For Immediate Release

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

China COSCO Announces 2006 Interim Results

Highlights

- The Group's container shipping volume reached 2,426,703 TEUs in the first half of 2006, up 12.5% over the same period of last year.
- As of 30 June 2006, the Group operated a fleet of 139 container vessels, with the shipping capacity of 381,039 TEUs, ranking the fifth largest container shipping company in the world.
- Excluding the impact of fuel, costs per TEU were down 6% from the same period of 2005, as the result of the Group's stringent cost controls.
- The Group's container terminals handled 14,974,748 TEUs of containers, representing an increase of 23.5% over the same period of last year.
- As of 30 June 2006, the Group owned and managed a container fleet of 1,111,336 TEUs, recording an increase of 8.1% from a year ago, which ranks the third in the world.
- The Group continued to maintain a solid capital structure, with the net debt to equity ratio going down to 15.2%, in order to lower the cost of capital and fund future growth.
- As of 30 June 2006, the Group's balance of cash reached RMB13,206,120,000, representing an increase of 62.1% over the year end of 2005.

Results Summary

	1H2006 *RMB'000*	**1H2005** *RMB'000*	**Change**
Turnover	18,469,554	18,576,762	-0.6%
Operating Profit	1,871,173	3,995,665	-53.2%
Profit before income tax	2,045,532	4,424,822	-53.8%
Profit attributable to equity holders of the Company	978,065	2,772,796	-64.7%
Basic earnings per share (RMB)	0.159	0.674	-76.4%

19 September 2006, Hong Kong, China COSCO Holdings Company Limited, ("China COSCO" or "the Group" HKEx:1919) a leading global provider of integrated container shipping services and the largest container shipping company in China, announced its financial results for the six months ended 30 June 2006.

In the first half of 2006, the Group's turnover was RMB18,469,554,000 a slight decrease of 0.6% over the same period in 2005. Profits attributable to equity holders for the period were RMB978,065,000, down 64.7%. Earnings per share were RMB0.159, down 76.4% from the same period in 2005. The Board did not recommend the payment of interim dividend.

During the period under review, profits from container shipping and related businesses declined by 74.1%. The impact was partially offset by other segments of the Group's business, particularly the container leasing business, which experienced strong demand, leading to upward forth on prices and volumes during the period. Together with the profits from the disposal of containers of Florens, it made a positive contribution to the Group's profits as a whole.

Chairman Wei Jiafu commented: 'The decline in overall earnings reflects market pressures in container shipping, one key area of the Group's business. As an integrated shipping and logistics service provider, however, the Group has been able to hedge risk through occupying businesses across the container shipping value chain. The Group has successfully developed its integrated business model in order to balance the cyclical interplay of trends in market'.

Review of Operations by Segment

Container Shipping Business

In the first half of 2006, container shipping and related businesses of the Group had profits of RMB732,868,000, representing a 74.1% decrease. Decrease in profits was mainly due to a decline in freight rates and increase in bunker prices.

The Group's shipping volume was 2,426,703 TEUs in the first half of 2006, an increase of 12.5% over the same period in 2005. Shipping volumes on all major routes experienced growth. Since the end of 2005, its membership in the CKYH alliance has enabled the Group to increase global service routes and expand service coverage. As of 30 June 2006, the Group operated a fleet of 139 container vessels. Shipping capacity was 381,039 TEUs, an increase of 18.18% over the end of last year.

Shipping volume by markets

	Six months ended 30 June		
	2006	**2005**	**Change**
	TEU	**TEU**	**%**
Trans-Pacific	612,881	551,161	11.2
Asia-Europe (including the Mediterranean)	551,431	493,514	11.7
Intra-Asia (including Australia)	760,218	659,611	15.3
Other international (including Trans-Atlantic)	126,150	115,925	8.8
PRC	376,023	336,621	11.7
Total	**2,426,703**	**2,156,832**	**12.5**

Turnover by markets

	Six months ended 30 June		
	2006	**2005**	**Change**
	RMB'000	**RMB'000**	**%**
Trans-Pacific	6,147,999	5,803,601	5.9
Asia-Europe (including Mediterranean)	4,100,027	4,667,277	-12.2
Intra-Asia (including Australia)	2,831,515	2,903,706	-2.5
Other international (including Trans-Atlantic)	1,214,020	1,319,942	-8.0
PRC	735,782	801,639	-8.2
Sub-total	**15,029,343**	**15,496,165**	**-3.0**
Chartered out	94,979	215,616	-55.9
Income of related business	2,644,123	2,208,517	19.7
Total	**17,768,445**	**17,920,298**	**-0.8**

During the first half of the year, freight rates declined on most routes, especially on the Asia-Europe routes. As a result, revenue per TEU declined by 13.8%, compared with the same period in 2005.

A substantial increase in bunker costs caused an increase of 17.0% in the Group's total operating costs to RMB 16,662,474,000.

Although the Group was able to mitigate cost pressure through the use of futures contracts and energy-efficient practices, bunker costs rose by 69.7% over the corresponding period in 2005 and accounted for 71.2% of the total increase in costs of the Group's container shipping business. The increase in expenditure for fuel had an obvious adverse impact to the Group's earnings.

During the period, due to additional capacity from newly chartered vessels, there was an increase in vessel costs of 21.2%. The increase in vessel costs accounts for 21.6% of the increase in total container shipping costs.

The Group implemented a number of cost control measures with good results. These included introduction of a lean management process, further improvements in route planning, and adjustment of certain transshipment ports. These measures effectively reduced costs for equipment, transshipment and port charges, expedited container turnover time, and improved utilisation rate. During the period, the costs for equipment and cargo transshipment increased slightly by 0.8% over the same period of 2005. On a unit basis, however, this major item of costs declined by 10.4%.

The overall cost per TEU increased by 3.6% as compared with the same period of last year. Excluding the impact of fuel, costs per TEU were down 6% from the same period of 2005.

The Group responded to market pressures in the first half of the year with a number of pricing and marketing promotion strategies. The Group focused on improving services for core customers and looked for ways to develop customized services by market segment. On 10 July 2006, the Group acquired shares in COSCO Philippines Shipping, Inc. and COSCO (HK) Cargo Service Co., Limited, originally held by COSCO Group. Acquisition of these entities has expanded the Group's service coverage.

Continue to Develop Emerging Markets
To better utilise increased capacity and expand its customer base, the Group dedicated resources and expanded its service coverage in fast growing markets including Central America, the Caribbean, the Red Sea, Vietnam, the Black Sea, and China.

Continue to Develop IT System
The Group launched a new cargo flow information system in 2006, which led to better management of costs and revenue. Meanwhile, COSCON has improved its budgeting and performance evaluation measurement system, in order to provide more complete information to management.

Enhancement of Shipping Capacity
The Group's long-term development plans require additional capacity to explore new markets. In the first half of 2006, six new container vessels with capacity ranging from 8,200 to 9,500 TEUs joined the Group's fleet. By the end of June 2006, the Group had an order book of 27 container vessels with an aggregate capacity of 175,769 TEUs. In June 2006, the Group placed an order for eight container vessels with a capacity of 5,100 TEUs each these vessels will be delivered in 2009-2010. In February 2006, the Group also chartered two container vessels with a capacity of 3,534 TEUs each and another two in May, with a capacity of 4,506 TEUs each, for delivery in 2008-2009.

Terminal and Related Businesses
Strong growth in global trade led to robust increases in throughput in the Group's container terminal business. In the first half of 2006, the Group, through COSCO Pacific, handled 14,974,748 TEUs of containers, an increase of 23.5% over the previous year. As of 30 June, total number of berths in operation was 66, including 63 container berths and 3 bulk cargo berths.

During the period, revenue of terminal and related businesses was RMB85,775,000 with segmental results of RMB111,396,000. Profit from jointly controlled entities and associates amounted to RMB270,698,000 was achieved. Despite an increase in the volume of container handling and storage operations, earnings declined due to a combination of reasons. These included the sale of 17.5% interests in the Shekou terminal in 2005 as well as the replacement of four quay cranes in COSCO-HIT, leading to a temporary retrenchment of services.

As at 30 June, the Group holds various interests in 23 terminal joint venture companies, with the total number of berth reaches 104, among which the number of container berths reaches 99, the number of berths for automobile reaches 2 and the number of multi-purpose berths reaches 3. The handling capacity of containers increases to 57,100,000 TEUs, representing an increase of 41.3% as compared with the same period of last year.

On 26 July 2006, the Group participated in a joint venture, Tianjin Port Euroasia International Container Terminal Co., Ltd., which will develop and operate 3 berths in the container terminal of Tianjin North Port. The container terminal is expected to commence operation in 2008. On 8 June 2006, the Group invested in a joint venture, Ningbo Yuan Dong Terminals Ltd. and will develop and operate berth No. 7 of Beilun Container Terminal Phase IV in Ningbo Port. The terminal is expected to commence operation in the fourth quarter in 2006. On 19 April 2006, the Group was transferred 10% shareholding in Shanghai Pudong Terminal and the shareholding it holds in Pudong terminal increased to 30%.

On 8 August 2006, the Group signed a joint venture contract with Quanzhou Port Container Co., Ltd., to jointly establish Quanzhou Pacific Container Terminal Co., Ltd.. The joint venture will manage and operate the existing four container berths and will invest in building a container berth of 100,000 tons and a multi-purpose berth of 50,000 tons. The two berths are expected to commence operation in 2008. COSCO Ports (Quanzhou) Ltd. holds 71.43% shareholding in the joint venture.

Container Leasing Business

In the first half of 2006, the Group's container leasing business generated turnover of RMB1,123,135,000, up 2.5% from the previous year. Segmental results amounted to RMB771,046,000, representing an increase of 28.8% over the corresponding period of 2005. The Group got a pre-tax gain of RMB678,284,000 through the sale of containers available to international customers. During the period, due to delivery of new vessels and an increase in market demand for containers, leasing rates were firm, and average utilisation rate was 96.0% for the period.

As of 30 June 2006, the Group owned and managed a container fleet of 1,111,336 TEUs, an increase of 8.1% over the same period of last year. Market share was approximately 10.7%, ranking No. 3 globally in the industry. The average age of the Group's container fleet was 4.38 years. During the period, the Group purchased 106,082 TEUs of new containers.

On 20 June 2006, COSCO Pacific announced that it had entered into a sale agreement and various administrative services agreements with “AD ACTA” 634. VermŐgensverwaltungsgesellschaft MBH. Pursuant to the sale agreement, the Group disposed of 600,082 containers. The Group will provide administrative services to the sold assets pursuant to the administrative services agreements.

The above disposal will not affect the Group’s container leasing business. The Group will continue to purchase new containers and lease them to third parties. The Group is of the view that this transaction will benefit the business model and capital structure of the Group’s container leasing business and will increase sources of income as well as lower operational risks. At the same time, it will assist the Group in raising its market shares in the container leasing business as well as maintaining a relatively light balance sheet size.

Logistics Business

In the first half of 2006, COSCO Logistics geared up its marketing efforts to gain further inroads in logistics project development and to expand its market share in the home appliances, automobiles, electricity and petrochemical sectors. Net profits derived from the Group’s logistics business amounted to RMB74,849,000, representing an increase of 18.5% over the same period last year.

In the first half of 2006, COSCO Logistics has won a number of awards. COSCO Logistics was named the “Best Third Party Logistics Provider 2006” at the “Lloyd’s FTB Asia 2006 — China Logistics Awards” organized by Lloyd’s FTB Asia.

Other Businesses and Investments: Container Manufacturing

From the end of 2005 to the first few months of 2006, container manufacturers have been in a weak market environment with reduced sales and prices. The profit contributions from China International Marine Containers (Group) Co., Ltd. (“CIMC”) to the Group decreased by 35.3% to RMB215,587,000.

COSCO Pacific issued put options to all holders of the A-shares of CIMC as accepted inducement for the approval of the conversion of the CIMC Non-tradable Shares held by COSCO Pacific into publicly tradable on the Shenzhen Stock Exchange in the PRC. The combined effect of the initial recognition of the fair value and subsequent change in fair values of the options resulting in an increase of expense for a net amount of RMB511,305,000.

Prospects

During the second half of the year, the Group expects freight rates for container shipping to improve with the advent of the peak season. The Group believes that, so long as China COSCO strives for excellence, it will surely realise its potential and create value for shareholders.

With favorable global economic prospects and the support of the “China factors”, China COSCO is confident as it faces the opportunities and challenges of the second half of the year and beyond.

‘We observed that the international container shipping business is still facing challenges due to the combined effects of several factors including the increase in fuel price. Despite the aforementioned challenges, we are confident that the ‘China factor’ should continue to stabilize and drive the market. Looking ahead, the Group will continue to implement its operating strategy via system integration, enhancement in market strategy, continuous lean management and stringent risk control. We believe that our efforts will effectively maximize the operating efficiency, create a higher value for the Group and bring better return for our shareholders’, concluded Capt. Wei Jiafu.

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About China COSCO:
China COSCO Holdings Company Limited (“China COSCO”), (together with its subsidiaries, the “Group”) was established in the PRC on 3 March 2005. It is the overseas listed flagship of China Ocean Shipping (Group) Company (“COSCO Group”), the second largest integrated shipping company in the world. China COSCO owns 100% of COSCO Container Lines Company Limited (“COSCON”) and approximately 52% of COSCO Pacific Limited (“COSCO Pacific”). The Group is one of the leading global providers of integrated container shipping services to international and domestic customers. Its business includes the provision of a wide range of container shipping, container terminal, container leasing and freight forwarding and shipping agency services across the container shipping value chain. The Group was successfully listed in Hong Kong on 30 June 2005.

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