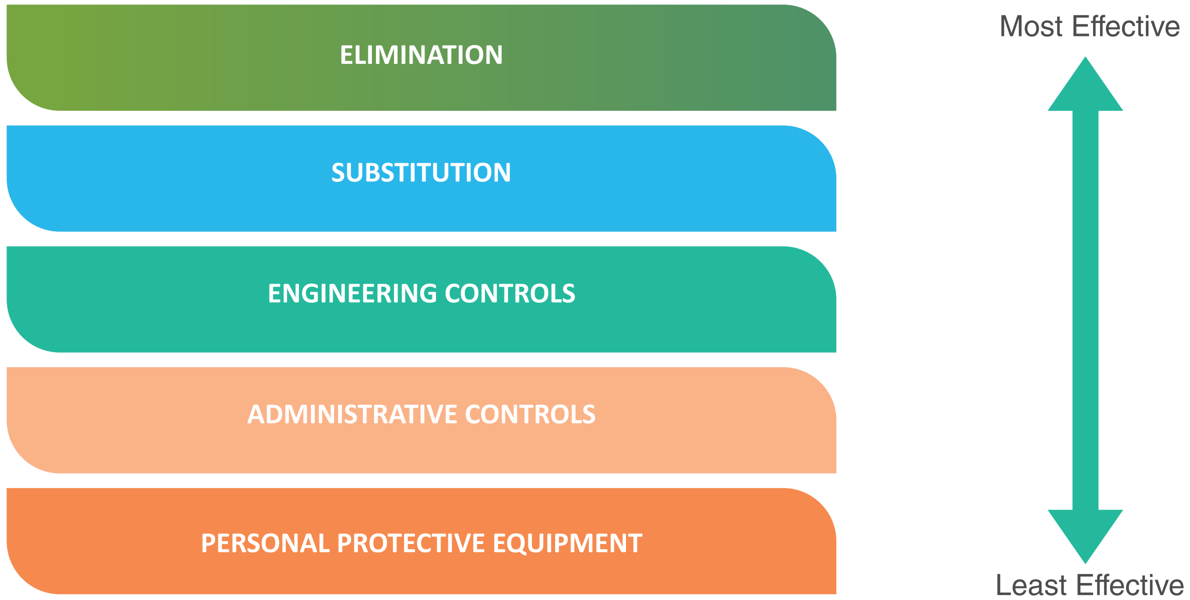
RISK LEVEL (RL) =S SEVERITY (S) x LIKELIHOOD (L)

Likelihood / Severity	Rare (5)	Remote (4)	Occasional (3)	Frequent (2)	Almost Certain (1)
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

SAFE WORKING ENVIRONMENT

RISK LEVEL	ACCEPTABILITY OF RISK	REOMMENDED 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 resik level is reduced to as low as reasonably practicable (ALARP) within a defined time prioed. • Interim risk control measures, such as administrative controls or PPE, may be implemented while longer term measures are being established. • Management attention is required
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 Workplace Safety and Health (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 change 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.

SAFE WORKING ENVIRONMENT

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 trainings, are conducted in the languages that employees understand, emphasizing on 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 also includes pre-work inspections and regular maintenance at our workplaces. 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 machine or equipment are not allowed to be used. Cogent encourages employees to report hazards and near misses by continuously educating them the importance of reporting and incorporating reporting hazards and near misses into workers' annual appraisal.

Incident Investigation (GRI 403-2)

Incident Investigation and reporting procedure is 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 hierarchy of controls are adopted in recommending appropriate 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 provide a safe and healthy workplace for all employees.

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

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

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 work safety. Videos showing good WSH practices or accidents are displayed through displays at certain operational areas to remind workers to stay alert.

SAFE WORKING ENVIRONMENT

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

SAFE WORKING ENVIRONMENT

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

Cogent facilitates employees' non-occupational medical check-up. Medical cards are issued to the employees for access to clinics under it's panel of doctors.

For specific group of employees, due to the nature of their job scope and work environment, we have arranged additional medical check-ups for them. 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 Port of Singapore Authority (PSA).

We also identify employees who are approaching age 62 and send them for re-employment medical check-up. Employees who are certified fit for work will be re-employed till age 67.

Under logistics operations in Singapore, 100% of our employees have received 2 doses of vaccine. We have practiced safe management measures in relation to COVID-19. Following are the measures we have taken to ensure a safe workplace:

1. Team A and Team B alternate week work from home;
2. Wearing of Mask at all times while in office;
3. Keep a safe distance of at least 1 meter apart;
4. Self-test weekly via an Antigen Rapid Test (ART);
5. Check-in at the office using TraceTogether App;
6. Meeting via Dingtalk or Zoom as the preferred option ;
7. No eating and drinking together. No social gathering at the workplace;
8. Smoking at the designated area.

In the course of Safety & Health Week 2021, stretching exercises were conducted via Zoom sessions with office staff.

Under logistics operations in Malaysia, 95.9% of our employees have received 2 doses of vaccine. It also has a proper guideline at 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. Wearing of mask at all the time due to COVID-19.
2. Ensuring every staff must be attired in full PPE upon entering the workplace.
3. Conducting annual fire drill among Cogent Team to ensure all employees are alert at all the times.
4. Moving vehicles and trucks are prohibited to drive through under suspended loading. Trucks are required to reverse to perform any loading on its trailer.
5. Monitoring of speed limit in the yard to avoid any accident.

SAFE WORKING ENVIRONMENT

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

Control of contractor is one of the important programmes implemented. Contractors are carefully and regularly evaluated on their safety and health performance to ensure that they are able to perform their work safely. We conduct weekly inspection at in-house contractors' workplaces and communicate with contractors on corrective actions required for any unsafe conditions or unsafe acts. With effect from December 2021, Cogent safety and operation team kick-off the bi-monthly Environment, Health and Safety ("EHS") meetings with in-house contractors to discuss the 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.

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

Owning a huge 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 the responsibility to take care of the other road users on the road by exercising extra caution when driving on the roads. 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 course and attended in-house road safety briefings to keep alert on safety on the road.

Work-Related Injuries (GRI 403-9)

In FY2021, Cogent and the Company's other business segments reported 4 work-related recordable injuries to Ministry of Manpower (MOM) in total; improvement has been achieved as compared to the 7 injuries in FY2020. 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 so as to improve the safety culture of the Company. This will increase productivity and the safety records will attract potential customers and lead to possible future expansion.

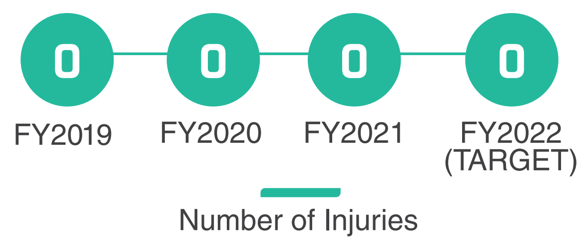
SAFE WORKING ENVIRONMENT

Details of the Recordable Work-related Injuries in FY2021

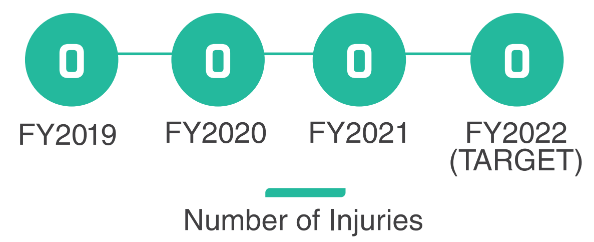
Type of Injury	Investigation Result
Fall from heights	Lack of personal safety awareness
Slips/Trips/Falls	Lack of personal safety awareness
Slips/Trips/Falls	Lack of personal safety awareness
Slips/Trips/Falls	Lack of personal safety awareness

In order to raise awareness and to avoid further incidents in these categories, Cogent will ensure that safety precautions of the above categories are communicated more regularly in its daily toolbox meeting and monthly briefings for its employees.

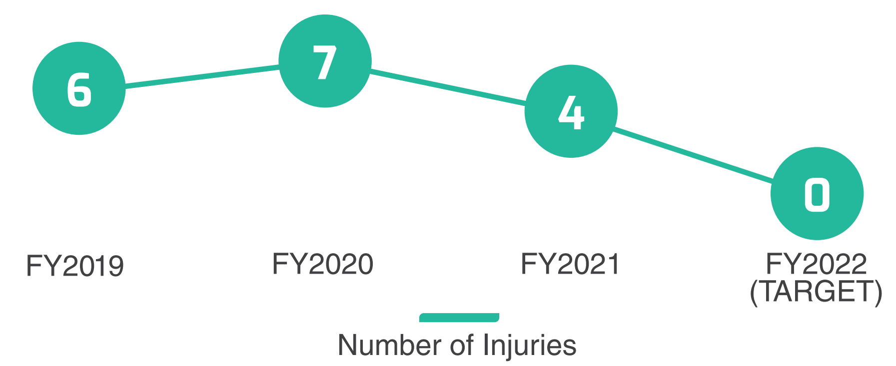
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURIES



NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (EXCLUDING FATALITIES)



NUMBER OF RECORDABLE WORK-RELATED INJURIES



SKILL DEVELOPMENT

MATERIAL TOPICS	RELEVANT SDGS
Training and Education	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH

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

Training and education helps employees to learn specific knowledge or skills to improve performance in their current roles that brings a greater impact to the Group and to achieve their individual career aspirations, which is of utmost importance. In the Group, their expertise and contributions are recognised in gearing the Group beyond its existing capacity. As such, all employees are valued and the Group strives to provide a conducive working environment that emphasises the enrichment and empowerment of every individual, in order to achieve organisational growth.

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

1. Human Resource ("HR") Department initiates Training Needs Analysis (TNA) yearly
2. Manager identifies staff's training and HR will source for courses
3. Training are approved by senior management

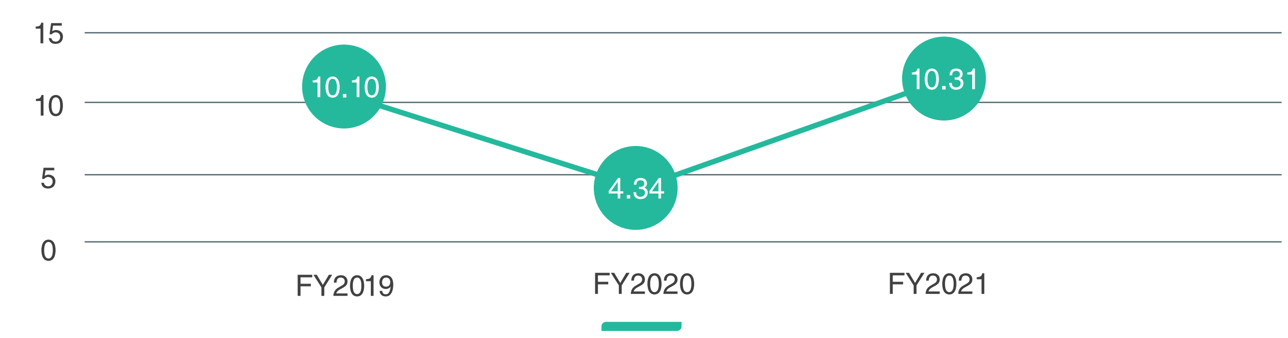
Technical employees are also required to undergo annual assessment conducted in simulated environments to ensure that they remain equipped and competent in meeting the necessary standards and safety measures at the worksite. Training evaluation forms are provided to employees for their feedback on the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

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

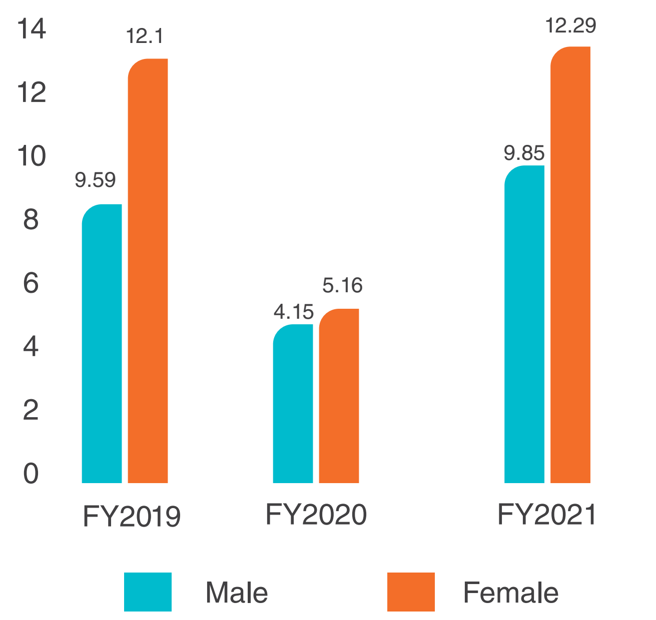
In FY2021, the Group met the target of an average of 8 hours of training per employee who underwent training set in FY2020. The average training hours per employee who underwent training increased from around 4.34 hours in FY2020 to around 10.31 hours in FY2021. The Group hopes to continue meeting the target of an average of 8 hours of training per employee in FY2022.

SKILLS DEVELOPMENT

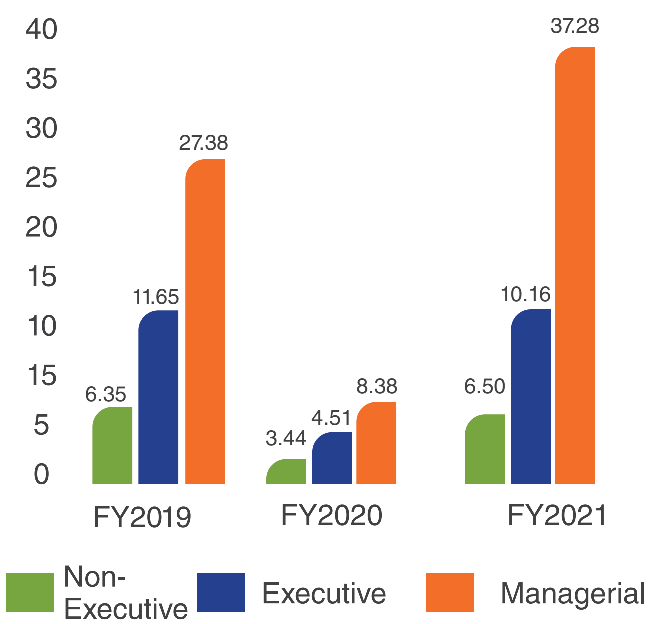
AVERAGE TRAINING HOURS PER EMPLOYEE



AVERAGE TRAINING HOURS PER EMPLOYEE, BY GENDER



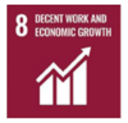
AVERAGE TRAINING HOURS PER EMPLOYEE, BY CATEGORY



Some examples of training courses offered to employees are as follows:

- Technical and safety
  - Workforce Skills Qualifications (WSQ) Operate Forklift Course
  - Work-At-Heights Course For Workers
  - Hazardous Material Driver Transport Permit Course (Hazmat)
  - Perform Safe Prime Mover Driving and Haulage Operations in the Port
  - Understanding of ISO 22000:2018 Internal Auditor Course
  - Apply Workplace Safety and Health in Metal Work
- Soft skills
  - Communicate & Relate Effectively at the Workplace
  - Effective Cash Flow Management, Budgeting and Analysis
  - Effective Business Report Writing Skills
  - Manage Resource Planning

CUSTOMER'S PRIVACY

MATERIAL TOPICS	RELEVANT SDGS
Privacy of Customers' Data	

The Group has in place a Personal Date Protection Guideline ("Guideline") to safeguard the confidential information of stakeholders. All employees of the Group are expected to comply with the Guideline as well as the Singapore's Personal Data Protection Act ("PDPA") . All employees of the Group shall comply with the Guideline and the PDPA 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 these guidelines and the PDPA and may be required to indemnify the Group for all fines and expenses incurred in the event of a breach.

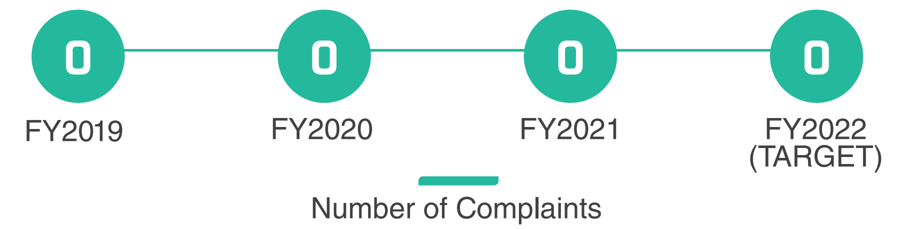
At Cogent, a PDPA statement along with the information of the designated Data Protection Officer is stated on its website as well.

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 controls 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 and restricted access rights and cyber security awareness training. There is an email channel for internal and external parties to lodge any data breach complaints.

For FY2021, the Group has met the target set in FY2020 and there were zero complaints of breach of customer privacy and the target will be to maintain this performance perpetually.

SUBSTANTIATED COMPLAINTS RECEIVED CONCERNING BREACHES OF CUSTOMER PRIVACY



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FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

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 113 to 198 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 2021 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
Li Xi Bei
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.

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 31.12.2021	At 1.1.2021	**At 31.12.2021**	At 1.1.2021
The Company				
(No. of ordinary shares)				
Wang Kai Yuen	**900,000**	900,000	**100,000**	100,000
Er Kwong Wah	**650,000**	650,000	**–**	–
Ang Swee Tian	**130,000**	130,000	**5,000**	5,000

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Directors' interests in shares or debentures (continued)

	Number of unissued ordinary shares under option held by director	
	At 31.12.2021	At 1.1.2021
Related corporation		
COSCO SHIPPING Holdings Co., Ltd.		
- Share Option Incentive Scheme		
Zhu Jian Dong	**505,180**	754,000

(b) According to the register of directors' shareholdings, only one director 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".

	Number of unissued ordinary shares under options held by director	
	At 31.12.2021	At 1.1.2021
Li Xi Bei	**1,000,000**	1,500,000

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Share options (continued)

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

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

(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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Share options (continued)

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

Information of options granted under the Options Scheme to directors of the Company (pursuant to the requirements of the Listing Manual of the SGX-ST) are as follows:

Name of director	Options granted for financial year ended 31.12.2021	Aggregate options granted since commencement of scheme to 31.12.2021	Aggregate options exercised since commencement of scheme to 31.12.2021	Aggregate options lapsed since commencement of scheme to 31.12.2021	Aggregate options outstanding as at 31.12.2021
Li Xi Bei	–	1,500,000	–	(500,000)	1,000,000

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 1.1.2021	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 31.12.2021	Exercise price	Exercise period
2020 Options	20,174,000	–	–	(8,975,800)	11,198,200	$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	–	2,959,000	–	(986,300)	1,972,700	$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 2021 and 31 December 2020.

DIRECTORS' STATEMENT

For the financial year ended 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 2021 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.

Independent auditor

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

On behalf of the directors

ZHU JIAN DONG
Director

LI XI BEI
Director

8 March 2022

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 2021 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 2021;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2021;
- the consolidated balance sheet of the Group as at 31 December 2021;
- the balance sheet of the Company as at 31 December 2021;
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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 2021. 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 23(a) to the financial statements* As at 31 December 2021, goodwill amounted to $98,989,000. The goodwill 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. 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. With the assistance of our auditor's expert, we assessed the 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. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

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

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.

- 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 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2021

	Note	The Group 2021 $'000	The Group 2020 $'000
Sales	4	**198,463**	185,843
Cost of sales	5	**(151,287)**	(155,776)
Gross profit		**47,176**	30,067
Other income	7		
- Interest income		**127**	297
- Others		**5,726**	13,261
		5,853	13,558
Other gains and losses	8	**17,164**	2,126
Expenses			
- Distribution	5	**(3,111)**	(2,552)
- Administrative	5		
- Reversal of impairment/(impairment loss) on financial assets		**26**	(469)
- Others		**(27,548)**	(25,102)
		(27,522)	(25,571)
- Finance	9	**(7,455)**	(7,632)
Share of profit of associated companies	17	**2,412**	1,879
Profit before income tax		**34,517**	11,875
Income tax expense	10(a)	**(3,674)**	(2,810)
Profit for the year		**30,843**	9,065
Profit attributable to:			
Equity holders of the Company		**30,112**	8,337
Non-controlling interests		**731**	728
		30,843	9,065
Earnings per share for profit attributable to equity holders of the Company (expressed in cents per share)			
Basic earnings per share	11	**1.34**	0.37
Diluted earnings per share	11	**1.34**	0.37

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	The Group 2021 $'000	The Group 2020 $'000
Profit for the year		**30,843**	9,065
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	29(b)(ii)		
- Gains/(losses)		**965**	(2,514)
- Reclassification on disposal of a subsidiary		**8,663**	–
Other comprehensive income/(loss), net of tax		**9,628**	(2,514)
Total comprehensive income		**40,471**	6,551
Total comprehensive income attributable to:			
Equity holders of the Company		**39,837**	6,025
Non-controlling interests		**634**	526
		40,471	6,551

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

BALANCE SHEET - GROUP

As at 31 December 2021

	Note	The Group 31 December 2021 $'000	The Group 31 December 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**108,008**	76,333
Trade and other receivables	13	**52,971**	43,462
Inventories	14	**325**	812
Income tax receivables		**137**	-
		161,441	120,607
Non-current assets			
Trade and other receivables	15	**424**	529
Investments in associated companies	17	**55,251**	16,652
Investment properties	19	**40,793**	38,515
Property, plant and equipment	20	**696,205**	718,873
Intangible assets	23	**119,411**	123,584
Deferred income tax assets	27	**10**	-
		912,094	898,153
Total assets		**1,073,535**	1,018,760
LIABILITIES			
Current liabilities			
Trade and other payables	24	**53,249**	54,307
Current income tax liabilities		**3,810**	2,519
Borrowings	25	**71,955**	31,854
Provisions	26	**1,111**	507
		130,125	89,187
Non-current liabilities			
Trade and other payables	24	**8,070**	7,493
Borrowings	25	**286,251**	311,000
Provisions	26	**1,106**	1,878
Deferred income tax liabilities	27	**62,773**	63,886
		358,200	384,257
Total liabilities		**488,325**	473,444
NET ASSETS		**585,210**	545,316
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**270,608**	270,608
Statutory and other reserves	29	**34,924**	25,560
Retained earnings		**268,628**	238,732
		574,160	534,900
Non-controlling interests	18	**11,050**	10,416
Total equity		**585,210**	545,316

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

BALANCE SHEET - COMPANY

As at 31 December 2021

	Note	The Company 31 December 2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**83,879**	8,450
Trade and other receivables	13	**7,497**	107
		91,376	8,557
Non-current assets			
Investment in an associated company	17	**49,019**	13,953
Investments in subsidiaries	18	**528,681**	614,589
Property, plant and equipment	20	**58**	70
		577,758	628,612
Total assets		**669,134**	637,169
LIABILITIES			
Current liabilities			
Trade and other payables	24	**58,825**	40,362
Current income tax liabilities		**–**	1
Borrowings	25	**34,069**	–
		92,894	40,363
Non-current liabilities			
Borrowings	25	**38,000**	72,069
		38,000	72,069
Total liabilities		**130,894**	112,432
NET ASSETS		**538,240**	524,737
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**270,608**	270,608
Other reserves	29	**45,105**	45,105
Retained earnings		**222,527**	209,024
Total equity		**538,240**	524,737

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	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
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	16(b)	–	(577)	–	(577)	–	(577)
Balance as at 31 December 2021		**270,608**	**34,924**	**268,628**	**574,160**	**11,050**	**585,210**
2020							
Balance at 1 January 2020		**270,608**	**35,365**	**230,395**	**536,368**	**1,911**	**538,279**
Profit for the year		–	–	8,337	8,337	728	9,065
Other comprehensive loss for the year		–	(2,312)	–	(2,312)	(202)	(2,514)
Total comprehensive (loss)/income for the year		–	(2,312)	8,337	6,025	526	6,551
Acquisition of subsidiaries	16	–	(7,038)	–	(7,038)	8,079	1,041
Accretion of redemption liability	16(b)	–	(455)	–	(455)	–	(455)
Dividend declared by a subsidiary to non-controlling interest of a subsidiary		–	–	–	–	(100)	(100)
Balance as at 31 December 2020		**270,608**	**25,560**	**238,732**	**534,900**	**10,416**	**545,316**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit for the year		**30,843**	9,065
Adjustments for:			
- Amortisation of intangible assets		**4,057**	4,914
- Depreciation of property, plant and equipment		**34,113**	31,877
- Depreciation of investment properties		**9,011**	10,298
- Income tax expense		**3,674**	2,810
- Interest expense		**7,455**	7,632
- Interest income		**(127)**	(297)
- Gain on modification of lease		**(29)**	–
- Gain on disposal of a subsidiary		**(16,445)**	–
- Rental waiver (financing)		**(1,990)**	(4,178)
- Gain on bargain purchase of subsidiaries		**–**	(2,703)
- Gain on disposal of an investment property		**–**	(858)
- Net (write-back)/allowance for impairment of trade and other receivables		**(26)**	469
- Net (gain)/loss on disposal of property, plant and equipment		**(165)**	635
- Share of profit of associated companies		**(2,412)**	(1,879)
- Exchange differences		**515**	(325)
		68,474	57,460
Changes in working capital:			
- Inventories		**150**	46
- Trade and other receivables		**(2,984)**	5,931
- Trade and other payables		**(3,433)**	2,668
- Provisions		**(168)**	(387)
Cash provided by operations		**62,039**	65,718
Income tax paid		**(3,540)**	(878)
Net cash provided by operating activities		**58,499**	64,840
Cash flows from investing activities			
Deferred consideration paid for acquisition of a subsidiary		**(1,000)**	(1,500)
Additions to property, plant and equipment (Note A)		**(26,067)**	(30,415)
Acquisition of subsidiaries, net of cash acquired	16	**–**	(24,655)
Proceeds from disposal of property, plant and equipment		**769**	173
Disposal of an investment property		**–**	1,212
Disposal of a subsidiary, net of cash disposed of	12	**21,214**	–
Proceeds from disposal of a transferable club membership		**92**	–
Interest received		**132**	300
Dividends received from associated companies		**2,011**	1,115
Net cash used in investing activities		**(2,849)**	(53,770)
Cash flows from financing activities			
Proceeds from borrowings		**17,558**	37,488
Repayments of borrowings		**(16,375)**	(11,149)
Principal payment of lease liabilities		**(17,771)**	(19,598)
Decrease in bank deposits pledged		**392**	878
Interest paid		**(7,801)**	(9,061)
Dividend paid to non-controlling interest of a subsidiary		**–**	(100)
Net cash used in financing activities		**(23,997)**	(1,542)
Net increase in cash and cash equivalents		**31,653**	9,528
Cash and cash equivalents at beginning of financial year		**75,007**	65,980
Effects of currency translation on cash and cash equivalents		**414**	(501)
Cash and cash equivalents at end of financial year	12	**107,074**	75,007

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Note A – Reconciliation of property, plant and equipment

	Consideration paid for purchase of property, plant and equipment	Provision for reinstatement	Non-cash changes				Property, plant and equipment additions (Note 20)
			Unpaid purchase consideration	Property, plant and equipment acquired under leasing arrangement	Finance expenses capitalised during the year (Note 9)	Depreciation of right-of-use assets capitalised during the year (Note 21)	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021	26,067	–	(2,927)	23,452	370	152	47,114
2020	30,415	878	(5,728)	16,491	1,513	490	44,059

Reconciliation of liabilities arising from financing activities

	1 January 2021	Principal and interest payments	Proceeds from borrowings	Non-cash changes					31 December 2021
				Additions/ modifications arising from SFRS(I) 16	Property, plant and equipment acquired under financing arrangement	Rental waiver	Interest expense	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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

	1 January 2020	Principal and interest payments	Proceeds from borrowings	Non-cash changes					31 December 2020
				Acquisition of subsidiaries (Note 16)	Addition/ modification of lease liabilities	Rental waiver	Interest expense	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings	211,310	(11,149)	37,488	6,727	–	–	–	(161)	244,215
Lease liabilities	88,467	(19,598)	–	5,267	28,811	(4,178)	–	(130)	98,639
Interest payable	194	(9,061)	–	–	–	–	9,109	–	242

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 18 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 2021

On 1 January 2021, 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.

Interest Rate Benchmark Reform – Phase 2

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 financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

<u>Financial instruments measured at amortised cost and lease liabilities</u>

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

<u>Financial instruments measured at amortised cost and lease liabilities</u> (continued)

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").

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 2021 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 2021		
Liabilities		
- Borrowings	237,802	237,802
Company:		
31 December 2021		
Liabilities		
- Borrowings	72,069	72,069

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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) *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.

(ii) *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.2 Revenue recognition (continued)

(a) *Rendering of services* (continued)

(ii) *Shipping - charter hire* (continued)

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.

(iii) *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.

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(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.

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals (continued)

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.

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.

(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%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

(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”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

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 32(b) details how the Group determines whether there has been a significant increase in credit risk.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

- 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;
  - 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.17 Leases (continued)

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

- Lease liabilities (continued)

  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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.17 Leases (continued)

(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.

  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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.20 Provisions (continued)

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.

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 it 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.

When the options are exercised, the proceeds received (net of transaction costs) are credited to share capital account when new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

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.

2.25 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.

Impairment assessment of goodwill

Goodwill is tested for impairment annually. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of the cash-generating unit ("CGU") in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculation and are fully attributable to the logistics CGU of the Group. Significant judgements are used to estimate the revenue growth rates, terminal growth rate and pre-tax 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. The carrying amount of the goodwill as at 31 December 2021 amounted to $98,989,000 (Note 23).

The change of the following magnitude on the key assumptions will result in a reduction of the carrying amount of the goodwill as at 31 December 2021:

	Higher/(lower) %	Impairment $'000
Deviation in forecasted revenue growth rate	(1.0)	12,800
Discount rate	0.9	78,400
Terminal growth rate	(1.5)	98,989

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Sales

Revenue of the Group is analysed as follows:

	2021 $'000	2020 $'000
Revenue from contract with customers - Note A & B	**167,793**	150,614
Rental Income		
- Logistic management services	**18,848**	26,051
- Property management services	**13,567**	16,494
Less: rental concessions - Note C	**(1,745)**	(7,316)
	198,463	185,843

Note A : Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following segments and geographical regions. Revenue is based on the country in which the services are rendered to the customer. In relation to the Group's shipping activities, the Group operates in worldwide shipping routes. Hence, it would not be meaningful to allocate and present sales to any geographical regions for shipping activities.

		Revenue recognised		
		At a point in time $'000	Over time $'000	Total $'000
	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Sales (continued)

Note A : Disaggregation of revenue from contracts with customers (continued)

		Revenue recognised		
		At a point in time $'000	Over time $'000	Total $'000
	2020			
i)	Ship repair and marine engineering			
	- Singapore	–	10,655	10,655
		–	10,655	10,655
ii)	Shipping - charter hire			
	- Worldwide	–	33,432	33,432
		–	33,432	33,432
iii)	Logistics management services			
	- Singapore	55,121	28,002	83,123
	- Malaysia	21,414	1,990	23,404
		76,535	29,992	106,527
	Total	76,535	74,079	150,614

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% (2020: 35% to 40%) of the total contract value.

Note B: Trade receivables from contracts with customers

	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
Current assets			
Trade receivables from contracts with customers	**36,173**	34,766	31,466
Less: Loss allowance	**(258)**	(233)	(585)
	35,915	34,533	30,881

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For the financial year ended 31 December 2021

4. Sales (continued)

Note 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:

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

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

c) 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	
	2021	2020
	$'000	$'000
(Reversal of impairment)/impairment loss on financial assets	**(26)**	469
Amortisation of intangible assets (Note 23)	**4,057**	4,914
Audit fee	**542**	497
Raw materials, finished goods, consumables and other overheads	**4,031**	2,544
Changes in inventories and work-in-progress	**152**	45
Crew overheads	**6,348**	3,660
Depreciation of investment properties (Note 19)	**9,011**	10,298
Depreciation of property, plant and equipment (Notes 20 and 21)	**34,113**	31,877
Director and employee compensation (Note 6)	**47,043**	44,632
Insurance	**1,467**	1,453
Non-audit service fees paid/payable to auditor of the Company	**81**	78
Professional fees	**1,056**	1,088
Rental expense on operating leases (Note 21)	**4,326**	27,536
Repairs and maintenance	**10,007**	9,836
Sub-contractor expenses	**16,167**	17,149
Vessel overheads	**3,462**	1,785
Storage and handling charges	**20,500**	10,359
Fuels and utilities	**10,745**	8,168
Property tax	**2,977**	2,396
Other expenses	**5,861**	5,115
Total cost of sales, distribution and administrative expenses	**181,920**	183,899

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. Director and employee compensation

	The Group	
	2021	2020
	$'000	$'000
Wages, salaries and staff benefits	**43,265**	40,858
Employer's contribution to defined contribution plans	**3,594**	3,590
Directors' fees of the Company	**184**	184
	47,043	44,632

7. Other income

	The Group	
	2021	2020
	$'000	$'000
Interest income	**127**	297
Government grants	**4,927**	12,361
Rental income	**199**	167
Compensation received	**–**	268
Sundry income	**600**	465
	5,853	13,558

Government grants comprise the following:

(a) Jobs Support Scheme ("JSS")

Grant income of $1,539,000 (2020: $4,636,000) 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 $2,124,000 (2020: $6,185,000) from the Singapore Government to help businesses deal with the impact from COVID-19. Out of these amounts received, $1,990,000 (2020: $4,178,000) 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).

(c) Others

Remaining government grants amounting to $1,264,000 (2020: $1,540,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Other gains and losses

	The Group	
	2021	2020
	$'000	$'000
Currency exchange (losses)/gains - net	**(158)**	230
Gain on modification of lease	**29**	–
Gain/(loss) on disposal of property, plant and equipment	**165**	(635)
Gain on disposal of an investment property	**–**	858
Gain on disposal of a subsidiary	**16,445**	–
Gain on bargain purchase of subsidiaries (Note 16)	**–**	2,703
Gain/(loss) on sale of bunker stock	**683**	(1,030)
	17,164	2,126

9. Finance expenses

	The Group	
	2021	2020
	$'000	$'000
Interest expense		
- Bank borrowings	**3,707**	4,722
- Loans from a fellow subsidiary	**656**	894
- Lease liabilities/finance lease liabilities	**3,462**	3,493
	7,825	9,109
Unwinding of discount for deferred consideration for acquisition of a subsidiary	**–**	36
	7,825	9,145
Less: Amounts capitalised in property, plant and equipment	**(370)**	(1,513)
Amount recognised in profit or loss	**7,455**	7,632

Finance expenses on specific financing were capitalised at a rate of 2.13% (2020: 2.03%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Income taxes

(a) Income tax expense

	The Group	
	2021	2020
	$'000	$'000
Tax expense attributable to profit or loss is made up of:		
- Profit or loss for the financial year:		
Current income tax		
- Singapore	**5,051**	3,377
- Foreign	**151**	120
	5,202	3,497
Deferred income tax (Note 27)		
- Singapore	**(1,400)**	(130)
- Foreign	**48**	(32)
	(1,352)	(162)
	3,850	3,335
- (Over)/under provision in prior financial years:		
Current income tax		
- Singapore	**(504)**	(672)
Deferred income tax (Note 27)		
- Singapore	**328**	147
Income tax expense	**3,674**	2,810

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

	The Group	
	2021	2020
	$'000	$'000
Profit before tax	**34,517**	11,875
Share of profit of associated companies, net of tax	**(2,412)**	(1,879)
Profit before tax and share of profit of associated companies	**32,105**	9,996
Tax calculated at a tax rate of 17% (2020: 17%)	**5,458**	1,699
Effects of:		
- different tax rates in other countries	**178**	169
- tax incentives	**(1,753)**	(143)
- income not subject to tax	**(2,736)**	(1,200)
- expenses not deductible for tax purposes	**2,685**	2,859
- utilisation of previously unrecognised tax losses	**–**	(49)
- others	**18**	–
- over provision of current income tax in prior years	**(504)**	(672)
- under provision of deferred income tax in prior years	**328**	147
Tax charge	**3,674**	2,810

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Income taxes (continued)

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

	2021			2020		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Currency translation differences arising from consolidation	**9,628**	**–**	**9,628**	(2,514)	–	(2,514)
Other comprehensive income/ (loss)	**9,628**	**–**	**9,628**	(2,514)	–	(2,514)

11. Earnings per share

(a) Basic earnings per share

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

	The Group	
	2021	2020
Net profit attributable to equity holders of the Company ($'000)	**30,112**	8,337
Weighted average number of ordinary shares outstanding or basic earnings per share ('000)	**2,239,245**	2,239,245
Basic earnings per share (cents per share)	**1.34**	0.37

(b) Diluted earnings per share

There were no dilutive ordinary potential shares in 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Cash and cash equivalents

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

	The Group		The Company	
	31 December		31 December	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**49,074**	56,618	**25,879**	8,450
Short-term bank deposits	**58,934**	19,715	**58,000**	–
	108,008	76,333	**83,879**	8,450

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

	The Group	
	31 December	
	2021	2020
	$'000	$'000
Cash and bank balances (as above)	**108,008**	76,333
Less: Bank deposits pledged	**(934)**	(1,326)
Cash and cash equivalents per consolidated statement of cash flows	**107,074**	75,007

Cash and cash equivalents of the Group amounting to $934,000 (2020: $1,326,000) were pledged as security for bankers' guarantee and trade finance facilities.

Acquisition of subsidiaries

Please refer to Note 16 for the effects of acquisition of subsidiaries on the cash flows of the Group for the previous year ended 31 December 2020.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 20)	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 29(b)(ii))	8,663
Gain on disposal of a subsidiary (Note 8)	16,445
Amount accounted for as associated company (Note 17)	(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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Trade and other receivables – current

	The Group 31 December 2021 $'000	The Group 31 December 2020 $'000	The Company 31 December 2021 $'000	The Company 31 December 2020 $'000
Trade receivables:				
- Non-related parties	34,111	31,329	–	–
- Fellow subsidiaries	3,622	5,706	–	–
- Related parties	653	421	–	–
	38,386	37,456	–	–
Less: Allowance for impairment of receivables	(475)	(705)	–	–
Trade receivables - net	37,911	36,751	–	–
Other receivables:				
- Non-related parties	1,260	1,213	11	10
- Fellow subsidiaries	–	14	–	–
- Related parties	–	127	–	–
	1,260	1,354	11	10
Advances paid to suppliers	124	269	–	–
Staff advances	8	12	–	–
Dividend receivable from an associated company	7,390	–	7,390	–
Deposits	3,791	2,715	–	–
Prepayments	2,487	1,685	96	83
Grant receivables	–	676	–	14
Total	52,971	43,462	7,497	107

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Inventories

	The Group 31 December 2021 $'000	2020 $'000
Raw materials	**–**	280
Finish goods	**325**	532
	325	812

The cost of inventories recognised as expense amounted to $4,183,000 (2020: $2,589,000).

15. Trade and other receivables – non-current

	The Group 31 December 2021 $'000	2020 $'000
Trade receivables from non-related parties [i]	**96**	61
Less: Current portion	**(53)**	(9)
Trade receivables - non-related parties	**43**	52
Other receivables - retention sum [ii]	**381**	477
	424	529

[i] As at 31 December 2021, trade receivables amounting to $96,000 (2020: $61,000) 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 1.30% (2020: 2.01%) per annum which the directors expected to borrow as and when required by the Group.

16. Business combination

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

For the purpose of the Purchase Price Allocation ("PPA"), the Group has deemed the acquisition of the Newly Acquired Malaysia Subsidiaries as a single business combination on the grounds that the transactions were discussed and negotiated with a single party and the transaction was conditional on the successful completion of the acquisition of the four newly acquired Malaysia subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Business combination (continued)

Details of the consideration paid, the fair value amounts of identifiable assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the Acquisition Date, are as follows:

	The Group 2020 $'000
Purchase consideration	
Consideration transferred for the business and cash paid	29,610
Effect on cash flows of the Group	
Cash paid (as above)	29,610
Less: Cash and cash equivalents in subsidiaries acquired	(5,974)
Add: Bank balances pledged	1,019
Cash outflow on acquisition	24,655
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,974
Property, plant and equipment	37,034
Investment properties	14,300
Intangible assets	2,197
Trade and other receivables	9,061
Total assets	68,566
Trade and other payables	8,761
Borrowings	11,994
Current income tax liabilities	189
Deferred tax liabilities	7,230
Total liabilities	28,174
Total identifiable net assets	40,392
Less: Non-controlling interest	(8,079)
Less: Gain on bargain purchase (Note 8)	(2,703)
Consideration transferred for the business and cash paid	29,610

(a) Acquisition-related costs

Acquisition-related costs of $778,000 are included in "administrative expenses" in the consolidated profit and loss and in operating cash flows in the consolidated statement of cash flows.

(b) Redemption liability

Pursuant to the shareholder agreements ("SHA") entered into for the acquisition of the Newly Acquired Malaysia Subsidiaries, a forward purchase contract is deemed to have been entered into which entitled the Group to acquire the remaining 20% interests (the "Exit Shares") in the Newly Acquired Malaysia subsidiaries after the expiry of a 3 years period from the Acquisition Date (the "Lock-up Period").

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For the financial year ended 31 December 2021

16. Business combinations (continued)

(b) Redemption liability (continued)

Based on the SHA, the Exit Price payable by the Group to the non-controlling interests after the expiry of the Lock-Up Period shall be determined as follows:

- 25% of the purchase consideration paid by the Group under the sale and purchase agreement for its acquisition of 80% of the issued and paid-up capital of the Newly Acquired Malaysia subsidiaries;
- Add: the price paid for any additional capital contributed by the vendor through capital contribution (if any);
- as applicable, (i) add: the cumulative net profit after tax attributable to the Exit Shares as reflected in the latest financial statements of the Newly Acquired Malaysia subsidiaries; or (ii) less: the cumulative net loss after tax attributable to the Exit Shares as reflected in the latest financial statements of the Newly Acquired Malaysia subsidiaries, in each case, for the period commencing on 1 April 2019 up to and including the day occurring immediately after the expiry of the Lock-up Period;
- less: the amount of any dividends declared by the Newly Acquired Malaysia subsidiaries in respect of the Exit Shares during the period commencing on 1 April 2019 up to and including the day occurring immediately after the expiry of the Lock-up Period.

On Acquisition Date, the Group has recognised an amount of $7,038,000 which represent the present value of the estimated consideration payable upon the exercise of the forward purchase contract. A corresponding charge has also been recognised with the Group's equity.

As at 31 December 2021, the Group has remeasured the redemption liability based on the terms of the SHA and recognised an accretion charge amounting to $577,000 (2020: $455,000) which has been recognised within the Group's equity.

	The Group	
	2021	2020
	$'000	$'000
Balance at beginning of the year	**7,493**	–
Amount recognised on acquisition date	**–**	7,038
Accretion of redemption liability	**577**	455
Balance at end of the year	**8,070**	7,493

(c) Acquired receivables

The fair value of trade and other receivables is $9,061,000. The gross contractual amount for trade and other receivables due is $9,144,000, of which $83,000 is expected to be uncollectible.

(d) Fair values

The fair value of the acquired identifiable intangible assets of $2,197,000 (customer relationship) were finalised during the previous year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Business combinations (continued)

(e) Non-controlling interests

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(f) Gain on bargain purchase

In the opinion of the directors of the Company, the gain on bargain purchase is largely attributable to the Group's capability in negotiating more favourable transaction terms with the vendors. This has resulted in fair value of the identifiable net assets of the acquired subsidiary exceeded the total consideration paid by $2,703,000. This amount has been recognised in the "other gains and losses" line item in the Group's profit and loss for the year ended 31 December 2020.

(g) Revenue and profit contribution

The acquired business contributed revenue of $18,453,000 and profit after tax of $1,759,000 to the Group from the period from 15 February 2020 to 31 December 2020.

Had the acquired business been acquired from 1 January 2020, consolidated revenue and consolidated profit for the year ended 31 December 2020 would have been $21,103,000 and $1,969,389 respectively.

17. Investments in associated companies

	The Group	
	31 December	
	2021	2020
	$'000	$'000
Beginning of financial year	**16,652**	16,209
Additions (Note 12)	**38,321**	–
Currency translation differences	**(123)**	(321)
Share of profits, net of tax	**2,412**	1,879
Dividends received, net of tax	**(2,011)**	(1,115)
End of financial year	**55,251**	16,652

	The Company	
	31 December	
	2021	2020
	$'000	$'000
Equity investment at cost		
Beginning of financial year	**13,953**	13,953
Additions	**35,066**	–
End of financial year	**49,019**	13,953

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. Investments in associated companies (continued)

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.

Name of associated companies	Principal activities	Country of incorporation/ business	% of paid-up capital held by the Company		% of paid-up capital held by a subsidiary	
			31 December		31 December	
			2021 %	2020 %	**2021 %**	2020 %
PT. Ocean Global Shipping Logistics [(i)]	Logistic service, freight forwarding and container depot services	Indonesia	**40**	40	**–**	–
SINOVNL Company Limited (formerly known as TAN CANG - COSCO - OOCL Logistics 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. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.) [(iii)]	Ship owning, ship chartering and investment holding	Singapore	**40**	–	**–**	–

(i) Audited by Anwar & Rekan Indonesia.

(ii) Audited by PricewaterhouseCoopers firm outside Singapore.

(iii) Audited by PricewaterhouseCoopers LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. Investments in associated companies (continued)

Summarised financial information of associated companies

Summarised balance sheet

	COSCO SHIPPING Bulk SEA		PT. Ocean Global Shipping Logistics		SINOVNL Company Limited	
	31 December		31 December		31 December	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
Current assets	**46,913**	–	**32,766**	34,290	**3,648**	3,839
Current liabilities	**(3,284)**	–	**(10,719)**	(14,550)	**(2,061)**	(1,029)
Non-current assets	**34,071**	–	**16,544**	10,320	**3,173**	421
Non-current liabilities	**–**	–	**(10,933)**	(3,991)	**(1,963)**	–
Non-controlling interests	**–**	–	**(567)**	(507)	**–**	–
Share capital and reserves attributable to shareholders	**(77,700)**	–	**(27,091)**	(25,562)	**(2,797)**	(3,231)

Summarised statement of comprehensive income

	COSCO SHIPPING Bulk SEA		PT. Ocean Global Shipping Logistics		SINOVNL Company Limited	
	31 December		31 December		31 December	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
Revenue	**27,435**	–	**17,611**	15,837	**10,351**	7,364
Profit before income tax	**9,428**	–	**6,740**	5,419	**1,828**	1,453
Net profit for the year	**9,423**	–	**5,217**	3,960	**1,428**	1,257
Other comprehensive (loss)/gain	**(510)**	–	**137**	(745)	**85**	(76)
Total comprehensive income	**8,913**	–	**5,354**	3,215	**1,513**	1,181
Dividends receivable/received from associated company	**7,390**	–	**1,427**	1,115	**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.

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For the financial year ended 31 December 2021

17. 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		PT. Ocean Global Shipping Logistics		SINOVNL Company Limited	
	31 December		31 December		31 December	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Net assets of associate	**77,700**	–	**27,091**	25,562	**2,797**	3,231
Group's equity interest	**40%**	–	**40%**	40%	**30%**	30%
Group's share of net assets	**31,080**	–	**10,836**	10,225	**839**	969
Fair value adjustment	**7,038**	–	**–**	–	**–**	–
Goodwill	**–**	–	**5,458**	5,458	**–**	–
	38,118	–	**16,294**	15,683	**839**	969

18. Investments in subsidiaries

	The Company	
	31 December	
	2021	2020
	$'000	$'000
Unquoted equity shares		
Beginning of financial year	**630,557**	630,557
Disposal	**(87,664)**	–
	542,893	630,557
Accumulated impairment losses	**(14,212)**	(15,968)
End of financial year	**528,681**	614,589

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.

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For the financial year ended 31 December 2021

18. Investments in subsidiaries (continued)

Movement in accumulated impairment losses are as follows:

	2021	2020
	$'000	$'000
Beginning of financial year	**15,968**	15,968
Write-back of impairment	**(1,756)**	–
End of financial year	**14,212**	15,968

During the financial year ended 31 December 2021, 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 $1,756,000 was made to increase the carrying amount of the investment to its recoverable amount.

The Group had the following subsidiaries as at 31 December 2021 and 31 December 2020:

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	
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
			$'000	$'000	**%**	%	**%**	%	**%**	%
COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. (formerly known as COSCO SHIPPING (Singapore) Pte. Ltd.) (i)	Ship owning, ship chartering and investment holding	Singapore	**–**	87,664	**–**	100	**–**	100	**–**	–
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

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For the financial year ended 31 December 2021

18. 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	
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
			$'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	**–**	–

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For the financial year ended 31 December 2021

18. 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	
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
			$'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	**–**	–	**–**	–	**–**	100	**–**	–
SH Cogent Logistics Sdn. Bhd. (ii) and (iv)	Provision of container depot management services and warehousing management services	Malaysia	**–**	–	**–**	–	**100**	100	**–**	–

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For the financial year ended 31 December 2021

18. 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	
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
			$'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	**–**	–	**–**	–	**80**	80	**20**	20
GEMS Logistics Sdn. Bhd. (ii) and (iv)	Provision of warehousing services	Malaysia	**–**	–	**–**	–	**80**	80	**20**	20
Dolphin Shipping Agency Sdn. Bhd. (ii) and (iv)	Provision of value added logistics services	Malaysia	**–**	–	**–**	–	**80**	80	**20**	20
East West Freight Services Sdn. Bhd. (ii) and (iv)	Provision of value added logistics services	Malaysia	**–**	–	**–**	–	**80**	80	**20**	20
			542,893	630,557						

(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.
(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Investments in subsidiaries (continued)

Carrying value of non-controlling interests

	31 December	
	2021	2020
	$'000	$'000
Newly Acquired Malaysia Subsidiaries (as defined in Note 16)	**8,450**	8,243
Subsidiaries with immaterial non-controlling interests	**2,600**	2,173
	11,050	10,416

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the combined summarised financial information of the Newly Acquired Malaysia Subsidiaries (as defined in Note 16).

The Newly Acquired Malaysia Subsidiaries were acquired by the Group on 14 February 2020. Accordingly, the results of the Newly Acquired Malaysia subsidiaries were only consolidated by the Group from 14 February 2020. The summarised financial information are presented before inter-company eliminations.

Summarised balance sheet

	31 December	
	2021	2020
	$'000	$'000
Current		
Assets	**12,381**	9,914
Liabilities	**(5,167)**	(4,265)
Total current net assets	**7,214**	5,649
Non-current		
Assets	**49,394**	51,743
Liabilities	**(14,360)**	(16,178)
Total non-current net assets	**35,034**	35,565
Net assets	**42,248**	41,214

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Investments in subsidiaries (continued)

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

Summarised income statements

	1 January 2021 to 31 December 2021 $'000	14 February 2020 to 31 December 2020 $'000
Revenue	**24,041**	18,453
Profit before income tax	**2,244**	2,501
Income tax expense	**(632)**	(742)
Profit after tax	**1,612**	1,759
Other comprehensive income	**(579)**	(938)
Total comprehensive income	**1,033**	821
Total comprehensive income allocated to non-controlling interests	**207**	164

Summarised cash flows

	1 January 2021 to 31 December 2021 $'000	14 February 2020 to 31 December 2020 $'000
Net cash generated from operating activities	**4,548**	261
Net cash used in investing activities	**(757)**	(1,464)
Net cash used in financing activities	**(1,421)**	(1,858)

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For the financial year ended 31 December 2021

19. Investment properties

	The Group	
	31 December	
	2021 $'000	2020 $'000
Cost		
Beginning of financial year	**68,184**	43,170
Currency translation differences	**(196)**	(316)
Acquisition of subsidiaries (Note 16)	**–**	14,300
Disposals	**–**	(1,290)
Additions	**11,480**	12,320
End of financial year	**79,468**	68,184
Accumulated depreciation		
Beginning of financial year	**29,669**	20,298
Currency translation differences	**(5)**	9
Depreciation charge (Note 5)	**9,011**	10,298
Disposals	**–**	(936)
End of financial year	**38,675**	29,669
Net book value	**40,793**	38,515
Fair values	**69,429**	63,551

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 21) 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.

The following amounts are recognised in profit or loss:

	The Group	
	2021 $'000	2020 $'000
Rental income	**21,546**	20,736
Direct operating expenses arising from investment properties that generate rental income	**16,473**	20,696

NOTES TO THE FINANCIAL STATEMENTS

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19. Investment properties (continued)

Fair value hierarchy - Recurring fair value measurements

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
	$'000	$'000	$'000
31 December 2021			
- Office units and industrial properties	–	–	42,963
- Right-of-use assets	–	–	26,466
31 December 2020			
- Office units and industrial properties	–	–	42,624
- Right-of-use assets	–	–	20,927

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 2021 and 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

(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.

20. Property, plant and equipment

The Group

	Freehold land	Leasehold land and buildings	Office renovations, furniture, fixtures and equipment	Plant, machinery and equipment	Motor vehicles	Motor vessels	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. 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
2020								
Cost								
Beginning of financial year	–	532,476	13,681	30,401	29,545	82,517	84,451	773,071
Currency translation differences	(327)	(442)	(4)	(3)	(99)	(1,516)	(89)	(2,480)
Acquisitions of subsidiaries (Note 16)	14,032	18,728	70	38	4,166	–	–	37,034
Additions	–	18,215	1,855	1,704	2,601	–	19,684	44,059
Disposals	–	(8,868)	(501)	(25)	(854)	–	(638)	(10,886)
Reclassification	–	–	–	69	–	–	(69)	–
End of financial year	13,705	560,109	15,101	32,184	35,359	81,001	103,339	840,798
Accumulated depreciation and impairment losses								
Beginning of financial year	–	34,124	3,925	5,667	8,159	48,784	–	100,659
Currency translation differences	–	4	(3)	(1)	(2)	(1,021)	–	(1,023)
Depreciation charge	–	19,997	2,182	2,141	5,077	2,970	–	32,367
Disposals	–	(8,868)	(489)	(22)	(699)	–	–	(10,078)
End of financial year	–	45,257	5,615	7,785	12,535	50,733	–	121,925
Net book value								
End of financial year	**13,705**	**514,852**	**9,486**	**24,399**	**22,824**	**30,268**	**103,339**	**718,873**

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20. Property, plant and equipment (continued)

The Company

	Office renovations, furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
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**
2020			
Cost			
Beginning of financial year	537	366	903
Additions	49	–	49
Disposals	(480)	–	(480)
End of financial year	106	366	472
Accumulated depreciation			
Beginning of financial year	536	305	841
Depreciation charge	5	36	41
Disposals	(480)	–	(480)
End of financial year	61	341	402
Net book value			
End of financial year	**45**	**25**	**70**

(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 21.

(b) Included within additions in the current year consolidated financial statements are right-of-use assets amounting to $23,452,000 (2020: $16,491,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $409,942,000 (2020: $436,207,000) (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. 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 19).

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	
	2021	2020
	$'000	$'000
Leasehold land and buildings	**92,496**	80,398
Equipment	**6,567**	10,050
Motor vehicles	**7,086**	8,692
	106,149	99,140

ROU assets classified within Investment properties

The right-of-use asset relating to leasehold land and buildings presented under investment properties (Note 19) is stated at cost less accumulated depreciation and has a carrying amount at balance sheet date of $29,081,000 (2020: $26,284,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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

(b) Depreciation charge during the year

		The Group	
		2021	2020
		$'000	$'000
	Investment properties	**8,492**	9,774
	Leasehold land and buildings	**9,161**	10,421
	Equipment	**337**	456
	Motor vehicles	**1,879**	2,004
		19,869	22,655
	Less: Amount capitalised in property, plant and equipment	**(152)**	(490)
	Amount recognised in profit or loss	**19,717**	22,165
(c)	Interest expense on lease liabilities (Note 9)	**3,462**	3,493
(d)	Lease expense not capitalised in lease liabilities Lease expense - Short term leases (Note 5)	**4,326**	27,536
(e)	Total income from sub-leasing ROU assets	**19,106**	18,627
(f)	Total cash outflow for all the leases	**25,559**	50,627

(g) Addition of ROU assets during the financial year was $34,932,000 (2020: $28,811,000). During the current financial year, ROU assets with carrying amounts of $544,000 (2020: $NIL) was derecognised due to early termination of certain leases.

22. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Leases – The Group as a lessor (continued)

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

	The Group 31 December 2021 $'000	2020 $'000
Less than one year	**21,962**	36,188
One to two years	**7,795**	20,722
Two to three years	**2,946**	1,723
Three to four years	**64**	38
Total undiscounted lease payment	**32,767**	58,671

23. Intangible assets

	The Group 31 December 2021 $'000	2020 $'000
Goodwill arising on consolidation (Note (a))	**98,989**	98,989
Club memberships (Note (b))	**–**	92
Contract-based intangible asset (Note (c))	**–**	–
Customer relationships intangible assets (Note (d))	**20,422**	24,503
	119,411	123,584

(a) Goodwill arising on consolidation

	The Group 31 December 2021 $'000	2020 $'000
Cost		
Beginning and end of financial year	**98,989**	98,989

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

The recoverable amount of the CGU was determined based on value-in-use. Cash flows projections used in the value-in-use 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% (2020: 2.5%) 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 in value-in-use calculations:

	2021	2020
Revenue growth rate	**2.3% to 9.2%**	3.6% to 18.1%
Terminal growth rate[1]	**3.0%**	2.5%
Discount rate[2]	**10.5%**	9.6%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period

[2] Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the logistics CGU within the Group. Management determined budgeted cash flows 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 2021 $'000	2020 $'000
Transferable club memberships, at cost		
Beginning of financial year	**92**	92
Disposals	**(92)**	–
End of financial year	**–**	92

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Intangible assets (continued)

(c) Contract-based intangible assets

	The Group 31 December 2021 $'000	2020 $'000
Cost		
Beginning of financial year and end of financial year	**3,644**	3,644
Accumulated amortisation		
Beginning of financial year	**3,644**	2,767
Amortisation charge	**–**	877
End of financial year	**3,644**	3,644
Net book value	**–**	–

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

(d) Customer relationships intangible assets

	The Group 31 December 2021 $'000	2020 $'000
Cost		
Beginning of financial year	**36,146**	34,000
Acquisition of subsidiaries (Note 16)	**–**	2,197
Currency translation differences	**(30)**	(51)
End of financial year	**36,116**	36,146
Accumulated amortisation		
Beginning of financial year	**11,643**	7,606
Amortisation charge	**4,057**	4,037
Currency translation differences	**(6)**	*
End of financial year	**15,694**	11,643
Net book value	**20,422**	24,503

*: less than $1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. Trade and other payables

	The Group 31 December 2021 $'000	2020 $'000	The Company 31 December 2021 $'000	2020 $'000
Current				
Trade payables:				
- Non-related parties	**10,735**	10,114	**–**	–
- Fellow subsidiaries	**255**	3,828	**–**	–
- Related parties	**102**	131	**–**	–
	11,092	14,073	**–**	–
Advances from non-related parties	**647**	1,668	**–**	–
Non-trade payables:				
- Non-related parties	**2,940**	6,552	**2,180**	3,178
- Subsidiaries	**–**	–	**43,834**	35,418
- Fellow subsidiaries	**2,453**	2,634	**–**	–
- Associated company	**9,440**	–	**9,440**	–
- Related parties	**11**	–	**–**	–
	14,844	9,186	**55,454**	38,596
Deferred government grant income	**–**	1,085	**–**	23
Deposits received	**8,396**	10,886	**–**	–
Other accruals for operating expenses	**18,004**	17,167	**3,366**	1,737
Interest payable	**266**	242	**5**	6
	26,666	29,380	**3,371**	1,766
Total current trade and other payables	**53,249**	54,307	**58,825**	40,362
Non-current				
Redemption liability (Note 16(b))	**8,070**	7,493	**–**	–
Total non-current payables	**8,070**	7,493	**–**	–
Total trade and other payables	**61,319**	61,800	**58,825**	40,362

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 other payables approximated its carrying amounts, determined from cash flows analyses discounted at market borrowing rates of 3.24% per annum (2020: 4.85%) which the directors expected to borrow as and when required by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Borrowings

	The Group		The Company	
	31 December		31 December	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings (unsecured)	**36,242**	2,386	**–**	–
Bank borrowings (secured)	**16,058**	11,682	**34,069**	–
Lease liabilities (secured)	**19,655**	17,786	**–**	–
	71,955	31,854	**34,069**	–
Non-current				
Bank borrowings (unsecured)	**18,261**	54,303	**–**	34,069
Bank borrowings (secured)	**136,713**	137,844	**–**	–
Loan from a fellow subsidiary (unsecured)	**38,000**	38,000	**38,000**	38,000
Lease liabilities (secured)	**93,277**	80,853	**–**	–
	286,251	311,000	**38,000**	72,069
Total borrowings	**358,206**	342,854	**72,069**	72,069

The borrowings of the Group and of the Company amounting to $245,274,000 and $72,069,000 respectively (2020: $244,215,000 and $72,069,000) have variable interest rates that are contractually repriced within 1 to 3 months (2020: 1 to 6 months) from the balance sheet date.

(a) Security granted

At the balance sheet date, total borrowings include secured liabilities of $265,703,000 (2020: $248,165,000) for the Group.

Bank borrowings are secured by:

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

(ii) certain property, plant and equipment (Note 20).

Lease liabilities are secured over the Group's right-of-use assets classified within property, plant and equipment and investment properties (Note 21).

(b) Fair values of non-current borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. Provisions

	The Group	
	31 December	
	2021	2020
	$'000	$'000
Provision for off hire claim (Note (a))	**–**	–
Provision for reinstatement costs (Note (b))	**2,217**	2,385
	2,217	2,385
Current	**1,111**	507
Non-current	**1,106**	1,878
	2,217	2,385

(a) Movements in provision for off hire claim on hire income are as follows:

	The Group	
	31 December	
	2021	2020
	$'000	$'000
Beginning of financial year	**–**	337
Provision utilised during the financial year	**–**	(331)
Currency translation differences	**–**	(6)
End of financial year	**–**	–

Provision for off hire claim on charter hire income was in respect of refund to be made to customers for the period in which the motor vessels were not available for use.

(b) Movements in provision for reinstatement costs are as follows:

	The Group	
	31 December	
	2021	2020
	$'000	$'000
Beginning of financial year	**2,385**	1,557
Provision made during the financial year	**–**	878
Provision utilised during the financial year	**(168)**	(50)
End of financial year	**2,217**	2,385

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. 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 2021 $'000	The Group 31 December 2020 $'000
Deferred income tax assets	**(10)**	–
Deferred income tax liabilities	**62,773**	63,886
Net deferred tax liabilities	**62,763**	63,886

Movement in the deferred income tax account is as follows:

	The Group 31 December 2021 $'000	The Group 31 December 2020 $'000
Beginning of financial year	**63,886**	56,839
Currency translation differences	**(99)**	(168)
Acquisition of subsidiaries (Note 16)	**–**	7,230
Deferred tax credited to profit or loss	**(1,024)**	(15)
End of financial year	**62,763**	63,886

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 unrecognised tax losses of $Nil (2020: $26,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Deferred income taxes (continued)

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
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
2020				
Beginning of financial year	56,797	14,240	188	71,225
Acquisition of subsidiaries	7,230	1,264	–	8,494
Charged/(credited) to income statement	47	1,769	(32)	1,784
Currency translation differences	(127)	(36)	(6)	(169)
End of financial year	63,947	17,237	150	81,334

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

	The Group 31 December 2021 $'000	The Group 31 December 2020 $'000
Total deferred income tax liabilities	**83,367**	81,334
Offsetting of deferred income tax assets from the same tax jurisdiction	**(20,594)**	(17,448)
Total deferred income tax liabilities after appropriate offsetting from the same tax jurisdiction	**62,773**	63,886

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Deferred income taxes (continued)

Deferred income tax assets

	The Group Lease liabilities $'000
2021	
Beginning of financial year	(17,448)
Credited to income statement	(3,231)
Currency translation differences	75
End of financial year	(20,604)
2020	
Beginning of financial year	(14,386)
Acquisition of subsidiaries	(1,264)
Credited to income statement	(1,799)
Currency translation differences	1
End of financial year	(17,448)

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

	The Group 31 December	
	2021 $'000	2020 $'000
Total deferred income tax assets	**(20,594)**	(17,448)
Offsetting of deferred income tax liabilities from the same tax jurisdiction	**20,594**	17,448
Total deferred income tax assets after appropriate offsetting from the same tax jurisdiction	**–**	–

28. Share capital

	Issued share capital	
	No. of ordinary shares '000	**Amount $'000**
2021		
Beginning and end of financial year	**2,239,245**	**270,608**
2020		
Beginning and end of financial year	2,239,245	270,608

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Share capital (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Share capital (continued)

Share options (continued)

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").

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 2021

	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	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		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Share capital (continued)

The Group and the Company (continued)

As at 31 December 2020

	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	–	22,238	(2,064)	–	20,174	0.202	3.7.2022-2.7.2027
	–	22,238	(2,064)	–	20,174		

No outstanding options were vested and exercisable as at 31 December 2021 and 31 December 2020.

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.

29. Statutory and other reserves

	The Group 31 December		The Company 31 December	
	2021 $’000	2020 $’000	**2021 $’000**	2020 $’000
(a) Composition:				
Share option reserve	**44,578**	44,578	**44,578**	44,578
Currency translation reserve	**(1,869)**	(11,594)	**–**	–
Other reserve	**(7,785)**	(7,424)	**527**	527
	34,924	25,560	**45,105**	45,105

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. Statutory and other reserves (continued)

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'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	**(11,594)**	(9,282)	**–**	–
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	**965**	(2,514)	**–**	–
Non-controlling interests	**97**	202	**–**	–
End of financial year	**(1,869)**	(11,594)	**–**	–
(iii) Other reserve				
Beginning and ending of financial year	**(7,424)**	69	**527**	527
Acquisition of subsidiaries	**–**	(7,038)	**–**	–
Disposal of a subsidiary	**216**	–	**–**	–
Accretion of redemption liability	**(577)**	(455)	**–**	–
End of financial year	**(7,785)**	(7,424)	**527**	527

Other reserve is non-distributable.

30. Dividends

No dividend will be recommended at the next Annual General Meeting to be convened on 29 April 2022. No dividend was declared for the financial year ended 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. 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	
	2021	2020
	$'000	$'000
Property, plant and equipment	**17,197**	11,725

32. 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 Singapore dollars. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

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% (2020: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company would have been higher or lower by $1,015,000 (2020: $1,013,000) and $299,000 (2020: $299,000) respectively as a result of lower or higher interest expense on these borrowings.

(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, amount due from fellow subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Financial risk management (continued)

(b) Credit risk (continued)

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.

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) and the unemployment rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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 company 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**
<u>The Group</u>						
As at 31 December 2021						
Ship repair and marine engineering						
Trade receivable	2,258	485	1,184	1,915	178	6,020
Logistics services						
Trade receivable	21,480	7,063	709	318	325	29,895
Property management						
Trade receivable	825	382	328	162	342	2,039
	24,563	**7,930**	**2,221**	**2,395**	**845**	**37,954**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. 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
The Group						
As at 31 December 2020						
Ship repair and marine engineering						
Trade receivable	1,957	336	1,495	3,481	209	7,478
Charter hire						
Trade receivable	2,480	–	–	–	–	2,480
Logistics services						
Trade receivable	14,846	7,804	1,733	115	401	24,899
Property management						
Trade receivable	443	880	234	100	289	1,946
	19,726	**9,020**	**3,462**	**3,696**	**899**	**36,803**

As at 31 December 2021 and 2020, management has identified a group of debtors to be credit impaired and assessed the recoverability of the outstanding balances separately.

	2021 $'000	2020 $'000
Gross carrying amount	**475**	705
Less: Loss allowance	**(475)**	(705)
	–	–

The movements in credit loss allowance are as follows:

	2021 $'000	2020 $'000
The Group		
Balance at beginning of year	**705**	615
Acquisition of subsidiaries	**–**	83
Disposal of a subsidiary	**(207)**	–
Receivables written off as uncollectible	**(1)**	(456)
Reversal of unutilised amounts	**(52)**	(5)
Changes in credit risk	**26**	474
Currency translation differences	**4**	(6)
Balance at end of year	**475**	705

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Financial risk management (continued)

(b) Credit risk (continued)

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 2021 and 31 December 2020, the Company did not have any loss allowance arising from its financial assets.

Cash at bank, staff advances, deposits 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 $20,234,000 (2020: $22,420,000). 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 arises from this guarantee.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Financial risk management (continued)

(c) Liquidity risk (continued)

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 2021			
Other financial liabilities	**(52,602)**	**(8,394)**	**–**
Borrowings	**(80,274)**	**(160,481)**	**(210,375)**
At 31 December 2020			
Other financial liabilities	(52,061)	(9,994)	–
Borrowings	(39,933)	(189,450)	(213,910)
The Company			
At 31 December 2021			
Other financial liabilities	**(58,825)**	**–**	**–**
Borrowings	**(35,308)**	**(38,657)**	**–**
At 31 December 2020			
Other financial liabilities	(40,339)	–	–
Borrowings	(1,229)	(73,937)	–

(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 5.4% per annum for the current financial year ended 31 December 2021 (2020: 1.6% per annum).

The return on shareholders' fund is calculated as net profit 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 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Financial risk management (continued)

(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.

(f) Financial instruments by category

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

	The Group 31 December		The Company 31 December	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Financial assets at amortised cost	**158,792**	118,370	**91,280**	8,474
Financial liabilities at amortised cost	**418,878**	404,286	**130,894**	112,408

(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.

33. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. 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.

	The Group	
	2021	2020
	$'000	$'000
Revenue		
Sales to fellow subsidiaries	**14,232**	13,749
Sales to related parties	**1,218**	1,243
Service income received from fellow subsidiaries	**3,693**	3,972
Commission received/receivable from fellow subsidiaries	**68**	73
Expenditure		
Purchases from fellow subsidiaries	**12,601**	5,717
Purchases from related parties	**267**	438
Rental paid/payable to fellow subsidiaries	**1,196**	1,221
Vessel rental paid to a fellow subsidiary	**1,532**	21,815
Crew wages paid/payable to fellow subsidiaries	**3,232**	2,568
Service expenses paid/payable to fellow subsidiaries	**1,686**	1,895
Interest paid/payable to a fellow subsidiary	**656**	894
Insurance premium paid/payable to a fellow subsidiary	**873**	734
Commission paid/payable to fellow subsidiaries	**107**	100
Purchase of Property, plant and equipment from a fellow subsidiary	**382**	2,741

Outstanding balances as at 31 December 2021, arising from sales or purchases of goods and services and receivables/payables from/to fellow subsidiaries, are set out in Note 13, 24 and 25 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. 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 994,000 (2020: 4,165,000) and 1,323,300 (2020: 1,189,000) 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 28). The outstanding number of share options granted to key management of the Group at the end of financial year was 2,646,700 (2020: 2,976,000).

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2021	2020
	$'000	$'000
Salaries and other short-term benefits	**2,232**	1,923
Directors' fees of the Company	**184**	184
	2,416	2,107

Included in the above was total compensation to directors of the Company amounting to $1,536,000 (2020: $1,146,000).

35. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. 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
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						127
Finance expense						(7,455)
Share of profit of associated companies						2,412
Profit before income tax						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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Segment information (continued)

	Shipping $'000	Ship repair, and marine engineering activities $'000	Logistics $'000	Property management $'000	All other segments $'000	Total $'000
2020						
The Group						
Sales						
- External sales	33,432	10,655	129,070	12,686	–	185,843
- Inter-segment sales	–	–	–	244	8,015	8,259
	33,432	10,655	129,070	12,930	8,015	194,102
Elimination						(8,259)
						185,843
Segment results	162	2,179	19,943	(336)	(4,617)	17,331
Interest income						297
Finance expense						(7,632)
Share of profit of associated companies						1,879
Profit before income tax						11,875
Income tax expense						(2,810)
Net profit						9,065
Other segment items						
Additions to property, plant and equipment	2,152	3,149	38,390	319	49	44,059
Additions to investment properties	–	–	3,860	8,460	–	12,320
Amortisation of intangible assets	–	–	4,325	589	–	4,914
Depreciation of property, plant and equipment	2,998	781	27,072	985	41	31,877
Depreciation of investment properties	6	–	3,345	6,947	–	10,298
Impairment of trade and other receivables	–	214	52	203	–	469
Segment assets	63,258	20,245	875,960	33,634	9,011	1,002,108
Associated companies						16,652
Consolidated total assets						1,018,760
Segment liabilities	5,649	2,070	28,408	23,109	4,949	64,185
Borrowings						342,854
Current income tax liabilities						2,519
Deferred income tax liabilities						63,886
Consolidated total liabilities						473,444
Consolidated net assets						545,316

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. 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	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Singapore *	**162,336**	157,122	**821,625**	813,380
Malaysia	**36,127**	28,721	**90,459**	84,773
	198,463	185,843	**912,084**	898,153

* 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 $31,242,000 (2020: $48,723,000) are derived from one (2020: two) single external customers. These revenues are attributable to the Singapore Logistics and Shipping segment.

36. Arbitration proceeding

On 20 November 2020, a subsidiary of the Company, SH Cogent Logistics Pte Ltd ("SHCL"), received a Final Arbitral Award ("Award") dated 18 November 2020 in relation to an arbitration proceeding commenced by its subsidiary against a crane specialist for breach of contract. Pursuant to the Award, the Tribunal has, in summary, ordered that the following be paid by the crane specialist to SHCL:

1. The sum of $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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Arbitration proceeding (continued)

On 18 December 2020, the crane specialist made an application (the "Application") for a correction of the Award, making of an additional award for claims not dealt with in the Award as well as for the Tribunal to give an interpretation under SIAC 2016 rules.

On 9 February 2021, the Tribunal issued its decision on the Application under which the Application was rejected, except for a minor downward revision for an amount of $7,490 that was initially awarded in favor of the Group under the Award.

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

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

As there is material uncertainty in relation to the final outcome of the proceedings, the Award granted to the Group on 18 November 2020 has not been recognised in the Group's consolidated financial statements for the financial year ended 31 December 2021.

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 2022 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

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

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

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

38. Impact of COVID-19 pandemic

The COVID-19 pandemic has affected almost all countries in the world and as the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic.

In 2021, the Group received lower government grants and COVID-19 related rent concessions as the economy gradually recovers from the pandemic.

39. 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 2022.

FIVE-YEAR SUMMARY

	2017[1] $'000 (Restated)	2018 $'000	2019 $'000	2020 $'000	2021 $'000
PROFIT OR LOSS					
Continuing operations					
Sales	37,186	163,673	171,495	185,843	198,463
(Loss)/profit before income tax	(26,649)	16,940	10,641	11,875	34,517
Income tax expense	(406)	(3,719)	(2,933)	(2,810)	(3,674)
(Loss)/profit from continuing operations	(27,055)	13,221	7,708	9,065	30,843
Discontinued operations					
Profit from discontinued operations	92,440	–	–	–	–
Total profit	65,385	13,221	7,708	9,065	30,843
Profit/(loss) attributable to:					
- Equity holders of the Company	189,441	12,977	7,380	8,337	30,112
- Non-controlling interests	(124,056)	244	328	728	731
	65,385	13,221	7,708	9,065	30,843
(Loss)/profit attributable to equity holders of the Company relates to:					
- (Loss)/profit from continuing operations	(27,248)	12,977	7,380	8,337	30,112
- Profit from discontinued operations	216,689	–	–	–	–
	189,441	12,977	7,380	8,337	30,112

Notes:

1. The comparative figures for 2017 have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s").

OVERVIEW KEY MESSAGE OPERATIONS AND FINANCIAL REVIEW CORPORATE GOVERNANCE AND TRANSPARENCY SUSTAINABILITY REPORT FINANCIAL STATEMENTS

FIVE-YEAR SUMMARY

	Note	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000
BALANCE SHEET						
Share capital		270,608	270,608	270,608	270,608	270,608
Statutory and other reserves		34,555	35,995	35,365	25,560	34,924
Retained earnings		210,038	223,015	230,395	238,732	268,628
Non-controlling interests		1,421	1,482	1,911	10,416	11,050
Total Equity		516,622	531,100	538,279	545,316	585,210
Trade and other receivables		–	812	477	529	424
Investment in associated companies		–	15,171	16,209	16,652	55,251
Investment properties		13,786	13,637	22,872	38,515	40,793
Property, plant and equipment		40,638	550,012	672,412	718,873	696,205
Intangible assets		147	131,033	126,352	123,584	119,411
Deferred expenditure		766	2,212	–	–	–
Deferred income tax assets		–	–	6	–	10
Current assets		508,799	109,933	110,039	120,607	161,441
Current liabilities		(47,382)	(79,005)	(84,401)	(89,187)	(130,125)
Non-current liabilities		(132)	(212,705)	(325,687)	(384,257)	(358,200)
Net Assets		516,622	531,100	538,279	545,316	585,210
RATIOS						
Basic earnings per share from continuing operations (cents)	1	(1.2)	0.6	0.3	0.4	1.3
Basic earnings per share from discontinued operations (cents)	2	9.7	–	–	–	–
Net tangible assets per share (cents)		23.0	17.6	18.1	18.1	20.1
Gearing ratio (Net of Cash)	3	Net cash	0.2	0.4	0.5	0.4

Notes:

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

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

3. 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 17 March 2022

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 17 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	27	0.10	804	0.00
100 - 1,000	2,157	7.83	2,071,007	0.09
1,001 - 10,000	14,820	53.81	83,529,094	3.73
10,001 - 1,000,000	10,482	38.06	573,995,293	25.63
1,000,001 and above	55	0.20	1,579,648,756	70.55
Total	**27,541**	**100.00**	**2,239,244,954**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2022

	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.*

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2022

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	CHINA OCEAN SHIPPING COMPANY LIMITED	1,194,565,488	53.35
2	CITIBANK NOMINEES SINGAPORE PTE LTD	91,392,762	4.08
3	DBS NOMINEES PTE LTD	51,346,625	2.29
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	26,752,046	1.19
5	DBSN SERVICES PTE LTD	24,094,866	1.08
6	OCBC SECURITIES PRIVATE LTD	23,760,324	1.06
7	RAFFLES NOMINEES (PTE) LIMITED	19,357,443	0.86
8	UOB KAY HIAN PTE LTD	15,333,100	0.68
9	OCBC NOMINEES SINGAPORE PTE LTD	14,966,169	0.67
10	HSBC (SINGAPORE) NOMINEES PTE LTD	12,816,186	0.57
11	PHILLIP SECURITIES PTE LTD	10,874,100	0.49
12	CHUA LIAK CHNG	8,064,000	0.36
13	LEE FOOK CHOY	7,366,000	0.33
14	MAYBANK SECURITIES PTE. LTD.	6,943,071	0.31
15	LIM AND TAN SECURITIES PTE LTD	4,531,000	0.20
16	ESTATE OF HUI SHUNE MING @ HUI SHUN MENG, DECEASED	4,500,000	0.20
17	IFAST FINANCIAL PTE LTD	4,001,534	0.18
18	LEE KEE HONG	2,758,200	0.12
19	ANG TIAN SU	2,550,000	0.11
20	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,501,992	0.11
	Total	**1,528,474,906**	**68.24**

SHARES HELD BY PUBLIC

Based on the information available and to the best knowledge of the Company as at 17 March 2022, approximately 46.57% 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 of the Company ("**AGM**") will be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m. (Singapore Time) to transact the following business:

ORDINARY BUSINESS:

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

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 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 2021 *(2020: $184,000).* **(Resolution 2)**

3. To re-elect Mr Ang Swee Tian, who is retiring by rotation in accordance with 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-appoint Messrs. PricewaterhouseCoopers LLP as Auditors and to authorise the directors of the Company (the "**Directors**") to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS:

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

5. **Authority to Allot and Issue Shares** **(Resolution 5)**

   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);

NOTICE OF ANNUAL GENERAL MEETING

   (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

   (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 2)

6. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions** **(Resolution 6)**

   (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 shareholders of the Company ("**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 3)

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to Allot and Issue Shares under the COSCO SHIPPING Group Executives Share Option Scheme 2020** **(Resolution 7)**

   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 4)

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

BY ORDER OF THE BOARD
Lee Wei Hsiung
Company Secretary
Singapore, 7 April 2022

EXPLANATORY NOTES:

1. Mr Ang Swee Tian will, upon re-election as a Director, remain as the Chairman of the Audit and Risk Management Committee, and a member of the Nominating, Remuneration and Strategic Development Committees; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Additional 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. Ordinary Resolution 5 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.

3. Ordinary Resolution 6 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 2021; 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.

4. Ordinary Resolution 7 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 5.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

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. **Printed copies of this Notice will not be sent to members.** Instead, this Notice will be sent to members by electronic means via publication on the Company's website at http://coscoshipping.listedcompany.com/home.html. This Notice will also be made available on the SGX-ST website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 7 April 2022. This announcement may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX-ST website at https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy 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.** The accompanying proxy form for the AGM may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX-ST website at https://www.sgx.com/securities/company-announcements.

4. Where a member (whether 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 form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that Resolution will be treated as invalid.

5. Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**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 19 April 2022.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

   in either case not less than 72 hours before the time appointed for holding the AGM.

   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.

   In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting 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.

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

ANNUAL GENERAL MEETING PROXY FORM

This proxy form may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX-ST website at https://www.sgx.com/securities/company-announcements.

A printed copy of this proxy form will NOT be despatched to members.

IMPORTANT:

1. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person.** A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. 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 19 April 2022 to submit their votes.
3. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2022.

I/We, (Name) ____________________ (NRIC/Passport/Co. Reg. No.) ________________

of (Address)____________________________________

being a shareholder/shareholders of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy 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, 29 April 2022 at 2.00 p.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and the Auditors' Report thereon.			
2.	To approve payment of Directors' Fees.			
3.	To re-elect Mr Ang Swee Tian, who is retiring under Article 101 of the Constitution of the Company.			
4.	To re-appoint Messrs. PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
5.	To authorise the directors of the Company to issue shares pursuant to Section 161 of the Companies Act 1967.			
6.	To approve the Proposed Renewal of Shareholders' Mandate for Interested Person Transactions.			
7.	To authorise the directors of the Company to issue shares under the COSCO SHIPPING Group Executives Share Option Scheme 2020.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this ______day of_______________ 2022

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. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at http://coscoshipping.listedcompany.com/home.html, and will also be made available on the SGX-ST website at https://www.sgx.com/securities/company-announcements.

3. Where a member (whether 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 form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. 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 19 April 2022.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.COSCOproxy@sg.tricorglobal.com,

   in either case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   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.

   In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

30 Cecil Street
#26-01 Prudential Tower
Singapore 049712
Telephone: 6885 0888
Facsimile: 6885 0858