Press Release
(For immediate release)

中国远洋控股股份有限公司
China COSCO Holdings Company Limited

China COSCO Announces 2016 Q3 Results

Steady Progress in Reform and Restructuring
Drives Q-o-Q Improvement in Q3 Results

(28 October 2016, Shanghai) — China COSCO Holdings Company Limited ("China COSCO" or the "Company") (SSE:601919; HKEx:1919) today announced its financial results for the third quarter of 2016.

For the nine months between January and September 2016, the average rates of Shanghai Containerized Freight Index ("SCFI") and China Containerized Freight Index ("CCFI") dropped to 594 points and 694 points, respectively, representing a decrease of 23.6% and 24.4% from a year ago. SCFI plummeted to the record low at 400 points in mid-March, while CCFI hit the record low at 632 points at the end of April.

In the first three quarters of 2016, the container shipping volume amounted to approximately 11.88 million TEUs, up 46.7% year-on-year. Revenue from container shipping operation was approximately RMB 39 billion, up 20.6% year-on-year. Meanwhile, terminal business maintained steady growth, with total throughput of container cargoes handled by the Company reaching approximately 70.23 million, up 3.9% year-on-year.

The Company made relentless efforts to capture opportunities arising from the market revival in the third quarter to restore freight rates. Meanwhile, greater synergies were achieved through consolidation of shipping routes and enhanced management of suppliers and. As a result, loss attributable to equity holders of the Company for the third quarter of 2016 reduced by approximately RMB 714 million.

Beleaguered by low freight rates, the Company's revenue from container shipping business grew at a slower pace than the growth rate of cargo volume. In addition, it incurred one-ff non-cash loss arising from the disposal of container leasing and dry bulk shipping businesses. As a result, consolidated loss attributable to equity holders of the Company for the first nine months of 2016 amounted to RMB 9.22 billion. If the one-off non-recurring loss were excluded, it would have recorded a loss of RMB 6.82 billion.

In the face of severe market environment, the Company took the initiative to implement business restructuring and achieved preliminary results. COSCO Container Lines Company Limited ("COSCON"), a wholly-owned subsidiary of the Company, implemented a series of measures to tackle the sluggish market environment. It leveraged integrated resources to provide better services to customers and improve its operating efficiency. Within a span of only six months, the Company completed the adjustments of its organizational structure, management team, marketing team, shipping network and alliance, marketing and customer service policies, container management, supplier management and IT system. As the integration of COSCO Group and China Shipping Group went smoothly, greater synergies were achieved both within China and abroad. The Company enjoyed greater cost efficiency in shipping network management, supplier management, container management and greater synergies are expected to be achieved in future.

The Company stepped up marketing efforts and took initiative to solve customers' problems. It launched nine service performance standards for the entire process of international shipping services throughout the world. By vigorously exploring customers' demand for extended services, it reinforced its capability to provide more comprehensive solutions for the entire shipping process. With a global vision, the Company further enhanced its shipping routes and capacity structure. It was actively involved in the formation of Ocean Alliance, which enables the Company to offer more premier services to customers with fast transit time, competitive sailing frequencies and the most extensive port coverage in the market. In response to Hanjin Shipping Incident, the Company acted promptly and made public announcement of its contingency plan and alternative shipping arrangements immediately. It proactively dealt with the problems arising from the cargoes booked on Hanjin vessels so as to minimize customers' loss. These measures were well received in the market, which reinforced the Company's corporate image and strengthened customers' confidence in it. The Company made vigorous efforts including strengthened marketing to mitigate the impacts of a slowdown in traditional bulk commodities cargoes in China domestic trade, hence achieving profitability in domestic shipping routes for the first three quarters of this year.

As for terminal operation, the Company’s subsidiary, COSCO SHIPPING Ports Limited, took advantage of “One Belt, One Road” initiative and focused on business development in emerging markets and strategic points along the Maritime Silk Road. Significant progress has been made in the development of overseas hub ports investment. On 28 September, it signed a concession agreement with Abu Dhabi Ports UAE to jointly invest in and operate Khalifa Port Container Terminal 2. On 12 October, it acquired 40% interest in the terminals at the Italian port of Vado. Moreover, the Company has actively explored new model of international cooperation for terminal operation, thereby increasing the competitiveness of its overseas terminals.

It actively explored and exerted the strategic influence of hub ports, streamlined the network of its container hub ports around the world, enhanced its geographical presence and reinforced the research and development of overseas hub ports. Through the restructuring and reform, COSCO SHIPPING Ports enhanced its leading position in the global terminal business. At the same time, it enhanced its competitive strengths in the global container terminal industry through strategic collaboration with COSCON.

Looking ahead into the fourth quarter, China COSCO will focus on the development of its value chain for container shipping services and the provision of terminal services. With a long-term vision, it will stick to established strategies and captured the opportunities arising from the "One Belt, One Road" policy. It will make use of the resources of China COSCO SHIPPING Group and further drive the restructuring of container shipping business, thereby realizing greater economies of scale and synergies. Meanwhile, the Company will deepen cooperation with partners in shipping alliances and optimize their shipping routes and capacity structure. It will enhance its capability for overseas expansion, increase the proportion of transit cargo business and vigorously expand the emerging markets. The Company is determined to provide premier, efficient and safe services to more customers. At the same time, it will implement stricter cost control and further enhance its operating efficiency. For the terminal operation, it will strengthen the global network and leverage integrated resources to exert greater synergies. After the business restructuring, the Company will fully utilize its expanded fleet of container vessels to create greater synergies between container shipping business and terminal business, hence increasing its competitiveness in global market. The Company will actively promote pragmatic and disciplined operating model in the industry, aiming to create a new ecosystem for the healthy and sustainable development of shipping industry, thereby creating values to customers and delivering returns to shareholders.

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About China COSCO

China COSCO Holdings Company Limited ("China COSCO", 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. China COSCO was listed on the Hong Kong Stock Exchange in June 2005 and the Shanghai Stock Exchange in June 2007.

representations by China COSCO concerning future performance of the Group and readers should not place undue reliance on such forward-looking statements. In addition, China COSCO undertakes no obligation to publicly update or revise any of these statements as a result of new information, future events or otherwise.

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