COSCO CORPORATION (SINGAPORE) LIMITED
(Company Registration No. 196100159G)

UPDATE ON SHIP BUILDING CONTRACT FOR DP3 DEEPWATER DRILLSHIP

The Board of Directors ("**Board**") of COSCO Corporation (Singapore) Limited (the "**Company**") refers to its announcement on 22 July 2010 in relation to the turn-key EPC (Engineering, Procurement and Construction) contract (the "**Contract**") worth more than US$500 million secured by the Company's subsidiary, COSCO (Dalian) Shipyard Co., Ltd. ("**COSCO Dalian**") (a subsidiary of the Company's 51% owned subsidiary, COSCO Shipyard Group Co., Ltd) with Dalian Deepwater Development Ltd (the "**Shipowner**") to build an advanced and versatile DP3 deepwater drillship (the "**Vessel**").

The Board wishes to announce that the Shipowner served a notice dated 5 August 2013 to COSCO Dalian to terminate the Contract based on alleged grounds of delay in the delivery of the Vessel, the construction of which is substantially completed. On 5 September 2013, the Shipowner submitted a request for arbitration in London in which the Shipowner claimed for a refund of the first instalment paid on the Contract amounting to US$110 million and other advances paid by the Shipowner together with interest thereon, damages and interest thereon, indemnity for future losses, further or other relief and costs. On 7 October 2013, the Shipowner rejected COSCO Dalian's without prejudice proposal to settle the matter.

COSCO Dalian has informed the Company that it has appointed legal advisers in London in relation to the arbitration and is responding to the request for arbitration accordingly. Concurrently, subsequent to the receipt of the above notice of termination by COSCO Dalian, several potential buyers had expressed interest in the Vessel.

Given the present stage of the arbitration proceedings, it is difficult to quantify the eventual financial impact of the arbitration at this point in time.

The Company will make announcements of any significant development in this matter at the appropriate junctures.

By Order of the Board

Wu Zi Heng
Vice Chairman and President
17 October 2013