Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: COSCO SHIPPING International (Singapore) Co., Ltd

Stock code: F83

Meeting details:
Date: 29 April 2022
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman and president's statement, the group achieved a revenue and net profit attributable to equity holders of $198.5 million and $30.1 million respectively. This included a gain of $16.4 million on the disposal of 60% equity interest in a subsidiary, COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd. that was completed on 28 December 2021.

This was the result of 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.

(i) **Can management help shareholders better understand how the disposal of a 60% stake in the dry bulk shipping subsidiary helps in the "streamlining" of the current conglomerate structure?**

(ii) **Are there plans to fully divest the remaining 40% interest in COSCO SHIPPING Bulk (Southeast Asia) Pte. Ltd?**

The Baltic Dry Index (BDI) reach a 13-year high at 5,650 points on 7 October 2021 a week after the company announced the proposed sale. The index fell back to 2,217 points as at the end of 2021 and continued to fall to 1,500 points before a rebound in mid-January 2022.

(iii) **As a 40% associate, how much influence, if any, does the group retain over the operations?**

(iv) **What is the impact of the Russia-Ukraine war on the dry bulk operations?**

Q2. A milestone for the group in 2021 was the receipt of the temporary occupation permit for the group's new 8-storey single user ramp-up general warehouse comprising chemical storage, ISO tank depot, container depot and ancillary industrial canteen.

The company's vision is to become the best-integrated shipping and logistics service provider in South and Southeast Asia. Management 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.

(i) **What is the utilisation rate of the newly opened Jurong Island Chemical Logistics facility?**

(ii) **Can management elaborate further on the impact of COVID-19 government measures on the group's operations? How did management mitigate the disruptions to its operations?**

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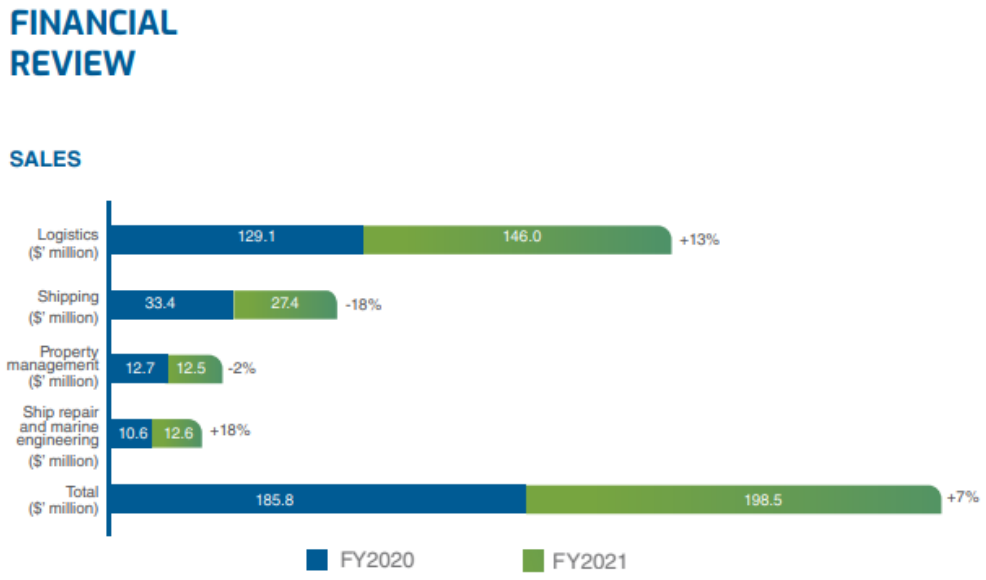
(iii) **How is management dealing with the current manpower constraints and cost pressure?**

(iv) The logistics segment has been contributing the bulk of the group's revenue (even before the partial sale of the dry bulk operations) although the company is known as COSCO Shipping International (Singapore) Co., Ltd. **Would it be appropriate for the board to review the name of the company to better reflect the group's focus and growth strategy?**



(Source: company annual report)

(v) **What factors are being considered by management with regard to the strategic value of the group's property management segment?** The Grandstand has been granted a final extension to 31 December 2023. **Does the property segment take up a disproportionately large percentage of management resources?**

Q3. With the disposal of COSCO Shipping Bulk for a consideration US$42.39 million, the net inflow on disposal was $21.21 million. 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.

Net gearing ratio improved from 0.5 times to 0.4 as at 31 December 2021. The board has resolved not to recommend the payment of dividend for the financial year ended 31 December 2021 as the company is evaluating various strategic moves to expand its businesses.

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(i) **When will the strategic move/review be completed or announced?**

(ii) **What deliberations did the board have on the declaration of dividends, especially with the crystallisation of value of the Dry Bulk Shipping unit?**

(iii) **Would the board consider it timely to formalise the company's dividend policy? Specifically, as the company is evaluating its various strategic options, would the board also factor in how the company can meet investors' expectations for returns (in the form of dividends) and maintain sufficient capital to support its growth?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)