



**COSCO Corporation (Singapore) Limited**  
(Company Registration No.: 196100159G)

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## **US\$338 MILLION BUILDING CONTRACTS WON BY COSCO SHIPYARD GROUP**

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The Board of Directors of Cosco Corporation (Singapore) Limited (the “**Company**”) wishes to announce that Cosco (Zhoushan) Shipyard Co., Ltd (“**Cosco Zhoushan**”) a wholly-owned subsidiary of Cosco Shipyard (Group) Co., Ltd (a 51% subsidiary of the Company), has entered into building contracts for a total of 10 bulk carriers of 57,000 dead weight tonnes each with Qingdao Ocean Shipping Co and Cosco Bulk Carrier Co., Ltd and other subsidiaries of China Ocean Shipping (Group) Company for a total contract value of approximately US\$338.9 million to be delivered between June 2008 and December 2008 (the “**Contracts**”). The value of each of the Contracts was arrived at on an arm’s length basis.

### **Interested Person Transactions**

Qingdao Ocean Shipping Co and Cosco Bulk Carrier Co., Ltd are subsidiaries of China Ocean Shipping (Group) Company, the controlling shareholder of the Company. Accordingly, the Contracts are regarded as interested person transactions under Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited.

Based on the latest audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”), the Company’s consolidated net tangible assets value for the financial year ended 31 December 2006 was approximately S\$660.7 million.

The consideration for the Contracts amounts to approximately 77.5% of the Company’s latest audited consolidated net tangible assets value and exceeds the financial threshold of 5% prescribed under Rule 906(1) of the Listing Manual. Accordingly, pursuant to Rule 918 of the Listing Manual, the Contracts will only become effective upon *inter alia* the approval of the Company’s shareholders being obtained.

As at the date hereof, for the current financial year, the value of all transactions (excluding the Contracts) entered into between the Group and China Ocean Shipping (Group) Company is S\$39,717,503. These transactions fall within the interested person transaction mandate which was renewed at the last annual general meeting of the Company held on 18 April 2007.

### **Salient terms of the Contracts and rationale for the Contracts**

Under the terms of the Contracts, payment of the purchase price of each bulk carrier will be made by the buyer of the vessels to the seller in 5 instalments of 25%, 20%, 20%, 20% and 15% respectively upon the occurrence of certain milestones in the building and delivery process.

As stated above, the Contracts will only become effective upon the approval of the Company’s shareholders being obtained. Another condition for the Contracts becoming effective is the receipt by Cosco Zhoushan of the first instalment of the purchase price.

The Company had announced on 5 January 2007 that the establishment of Cosco Zhoushan is to enable it to further grow and become a significant shipyard operation within the Cosco group and is in line with the Cosco group’s strategy to further expand *inter alia* its marine engineering capacity and capabilities in light of the booming offshore marine industry. The entry into of the Contracts is a further development in that direction.

**Audit Committee opinion and independent financial adviser**

The Audit Committee of the Company will be obtaining an opinion from an independent financial adviser before forming its view on the Contracts. The opinion of the Audit Committee will be set out in the Circular to be despatched to shareholders of the Company in due course.

As at the date hereof, an independent financial adviser has yet to be appointed.

The Contracts are not expected to have any material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2007.

None of the Directors of the Company has any interest, direct or indirect, in the above other than through the Company or Cosco Shipyard (Group) Co., Ltd.

By Order of the Board  
Li Jian Xiong  
Alternate Director  
Date: 24 April 2007