

For immediate release



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

China COSCO Announces 2006 Annual Results Accelerating Growth with Strengths

Highlights:

	2006	2005	Change
	<i>RMB 000'</i>	<i>RMB 000'</i>	<i>%</i>
Revenue	50,993,950	47,966,347	6.3
Operating profit	3,356,443	7,064,945	-52.5
Profit before tax	4,092,149	7,679,136	-46.7
Profit attributable to the equity holder of the Company ¹	2,031,016	5,582,059	-63.6
Basic Earnings per share (RMB)	0.32989	1.08728	-69.7

1. (1) Profit attributable to the equity holders of the Company was decreased by approximately RMB217,000,000 being a provision for deferred tax liabilities from the distributable income of overseas subsidiary resulting from the special dividend package. (2) Profit attributable to the equity holders of the Company was decreased by approximately RMB226,000,000 being share of the total cost of RMB440,000,000 from recognition of differences between initial fair values and subsequent changes in put options issued pursuant to non-tradable share reform of CIMC, involving COSCO Pacific to which the Company belongs.

Hong Kong, 29 March 2007, China COSCO Holdings Company Limited, ("China COSCO" or "the Group" HKEx:1919) a leading global provider of integrated shipping and logistics services provider and the largest container shipping company in China, today announced its audited results for 2006.

Revenue of the Group in 2006 were RMB50,993,950,000, representing an increase of 6% over 2005. Its profit before taxation amounted to RMB4,092,149,000, representing a decrease of 47% over 2005. Profit attributable to equity holders of the Company amounted to RMB2,031,016,000, representing a decrease of 64% over the same period of the previous year. Earnings per share were RMB0.32989, a 70% decrease over 2005. The Board recommends the distribution of a cash final dividend of RMB0.09 per share for the year of 2006, together with an issue of bonus shares on the basis of 1.5 bonus shares for every 10 existing shares of the Company at par value of RMB 1.00 each.

"China COSCO realized relatively stable operating results amidst challenging environment in 2006. We are pleased to witness the world shipping market maintained its rapid growth during the year, with the shipping market facing increasing demand from global trading. Being one of the world's largest and most competitive integrated enterprises engaging in container shipping, terminals, container leasing and logistics businesses, China COSCO has been relying on the advantages of the domestic market to face with the world, and

dedicated to developing itself into a shipping and logistics supplier across the container shipping value chain, providing quality services to customers worldwide.” Commented Captain Wei Jiafu, Chairman of China COSCO.

Review of operations

Container shipping and related businesses

In 2006, the Group’s container shipping and related business achieved a shipping volume of 5,111,338 TEU, representing an increase of approximately 12.7% over the same period in 2005. The turnover of container shipping was RMB40,033,474,000, an increase of 5.6% from the same period in 2005. The increase in the shipping volume was mainly attributable to the global economy which continued to maintain healthy development, especially the economy of the PRC which has maintained rapid growth for many years, continuous strong demand for global container shipping as well as an effective increase in the shipping capacity by the Group in the global market.

Shipping volume by markets

	For the 12 months ended 31 December		
	2006 TEU	2005 TEU	Change %
Trans-Pacific	1,303,027	1,183,899	10.1%
Asia-Europe (including the Mediterranean)	1,208,507	1,002,561	20.5%
Intra-Asia (including Australia)	1,500,873	1,392,828	7.8%
Other international (including Trans-Atlantic)	256,513	240,873	6.5%
PRC	842,418	714,449	17.9%
Total	5,111,338	4,534,610	12.7%

Turnover by markets

	For the 12 months ended 31 December		
	2006	2005	Change
	<i>RMB 000'</i>	<i>RMB 000'</i>	%
Trans-Pacific	13,373,828	12,527,188	6.76%
Asia-Europe (including the Mediterranean)	9,743,126	9,154,183	6.43%
Intra-Asia (including Australia)	5,958,387	5,935,908	0.38%
Other international (including Trans-Atlantic)	2,507,890	2,573,389	-2.55%
PRC	1,575,506	1,433,004	9.94%
Sub-total	33,158,737	31,623,672	4.85%
Chartered out	297,346	288,193	3.18%
Revenue from related businesses	6,577,391	6,008,372	9.47%
Total	40,033,474	37,920,237	5.57%

Continued upgrade of shipping capacity

In 2006, the Group steadily implemented the shipping capacity upgrade plan, resulting in the continuous optimization of its fleet structure. It has undertaken 7 new vessels, including 2 vessels of 8,204 TEU, 5 vessels of 9,449 TEU.

According to the need for continuous development and enhancing its competitiveness, the Group ordered eight container vessels, with shipping capacity of 5,086 TEU each in June 2006, which will be due for delivery by 2009 to 2010. The Group also leased two 3,534 TEU container vessels in February 2006, which will be due for delivery in 2007. In May 2006, the Group leased two container vessels with shipping capacity of 4,506 TEU each, which will be due for delivery in 2008 to 2009.

At the end of 2006, the Group ordered for 26 container vessels in hand, with a combined shipping capacity of 166,320 TEUs, which will be put into operation in the coming years. As at 31 December 2006, the Group had a fleet of 139 container vessels in operation, with a shipping capacity of 399,237 TEUs, representing an increase of 23.83% over the end of 2005.

Optimization of routes

In order to effectively capitalize on the newly added shipping capacity, the Group has further optimized its routes worldwide through cooperation with CKYH Consortium, and increased its service coverage. Fast East/Mediterranean, PNW and PSW and China/Australian routes have all been upgraded successfully, service coverage has been expanded and service level has been improved, while vessel cost has been lowered.

Exploring emerging markets

The Group continued the development of new emerging markets such as Central America, Red Sea, Black Sea, the eastern part of Mediterranean as well as Vietnam. For the PRC market, it strengthened the construction of secondary networks, integrated domestic feeder route resources and

enhanced the feeding capability of feeder routes to the main routes as well as upgraded the service network. During the period, the Group also acquired the shares in COSCO Philippines and COSCO (HK) Cargo Service Co., Ltd. which were held by COSCO Group, further improving the global network system.

Terminal and related business

The Group's COSCO Pacific continued to be one of the top five container terminal operators in the world. During the year, COSCO Pacific further expanded its global network by acquiring interests in new terminals and increased its investment in existing terminals. In 2006, the Group's total number of berths increased by 15 to 115, annual capability increased from 54,900,000 TEU to 61,000,000 TEU.

In 2006, the Group's container terminal business grew robustly, with throughput increased by 25.7% to 32,791,713 TEU. During the period, Bohai Bay terminals recorded impressive growth with a total container throughput of 13,431,338 TEU, increased 43.3%. Container throughput of the terminals in Yangtze River Delta and Pearl River Delta were 7,732,432 TEU and 10,400,888 TEU respectively, increased 13.2% and 13.1%. The throughput of container terminal in overseas area has a growth rate of 80.2% to 1,227,064 TEU, as compared with the same period of the previous year.

Acquisition in 2006

In Bohai Rim, Tianjin Port Enroasia Terminal, for which the Group signed a joint venture agreement in 2006 for a 30% interest, is currently under construction with a total of three berths and will commence operation in 2008. Therefore a total of three berths will be added in this region.

In the Yangtze River Delta, the Group purchased another 10% shareholding in the Shanghai Pudong Container Terminal to increase the Group's shareholding from 20% to 30%. In addition, the Group signed a joint venture agreement to construct, operate and manage five berths of Ningbo Yuan Dong Terminal, in which COSCO Pacific holds a 20% interest. Together with the expansion of one berth in Yangzhou Yuanyang Terminal, a total of six berths will be added in this region.

In the Pearl River Delta, the Group signed a joint venture agreement to build, manage and operate six berths of Quanzhou Pacific Container Terminal in which COSCO Pacific holds a 71.43% interest. Four berths are already operating.

Overseas, COSCO Pacific is committed to expanding its worldwide terminal network. COSCO Pacific entered into an agreement in December 2005 to acquire 20% shareholding in the terminal at Suez Canal at Port Said in Egypt. The government of Egypt approved in principle the shares purchase agreement in December 2006.

Container leasing business

During the year, our container leasing and management businesses achieved satisfactory performance by enhancing our business model and capital structure. The Group continued to focus on long-term leases and to expand market share. Successful marketing and increasing flexibility of management enabled us to further strengthen our container leasing and management business model in 2006.

On 31 December 2006, the Group's total container volume amounted to 1,250,609 TEU, representing an increase of 19.9% over the previous year, ranked third largest of the world. In 2006, the average container utilization rate rose from 95.5% in the previous year to 96.2%, which was higher than the average number of 91.8% within the industry.

In order to optimize the mode of operation of the Group's container leasing and management and its capital structure, the Group completed the strategic sale of 600,082 TEU and provided after-sale management services. The total amount received from buyer amounted to US\$869,203,000.

Logistics business

At the end of December 2006, the Group acquired 51% shareholding in COSCO Logistics from COSCO Group, the major shareholder (the remaining 49% shareholding being held by COSCO Pacific, a subsidiary of the Group). The acquisition of COSCO Logistics has enabled the Group to control the leading third party logistics company in the PRC, significantly strengthened the Group's market position as being one of the world's largest and most competitive integrated container shipping and logistics enterprises.

COSCO Logistics provides integrated logistics services which include third party logistics, shipping agency and freight forwarding. Among which third party logistics comprises products logistics and engineering logistics. Freight forwarding comprises sea freight and air freight forwarding businesses.

Third party logistics

With respect to product logistics, COSCO Logistics provides product logistics services such as supply chain management, order management, warehousing and delivery to customers in the industries such as home appliances, automobile, chemical and exhibition. With respect to logistics for home appliances, COSCO Logistics integrated the network resources in 2006 and set up 40 regional distribution centres (RDC), covering major cities of the country. Its clients comprises one-third of home appliance manufacturers in the PRC with leading market position. With respect to logistics for automobile, COSCO logistics provides automobile procurement logistics and sales logistics services to 11 automobile manufacturers in the PRC.

With respect to engineering logistics, COSCO Logistics continued to maintain its leading position in the PRC. In 2006, COSCO Logistics participated in a series of large scale infrastructure projects inside and outside the PRC, including Yunnan Jinghong Hydro Power station, Pakistan Chashma Nuclear

Power Plant project, the project for 5 million tons refinery plant in Algeria of Petrochina, design and consultation projects for United Kingdom oil PTA delivery and supply chain and project for India RELIANCE.

Shipping agency

COSCO Logistics operates its shipping agency business by the brand "PENAVICO" and established a stable client group in major ports in the PRC. The clients mainly include leading shipping companies in the world. Under the circumstances of increased market participants and intense competition, COSCO Logistics provides tailor-made services to core clients and strives to explore new customers and maintains about 50% market share in the PRC.

Freight forwarding

With respects to sea freight forwarding business, COSCO Logistics handled container cargo of 1,915,987 TEU in 2006, representing an increase of 17.4% over 2005. It handled bulk cargo of 12,928 tons, representing an increase of 26.2% over 2005.

With respects to air freight forwarding business, COSCO Logistics has formed an extensive service network with Beijing, Shanghai and Guangzhou as core market and has set up branch offices in the airports in Europe, US, Japan, Korea, Hong Kong and other countries and regions. In 2006, COSCO Logistics handled air cargo of 103,046 tons, representing an increase of 13.5% over 2005.

Market reputation

In 2006, COSCO Logistics ranked the first in the list of "Top 100 logistics enterprises in China" for the third consecutive years and was awarded the Best Third Party Logistics Company in China by Lloyd's FTB Asia China Logistics Awards 2006.

Other businesses

Through COSCO Pacific, the Group owns 16.23%, 20% and 22.5% in CIMC, Shanghai CIMC Reefer Containers Co., Ltd. and Tianjin CIMC North Ocean Container Co., Ltd., respectively. Though in early 2006, containers manufacturing plant remained exposed to market factors subsisting at the end of 2005, the sentiment of container manufacturing market rebound subsequently. As a result, the net profit contribution from our container manufacturing business (excluding the CIMC Put Option Non-cash Expense) increased by 24.1% to RMB 101,823,000 in 2006.

Corporate governance

As a listed company, the Group has stressed the effectiveness and transparency of corporate governance. In 2006, the Group has achieved remarkable results in corporate governance and COSCO was accredited with the "Directors of the Year 2006" (SEHK-Non Heng Sang Index constituent) by the Hong Kong Institute of Directors, making it the first H Share company in the PRC receiving such accreditation. In addition, the Group aimed at standardizing transparent information disclosure. The Company's first annual

report since its listing, that is the 2005 annual report of China COSCO was granted 3 major prizes by the ARC Awards of U.S.

Prospects

It is anticipated that the global container market will still maintain its booming trend while demands will still be strong in 2007. However, it should also be noted that despite the risks with the successive operation of new vessels of the global major shipbuilders and fluctuation of oil prices, port congestions and increase in inland transportation rates in the U.S., we remain cautiously optimistic about the global container shipping market.

In order to explore new financing channel and optimize its capital structure, the Group decided to return to the A Share market in the PRC. It is anticipated that the issue of A Shares in the PRC will be completed by the end of June this year. Meanwhile, being the listed flagship and capital platform of COSCO Group, the Group was in communication with COSCO Group, the major shareholder, with a view to further integrating the shipping assets of COSCO Group, such as its bulk cargo fleet. The Board has authorized the management of the Company to start the feasibility study and relevant preparation work.

With favorable global economic prospect and the support of “China Factor”, we believe that China COSCO will grasp the opportunities and overcome the challenges for the years to come.

“Under the impact of the global industrial movements, foreign direct investments in the PRC has grown significantly, in particular foreign investments in the manufacturing sector, and the PRC has gradually become one of the most important production and manufacturing bases in the world, which has driven the rapid development of exports as the driving force of international trading. “China Factor” continues to be the main driving force for the continuous rapid growth in the shipping market. China COSCO will continue to enhance its integrated competitiveness in shipping through allocation of shipping and logistics resources, to provide global shipping and logistics services of shipping value chain to customers, and maximize operating profitability, enterprise value and shareholder returns.” concluded Captain 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.

The Company provides a wide range of services across the container shipping value chain including container shipping, logistics, terminal and container leasing services. The Company was listed on the Hong Kong Stock

Exchange in June of 2005. As of 31 December 2006, the Company operated a fleet of 139 container vessels through COSCON, with a total capacity of 399,237 TEUs, which ranks the top of the container shipping companies in the PRC and the fifth among all global container vessels fleets. The Company provides integrated logistics services through COSCO Logistics, and is also engaged in the business of container terminals and container leasing through COSCO Pacific.

The Company's goal is to become a leading global leader within the integrated shipping and logistics industry worldwide in terms of size, service range, profitability and customer satisfaction.

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