Press Release
(For Immediately Release)

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

China COSCO Announces 2008 Annual Results

Financial Highlights:

- Revenues of the Group in 2008 were RMB 130.87 billion, representing an increase of 16.6% as compared to 2007.
- Profit attributable to equity holders of the Company for 2008 was RMB 11.62 billion, representing a decrease of 40.4% as compared to 2007.
- Basic earnings per share for the year of 2008 was RMB1.1371.
- The Board recommends the distribution of a final cash dividend of RMB0.29 per share.

[23 April 2009, Hong Kong] China COSCO Holdings Company Limited ("China COSCO" or "the Group", HKEx:1919, SSE:601919), a leading global provider of integrated shipping and logistics services, today announced its financial results for the year ended 31 December 2008.

In 2008, domestic and overseas economies experienced dramatic changes. China encountered severe natural disasters, such as blizzards and earthquakes. Furthermore, the intensifying global financial crisis had significant impacts on the real economies. The growth of international trade slowed down and shipping markets fiercely fluctuated. Mired in such economic hardship, the Group grasped opportunities to enhance reforms and strengthen management. As a result, satisfactory results were achieved.

In 2008, the Group's total revenues were RMB130.87 billion, representing an increase of 16.6% as compared to 2007. Profit attributable to the equity holders of the Company amounted to RMB11.62, representing a decrease of 40.4% as compared to 2007. Excluding fair value loss in FFA and provision for onerous contracts, the results of 2008 maintained at the same level as compared to 2007. The Board recommends the distribution of a final dividend of RMB0.29 per share, with a dividend payout ratio of 25.7%.

Review of Operations by Segment

Container Shipping and Related Businesses
In 2008, the shipping volume of container shipping and related businesses of the Group reached 5,792,593 TEUs, representing an increase of 1.5% over the same period of last year. Revenue from operations amounted to RMB43.8 billion, representing a decrease of 4.3% as compared to last year.

The Group successfully carried out its operational plans in 2008. It reached its goal of "increasing number of vessels and reducing speed" on 17 of its routes throughout the year, achieving a 14.1% increase in capacity but a 3.9% decrease in fuel consumption as compared to 2007. In addition, as the Group seized the opportunity arising from the fluctuation in Renminbi exchange rates and the prosperous domestic trade market to expand its capacity in domestic routes, the Group recorded a year-on-year increase of 6.2% in terms of capacity. The Group also maximised its return freight on Transpacific and Asia Europe routes through marketing efforts and resulted in over a 10% increase in the utilisation rate of slots in return freights. As a result of the above efforts, the Group achieved its operational target of reaching a shipping volume of 6,000,000 TEUs.

In light of the changes in the shipping industry in 2008, the Group grasped market opportunities by making timely adjustments to its routes and shipping capacity. During the rapid growth in market demand, the Group increased its shipping capacity on more profitable routes, including European and Mediterranean routes, Central American routes, Central Australian routes, and South African and South American routes. The Group also secured profits by employing short-term chartered-in vessels for its domestic routes. During the slowdown in market demand in the fourth quarter, the Group reduced its capacity on its major Transpacific and Asia Europe routes and Trans-Atlantic routes in a timely manner through different measures such as integration of its routes and resources, combination of its routes and sale of slots. The Group therefore managed to increase its market presence without sacrificing its service quality while at the same time reducing costs.

To cope with the decrease in shipping volume after the third quarter, the Group set up CKYH Task Force to fully utilise the resources of the consortium for optimizing the allocation of shipping capacity for each route and reducing the operational risks through various measures, including early termination of charters, vessel overhaul, service suspension during off-seasons and routes capacity reduction.

With respect to fuel cost control, the Group insisted on implementing energy saving operation, energy saving management and energy saving technology at the same time. In addition, the Group flexibly hedged bunker and secured spot prices to effectively control fuel costs.

Given the rise in global commodity prices in 2008, the Group took the initiative to negotiate with its suppliers and successfully limited the increase in suppliers' fees and lowered its port charges, and cargo and transshipment expenses. Among which, its negotiation with the railway suppliers in America effectively lowered its related costs.

As at 31 December 2008, the Group had 141 container vessels with a total capacity of 496,317 TEUs in operation, representing an increase of 14.1% as compared to 2007. As at the end of 2008, the Group had an orderbook of 59 container vessels with a total shipping capacity of 444,752 TEUs.

Dry Bulk Shipping Business

In 2008, the Group's dry bulk shipping business sector handled a shipping volume of 293,100,000 tons, representing a year-on-year increase of 10.7%. Dry bulk shipment turnover was 1.5 trillion ton miles, which was similar to that of the previous year. Among which, coal shipping volume amounted to 89,350,000 tons, representing a year-on-year decrease of 1.5%. Iron ore shipping volume amounted to 123,330,000 tons, representing a year-on-year increase of 8.3%. Shipping volume of other cargoes amounted to 80,420,000 tons, representing a year-on-year increase of 33.8%.

Revenues amounted to RMB71.6 billion, representing a year-on-year increase of 34.2%.

The Group worked hard to maintain its revenue. In order to capture the growth momentum of the market, the Group secured its revenue through its shipping capacity from long term charters and through the restructuring of its fleet structure based on market practices. When the market was on an upward trend, the Group seized the opportunity to increase its revenue. According to the statistics as at 31 December 2008, the Group has secured 18.4% of the operating days for 2009 and the time chartering fee is one-third lower than that in 2008.

By closely monitoring and studying the complicated and highly fluctuated market through scientific analysis with an aim to proactively maximise its profits, the Group increased its short term operation efforts amid the recession, replenished its shipping capacity in a timely manner and reduced storage expenses.

The bulk shipping operations headquarters of the Company were established on 19 June 2008. Unifying bulk shipping operations was a crucial step for strengthening the scale of bulk shipping operations and the effect of synergy. The Company fully utilised this unified operation platform and capitalised on its leading position in the market.

As at 31 December 2008, the Group owned, operated and controlled 443 dry bulk vessels, with a total of 34,361,005 DWT, of which, 210 vessels were self-owned vessels totaling 13,908,462 DWT with an average age of 14.5 years per vessel and 233 vessels were chartered vessels totaling 20,452,543 DWT.

As at 31 December 2008, the Group owned an orderbook of 58 dry bulk vessels, with a total of 7,503,000 DWT, comprising 9 VLOC with a total of 2,678,000 DWT, 10 Capesize vessels with a total of 1,994,000 DWT, 16 Panamax vessels with a total of 1,528,000 DWT and 23 Handymax vessels with a total of 1,303,000 DWT.

Logistics Business

In 2008, COSCO Logistics achieved sustainable rapid growth in the areas of third party logistics, shipping agency and freight forwarding. COSCO Logistics continued to build its brand, and increased the influence and reputation of its brands in domestic and overseas logistic markets by the breakthrough of important projects.

Revenues of project logistics increased 38.2%. COSCO Logistics handled approximately 58.58 million units of home appliances in 2008, representing an increase of 35.7% as compared to 2007. The amount of chemical logistics handled increased by 10.7%.

Emphasizing value-added service and technological advancement, COSCO Logistics maintained the market share in public shipping agency and strengthened its leading position and competitive edge in shipping agency market.

COSCO Logistics handled container cargoes of 2,212,978 TEUs, representing an increase of 2.74% as compared to 2007. It handled bulk cargoes of 141,630,000 tons, representing an increase of 0.53% as compared to 2007.

Terminal and Related Businesses

The number of terminal joint venture companies in which COSCO Pacific Limited ("COSCO Pacific") had equity interests in increased from 27 companies with a total of 140 berths in 2007 to 28 companies with a total of 146 berths in 2008. The number of terminal wholly-owned and joint venture companies in which the Company had controlling interests increased to 6 companies with a total of 31 berths. The total annual handling capacity of 21 terminals in operation in 2008 was over 45.88 million TEUs, representing a year-on-year increase of 17.7%.

According to the statistics of Drewry Shipping Consultants Limited, the market share of the container terminal business of COSCO Pacific accounted for approximately 5.5% of the world's total. It continued to be the fifth largest terminal operator. The throughputs of the 18 container terminals in the China region grew stably and steadily, with total annual handling capacity of 41.15 million TEUs, representing a year-on-year increase of 11.1%. Jinjiang Pacific Terminal became part of the Company in March 2008 and commenced operations in April, bringing a new source of income to the Company. With respect to overseas terminals, the growth of throughputs was satisfactory, with a total of 4.73 million TEUs, representing a year-on-year growth of 143.2%, and was one of the major driving forces for the growth of China COSCO's throughputs for the year.

COSCO Pacific achieved relatively good results in terminal development projects. In particular, with respect to overseas terminal investment, COSCO Pacific successfully obtained 35-year concession rights for Pier 2 and Pier 3 of the container terminal of Piraeus Port in Greece. These are the first overseas wholly-owned terminals of COSCO and a major breakthrough.

Container Leasing Business

As at 31 December 2008, the container fleet reached 1,621,222 TEUs, representing a year-on-year increase of 6.7% with a global market share of approximately 13.6%. The average 2008 total annual utilisation rate was 94.6%.

During the year, the Company adjusted the size of its container fleet to a more reasonable level. The Company proactively and innovatively modified the profit-making model of its container leasing business and leveraged its business development model of after-sale management containers and sale and leaseback containers. It also maintained and expanded its market share, effectively controlled investment risks, operation risks and financial risks, as well as accelerated cash flow turnover and maximised return on capital.

Outlook

Looking ahead to 2009, according to the latest forecast by International Monetary Fund (IMF) in March, the growth of the global economy will drop 0.5% to 1.0%. Developed countries will see a negative growth of 3% to 3.5% whereas the growth of developing countries will fall to 1.5% to 2.5%. Given this, international trade is likely to reduce substantially in 2009. China's export environment is harsher and weak demand will intensify the imbalance of supply and demand in international shipping markets. Analysed by segments, the main container liners routes will be more competitive upon the delivery of mega container vessels. The prospect of dry bulk shipping market remains dim due to weak demand. The markets of logistics and terminals will also suffer accordingly. The shipping market in the first quarter of 2009 was extremely weak. The global shipping companies are facing a tough operating environment.

As a result, apart from identifying risks, the Group will also capitalise on favorable market factors. In the long run, the trend of globalisation will continue. The alliance and reliance among countries will further strengthen and the globalization which is based on technology innovations and global productivity re-allocations will not be reversed. In the short run, favorable market factors are emerging. Many governments are seeking to boost investment and consumption by launching stimulus policies. It is expected that the upstream and downstream industries of shipping will benefit from these measures and investments.

The Group will adopt proactive measures to overcome this tough period through strategic planning and exploring opportunities. In order to establish a capital development platform, China COSCO will continue to actively facilitate the implementation of overall strategy in accordance with the principle of "overall planning and implementing in phases.

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About China COSCO:

China COSCO Holdings Company Limited ("China COSCO") and its subsidiary, collectively called ("the Group"), is a leading global provider of integrated shipping and logistics services. The Company's current business includes the provision of a wide range of services across the shipping value chain such as container shipping, dry bulk shipping, logistics, terminal operations, container leasing, freight forwarding and shipping agency services. Each business segment of the Company maintains a market leadership. China COSCO operates the world largest dry bulk fleet and the world No. 6 and China No.1 largest container vessel fleet. Its terminal operation and container leasing business rank world No.5 and No.2 respectively, and logistics segment is among the top in China. The Company was listed on the Hong Kong Stock Exchange in June 2005 and Shanghai Stock Exchange in June 2007. As the listed flagship and integrating platform of COSCO Group, China COSCO aims to become a global leading shipping and logistics conglomerate.

Disclaimer:

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