

For Immediate Release



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

## China COSCO Announces 2009 Interim Results

### Highlights:

- In 1H2009, China COSCO recorded revenue of RMB28.9 billion. Loss attributable to equity holders of the Company was RMB4.6 billion. The results dropped significantly as compared to the corresponding period last year. However, the decrease of financial results has been slowed down in Q2.
- Announced the acquisition of 49% equity of COSCO Logistics from COSCO Pacific. After the transaction, China COSCO will hold 100% equity of COSCO Logistics.
- Announced the acquisition of 100% equity holding of Shanghai COSCO from its parent company, COSCO Group.

[28 August 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 interim results for the six months ended 30 June 2009.

In the first half of 2009, the impact of financial crisis was further deepened. The shipping sector experienced challenging times. During the review period, China COSCO recorded revenue of RMB28.9 billion. Loss attributable to equity holders of the Company was RMB4.6 billion. The results dropped significantly as compared to the corresponding period last year. However, the decrease of financial results has been slowed down in Q2.

Being the unique integration platform of COSCO Group, China COSCO further improved the execution of its overall strategy by maintaining a principle of “making overall plan and implementing in phases”. China COSCO announced the acquisition of 49% equity of COSCO Logistics from COSCO Pacific, and the acquisition of a 100% equity holding of Shanghai COSCO from its parent company, COSCO Group. The 100% equity holding of COSCO Logistics is favorable to the development of our logistics business. The acquisition of COSCO Shanghai enables the Company to gain a high quality team of seafarers and strengthens the industry chain increasing the competitiveness of our container shipping fleet.

### Review of Operations by Segment

#### ***Container Shipping and Related Businesses***

In the first half of 2009, the total cargo volume of China COSCO’s container shipping reached 2.35 million, down 21.9% year-on-year (“YoY”). Revenue of the container shipping segment (excluding the income from vessels chartered out) reached RMB 8.8 billion, down 56% YoY. Revenue per TEU was RMB 3,736, down 43.1% YoY.

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In the first half of 2009, the global financial crisis expanded further and the actual economy suffered a severe impact. Trade fell substantially, leading to an imbalance of demand and supply in the container shipping market. Both trading volume and trading prices fell steadily. CCFI, representing the export price index of China container shipping, was down 28% YoY.

In the first half of 2009, two container vessels were delivered to China COSCO with a total capacity of 14,526 TEUs. As at 30 June 2009, China COSCO had a fleet of 149 container vessels in operation with a capacity of 554,000 TEUs. After negotiation with the shipyards, we delayed part of the container vessels delivery. Moreover, we manage our shipping capacity by various measures including leasing and exchanging vessels among alliances, chartering-out vessels and terminating leases. As at 30 June 2009, the Group has an order book of 57 container vessels with total capacity amounting to 430,000 TEUs.

### ***Dry Bulk Shipping Business***

In the first half of 2009, cargo volume of dry bulk shipping of China COSCO reached 129 million tons, down 4.8% YoY. Our principal cargos were iron ore, coal and grain, accounting for 45%, 29% and 15% of the total cargo volume respectively. Revenue of the dry bulk shipping segment was RMB 11.1 billion, down 71.7% YoY.

As at 30 June 2009, the Group operated 431 dry bulk vessels with a total capacity of 33.92 million dead weight tons (DWT), representing an increase of 1% YoY and a decrease of 1.3% as compared to the end of last year. Of these, China COSCO owned 214 vessels or 14.44 million DWT with average age of the vessels of 14.3 years and chartered 217 vessels or 19.48 million DWT. After negotiating with the shipyards, we announced the cancellation of 8 dry bulk vessels orders. As at 30 June 2009, we had 44 new orders for dry bulk vessels with capacity of 6.45 million DWT.

### ***Logistics Business***

In the first half of 2009, our logistics business achieved satisfactory results, especially in our project logistics business. With the completion of the construction of systematic land-transportation platform, it enabled our Company to integrate our resources further. Moreover, with the strengthening of strategic co-operations, COSCO Logistics successfully won a number of large scale logistics projects including China Guangdong Nuclear Power Group Yangjiang Nuclear Plant Project, China National Nuclear Corporation Fangjiashan Nuclear Power Project, Dongfang Electric Corporation Mettur Power Plant Project in India and Sinopec Corporation Tahe Project in Xinjiang.

### ***Terminal and Related Businesses***

In the first half of 2009, total container throughput of China COSCO was 20.21 million TEUs, down 8.5% YoY. Container throughput in the Bohai Rim and the Suez Canal Container Terminal rose 1.1% and 13.6% respectively. In the first half of 2009, the Group had no new berths in operation and no new terminal project investment was signed. As at 30 June 2009, China COSCO had 89 container berths in operation, with an annual handling capacity amounting to 48.15 million TEUs.

### ***Container Leasing Business***

In terms of container leasing, according to the business model of integrating self-owned containers with managed containers, we maintain a leading position within the industry and remain the second largest container leasing company. As at 30 June 2009, the capacity of self-owned containers with managed containers was 1.61 million TEUs, down slightly by 1.6%. We had a market share of approximately 13.6% in the

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world. The average leasing rate was 90.3%, higher than the average sector standard.

### **Outlook**

In the second half of 2009, the global economy will have a positive development trend. Especially the various economic stimulus measures adopted by the Chinese government have shown results. China's GDP will be able to maintain a growth rate of 8%. However, there are lots of uncertainties, including the instability of global and domestic economies. The economic trend is still challenging. Following the improvement in the global economy and trading conditions, it is expected that the shipping market in the second half of the year is likely to perform better than the first half of the year because of the recovery of demand.

To confront the challenging second half of 2009, China COSCO adopted various measures to explore development opportunities during the crisis, as well as to build China COSCO as a hundred year enterprise.

The container shipping business segment will try to control capacity growth through the delay in the delivery of new ships, termination of chartered ships and exchange capacities; by optimizing routes with cooperative alliances; and continuing to focus on stringent cost controls.

The dry bulk shipping business segment will continue to optimize the portfolio of the owned and chartered-in-fleet, and make a good combination of spot, COA, TC, long-term charter, short-term charter and voyage charter operations to maximize results. At the same time, it will continue to focus on the key client strategy, further enhance lean management and cost controls, as well as further strengthen risk controls.

Being the unique integration platform of COSCO Group, China COSCO will continue its overall strategy by maintaining the principle of "making overall plan 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. 7 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:**

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

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