

Press Release

(For immediate release)



中遠海運控股股份有限公司
COSCO SHIPPING Holdings Co., Ltd.

2016Q4 Results Remarkably Improve Benefits of Business Integration Start to Emerge

COSCO SHIP HOLD Issues 2016 Annual Profit Warning

(25 January 2017, Shanghai) - COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIP HOLD" or the "Company") (SSE: 601919; HKEx: 1919) today issued its profit warning regarding 2016 annual results.

During the Reporting Period, with slow growth in global container shipping demand and oversupply of shipping capacity, the international shipping market still lacked solid improvement in addressing the imbalance in supply and demand. The Baltic Dry Index (the "BDI"), the Shanghai Containerized Freight Index (the "SCFI") and the China Containerized Freight Index (the "CCFI") dropped to a historical low in 2016 respectively. As a result of the weak market, during the Reporting Period, the growth of revenue generated from the container shipping business segment of the Company was lower than the growth of the container shipping volume, and the increase in revenue was less than the increase in costs. In addition, a non-recurring loss was incurred due to the disposal of assets during the Reporting Period and a loss was recorded before the disposal of dry bulk shipping business. Therefore, based on the preliminary estimation made by the finance department of the Company, the Company is expected to record a net loss attributable to equity holders of the Company for the Reporting Period of approximately RMB9.9 billion.

During the Reporting Period, the Company had gradually achieved synergies generated from its business restructuring, and the performance of the Company significantly improved on a quarterly basis during the Reporting

Period as compared to previous quarters. According to the preliminary estimation made by the finance department of the Company, without taking into account the net loss incurred by demolition of vessels, the Company expects to realize a profit before interests and tax (EBIT) of approximately RMB700 million in the fourth quarter of 2016, which demonstrates the benefits from its business integration and reflects the recovery of container freight rate.

During the Reporting Period, the Company made vigorous efforts to drive business integration in accordance with China COSCO SHIPPING Corporation's strategy to accelerate and deepen corporate reform. Within a span of two months commencing from 1 March 2016, the container shipping business unit completed the restructuring of its domestic network in an efficiency manner and consolidated its offices at nine major ports and over 400 outlets in China under one roof. The merger of its overseas offices was completed at the end of October as well. Meanwhile, the Company started its IT system migration in May and completed five months later.

The Company further deepened business reform and completed the restructuring of its organizational structure, management team, legal structure, IT system, container management and supplier management. The Company has successfully completed the world's most challenging liner business restructuring. As a result, its capability of yield management and cost control has been further strengthened. Since March 2016, the Company has been leveraging its economies of scale to optimize resources allocation and taking advantage of the recovery in freight rates and the industry development trend to further enhance its customer services and operating efficiency, thereby achieving the established goals of "retaining customers, maintaining cargo volume and market share". In addition, the Company exercised stricter cost control mainly through optimization of shipping routes, supplier and container management to realize synergies and reinforce its competitiveness. The synergies brought about by the restructuring of container shipping business were much better than expected.

Looking ahead into 2017, the Company will adhere to its established positioning and strategy, focusing on the development of core operations. It will step up efforts to strengthen customer services, yield management, cost control, service innovation, risk management and overseas development for its container shipping business. In order to firmly grasp the valuable opportunities created by the "One Belt and One Road" initiative, the Company will accelerate the expansion of its global terminal network and create greater synergies between container shipping and terminal operations so as to boost its competitive strengths in international market. Riding on the latest developments of the industry, the Company will enhance its innovation capability and increase cooperation with its partners, thereby creating a

win-win ecosystem for the shipping industry. It will strive hard to become the top-tier container shipping and terminal services provider in the world, creating value to customers and returns to shareholders.

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About COSCO SHIPPING Holdings Co., Ltd

COSCO SHIPPING Holdings Co., Ltd (“COSCO SHIP HOLD”, Stock Code: 601919.SS; 01919.HK) is the fourth largest container liner company and the second largest terminal operator (in terms of total throughput) in the world, with a focus on container shipping service chain. COSCO SHIP HOLD listed on the Hong Kong Stock Exchange in June 2005 and the Shanghai Stock Exchange in June 2007.

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