Press Release
(For Immediate Release)

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

China COSCO Achieves Remarkable Progress in Loss-Cutting in 1H 2013

Lower Costs, Enhance Efficiency and Drive Sustainable Growth Through A Series of Measures

(29 August 2013, Beijing) China COSCO Holdings Company Limited ("China COSCO" or the "Company") (SSE:601919; HKEx:1919) today announced the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 (the "Period").

During the Period, the performance of container shipping and dry bulk shipping sectors remained lackluster amid a significant imbalance of international shipping industry, with freight rates receded to and stayed at low ebbs. The Group carried out various measures to overcome the difficulties, including the disposal of its interest in COSCO Logistics and COSCO Container Industries and stringent cost control. As a result, its loss reduced remarkably when compared to the same period last year. Despite its revenue for the Period dropped 6.3% year-on-year to RMB31.06 billion, net loss attributable to equity holders of the Company reduced 79.7% to RMB990 million from a year ago.

As the Group trimmed down its dry bulk charter fleet, the charter costs and accrued charter loss significantly dropped. Moreover, the bunker costs for the Period retreated by 21.9% year-on-year. Because the costs reduced at a higher rate than revenue decline, the loss from the dry bulk shipping business segment dropped by RMB1.51 billion when compared to the same period last year. Meanwhile, bunker and average container costs of container shipping business reduced 12.9% and 7.2% year-on-year, respectively despite an increase in shipping capacity. Nevertheless, the loss of container shipping business segment for the Period increased by RMB670 million from a year ago due to lower freight rates. The operations of COSCO Pacific remained profitable during the Period.

Mr. Ma Zehua, Chairman of China COSCO, commented, "The Group is well aware that it can no longer rely on strengths in a particular area to stand out from competition in the international market as the globalization of trade moves forward. China COSCO has to increase its overall strengths. For this reason, the Group stepped up efforts to enhance management and to create an integrated business structure in the first half. Sticking to the principle of lean management, it reinforced marketing and business collaboration, implemented measures to improve budget control, receivables management, centralized procurement and supply chain management. These efforts produced satisfactory results. Although the shipping volume of container shipping business segment grew 8.7% year-on-year in the first half of this year, bunker consumption was 4.5% lower than the same period of last year. The bunker consumption of dry bulk shipping business segment saw a 15.9% year-on-year decrease while the shipping volume of this segment dropped 4.1% from the same period of previous year. In addition, the Group's financial cost, administrative and selling expenses also came down when compared to the same period of last year. Management believes that the effects of these management enhancement measures will become more evident in the future, which will drive further improvements in the Group's operating performance and results."

Looking ahead, the global economy will continue to creep up slowly with mixed performance in different regions. While the U.S. economic recovery is more apparent and the European economy sees the light at the end of the tunnel, the emerging markets are slowing down remarkably. As the Chinese government is pushing ahead with the economic restructuring, domestic economy is expected to stabilize. For the outlook of the shipping industry, it will remain difficult and face various uncertainties. Given a slowdown in the growth of shipping capacity in 2013, the performance of dry bulk shipping industry for the second half of this year will be better than that in the first half due to a narrowing gap between supply and demand. On the other hand, the container shipping industry will be plagued by increasing capacity. Hopefully, some liners have recently raised their freight rates. The charge of reasonable freight rates by liners to ensure the quality of their services will receive extensive support in the market.

China COSCO is a platform of COSCO Group in the capital market. It has a mission to maintain the brand name and corporate image of COSCO and to protect the interests of its entire shareholders. For this reason, it will take all feasible measures to avert the risks. The Company is determined to substantially reduce the loss of its core shipping operations in the second half of this year through a variety of measures and strives to return to profitability.

On container shipping business, the Group will adjust the structure of its cargo sources and expand customer base. It will provide more value-added services to customers and increase average freight rates. Besides, it will further improve its global network, accelerate penetration into the emerging markets and strengthen cooperation with its partners. Moreover, it will optimize shipping capacity and get rid of outdated vessels.

On dry bulk shipping business, the Group will forge a closer relationship with major customers and expand cargo sources. While keeping stringent control on the size of charter fleet, it will also get rid of outdated vessels.

On terminal business, the Group will pursue the established long-term strategy and actively explore business opportunities in China, Southeast Asia, North America and Europe. Meanwhile, it will continue to invest in container leasing business, expand and improve its container fleet, thereby delivering comprehensive container leasing services to customers.

Moreover, the Group will continue to exercise stringent cost control and enhance risk management to ensure steady growth of its businesses.

Leveraging on the strong support from its largest shareholder COSCO Group, the Group will push ahead with measures that can help improve its financial results, promote its sustainable development and long-term interests of shareholders.

While cutting substantial loss in the first half of this year, the Group also announced its new plan on the assets disposal. The Company's wholly owned subsidiaries Qingdao Ocean Shipping Co., Ltd. and COSCO Container Lines Co., Ltd. have entered into agreements with COSCO (Hong Kong) Group Limited respectively. Pursuant to them, Qingdao Ocean Shipping Co., Ltd. will dispose of 81% interest in its wholly subsidiary COSCO (Qingdao) Investment Holdings Co., Ltd. and COSCO Container Lines Co., Ltd. will dispose of 81% interest in its wholly subsidiary Shanghai Tianhongli Asset Management Co., Ltd. to a wholly owned subsidiary of COSCO (Hong Kong) Group Limited. The total consideration for these transactions is approximately RMB3.732 billion. Upon approval by shareholders at the extraordinary general meeting and others, they will generate a gain of approximately RMB3.67 billion to China COSCO. The board of directors is of the view that these transactions will further improve the Group's profitability in 2013, provide it with additional working capital and reduce the risk of trading suspension of the Company's stock on A-share market, which is line with the interests of entire shareholders.

~ End ~

About China COSCO

China COSCO Holdings Company Limited ("China COSCO", together with its subsidiaries collectively known as the "Group"), is a leading global integrated shipping and logistics services provider. The Group provides comprehensive shipping services including container shipping, dry bulk shipping, logistics, terminal operations, container leasing, freight forwarding and shipping agency services. It maintains leadership in each of business sector. China COSCO operates one of the largest dry bulk fleets in the world. Its container fleet is the fourth largest in the world and the largest in China. Its terminal operation and container leasing business are ranked the fifth and the fourth respectively in the world, while its logistics business is leading in China. The Company was listed on the Hong Kong Stock Exchange in June 2005 and the Shanghai Stock Exchange in June 2007 respectively. As the financing platform of COSCO Group, China COSCO is determined to becoming a leading global shipping and logistics enterprise.

Disclaimer

This press release may contain certain forward-looking information and/or information that is not based on historical data. Reliance on any forward-looking statements involves risks and uncertainties and that, although China COSCO believes that assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the inclusion of forward-looking statements in this press release should not be regarded as 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.