For Immediate Release

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

China COSCO Announces 2011 Annual Results

Results Highlights:

- Revenues of the Group dropped 12.3% year-on-year to approximately RMB 84.6 billion.
- Profit attributable to equity holders of the Company was RMB -10.5 billion compared to RMB 6.79 billion in 2010.

(29 March 2012, Hong Kong) China COSCO Holdings Company Limited ("China COSCO" or the "Group") (HKEx:1919, SSE:601919) today announced its annual results for the year ended 31 December 2011.

Slower economic growth combined with volatility both within China and overseas derailed the global economic recovery in 2011, leading to a slide in international trade. The shipping industry was also adversely affected. In the face of various difficulties, the Group focused on efficiency enhancement and timely adjustments to its operating strategies, including the optimization of its business network, active expansion of its customer base and enhancements to its marketing efforts. Nevertheless, freight rates spiraled downwards due to a severe market imbalance coupled with rising fuel and other input costs. As a result, the Group's operating efficiency deteriorated during the period.

Revenues of the Group dropped 12.3% year-on-year to approximately RMB 84.6 billion in 2011. Profit attributable to equity holders of the Company was RMB -10.5 billion compared to RMB 6.79 billion in 2010. In view of the results performance, the board of directors resolved that it would not declare the payment of a final dividend for 2011.

Review of Operations by Segment

Container Shipping Business

The shipping volume of Group's container shipping and related businesses reached 6.91 million TEUs in 2011, up 11.2% from the previous year. Revenues from this segment amounted to RMB 41.4 billion, down 11% year-on-year. Meanwhile, average fuel costs for this business segment climbed 36.6% year-on-year during the period.

With its large fleet of vessels, the Group optimized vessel utilization on main shipping routes and expanded the coverage of its shipping routes to deal with the worsening market conditions. By forging closer cooperation with business alliances, the Group effectively mitigated overcapacity problems within the industry. The Group strove to generate revenues through various measures, including making timely adjustments to stabilize its freight rates, enhancing its on-time performance, and adjusting its marketing model and structure to strengthen sales. Meanwhile, it implemented a comprehensive budget management system and improved its cost structure and appraisal] mechanism, which effectively kept its costs under control.

For the year ended 31 December 2011, six vessels with a total capacity of 69,458 TEUs were delivered. The Group had no new orders for container vessels during the period. As at 31 December 2011, the total capacity of the Group's self-owned fleet (excluding chartered-out vessels) increased by 8.8% from a year ago. It had an order book of 32 container vessels with a total capacity of 244,168 TEUs.

Dry Bulk Shipping Business

In 2011, the dry bulk shipping sector remained in the doldrums, with the Baltic Dry Index ("BDI") tumbling 43.8% year on year. During the period, the shipping volume of the Group's dry bulk shipping business was 262.80 million tons, down 6.18% year-on-year. Dry bulk shipment turnover was 1.32 trillion ton-nautical miles, representing a decrease of 7.04% from a year ago. Revenues from this business segment were RMB 23.4 billion, down 29% year-on-year. Lastly, fuel costs for the period soared 31.7% year-on-year.

The Group pursued a "customer-driven and business-oriented" policy amid the worsening market environment. It stepped up efforts to explore major new customers and strengthened relationships with existing customers. Through operational adjustments, it promptly optimized its fleet structure and reduced vessel capacity. The Group tried to exert greater influence on shipping orders to capture market opportunities. It further enhanced its operational specialization. Moreover, it reinforced operational efficiency and exercised stringent cost controls. It is noteworthy that the Group streamlined the structure of its dry bulk shipping business by establishing COSCO Bulk Carrier (Group) Co., Ltd., aiming to benefit from greater synergies and economies of scale resulting from enhanced efficiency of its dry bulk vessel fleet.

As at 31 December 2011, the Group's order book was 374 dry bulk vessels with a total capacity of 33.80 million DWT. There were new orders for 20 dry bulk vessels with a total capacity of 1.904 million DWT.

Logistics Business

During the review period, the operating efficiency of the logistics business continued to improve. The Group made vigorous efforts to optimize its business structure. For project logistics operations, ground transportation platforms for major commodities were further enhanced, leading to the improvements in the business's core competitiveness and greater market influence. As to e-business logistics operations, the Group strengthened its cooperation with major e-business portal operators. In addition, it actively explored new business opportunities in the chemical logistics market, it forayed into wine logistics and expanded the supply chain. The Group has been named number one on list of the "Top 100 Logistics Companies in China" for seven years in a row and was selected as the leading member of the "Top 100 Logistic Enterprises in China by Brand Value" in 2011.

Terminal and Related Businesses

COSCO Pacific actively seized opportunities arising in the terminal and container leasing sectors and achieved remarkable profit in 2011. The results of its operational innovation were particularly promising. COSCO Pacific's container terminal throughput maintained steady growth and grew 15.1% year-on-year to 50.70 million TEUs. The throughput of container terminals in China for 2011 increased by 14.2% over the previous year and was higher than the national average of 11.4%. Both the Piraeus Terminal in Greece and the Guangzhou South China Oceangate Container Terminal commenced operations last year, generating profit earlier than expected.

COSCO Pacific remained the fifth largest terminal operator in the world and handled 8.8% of the global container throughput in 2011, up 1.9% from the previous year.

Container Leasing Business
As at 31 December 2011, the capacity of the Group's container fleet was 1.78 million TEUs, up 8.9% from a year ago. It remained the third largest container leasing operator in the world in terms of container leasing rates, which was well above the market average.

Social Responsibilities
As a multi-national enterprise, China COSCO attaches great importance to its social responsibilities. It made significant contributions during the year, including to the Japanese earthquake relief program, emergency evacuation of Chinese citizens in Libya and anti-pollution programs. According to Fortune China magazine released on 20 March 2012, the Group was selected as one of China's 100 Most Accountable Companies.

Outlook
Looking ahead into year 2012, the global economy will continue to decelerate and overcapacity problems will continue to drag on the shipping industry. A combination of challenges lay ahead for the industry, including slower economic growth, a slowdown in international trade, overcapacity and high fuel costs.

The Group will transform these challenges into opportunities. Although the pace of China's economic development will be slower than in previous years, it is still promising. Moreover, the fundamentals of U.S. economy are improving and on the uptrend. These favourable developments are positive signs for the shipping sector. As market players look for reasonable revenues, it is generally believed that the container shipping industry will stage a rebound. Overall freight rates will return to more reasonable levels, with those on the Asia-Europe and Trans-Pacific routes already improving substantially since the beginning of this year. The performance of the container shipping industry in 2012 should be better than that last year. Meanwhile, demand for major commodities is expected to increase and China will remain the largest player in the dry bulk shipping sector. The performance of this sector in the second half of this year will be better than the first half. The coordinated effort of operators around the world to stabilize freight rates and improve the market imbalances will ensure the healthy development of the dry bulk shipping industry and create reasonable room for the operators to grow.

In light of the considerable impacts of the macro-environment on our operating results, the Group will carry out feasible measures to ride out challenges. For the container shipping business, the Group will strive to raise freight rates and lower costs. It will actively expand into emerging markets to boost its market share and boost profitability through the provision of value-added services. As to the dry bulk shipping operation, the Group will take advantage of its integrated platform COSCO Bulk Carrier (Group) Co., Ltd. to achieve greater economies of scale, thereby enhancing operating efficiency, lowering costs and acquiring new customers. The Group will also strengthen its competitive edge in logistics, terminal and container leasing operations. It will introduce measures to enhance profitability. It will actively look for opportunities arising from difficult market conditions, reinforcing its existing businesses and seeking future expansion. The Group will evaluate the market situation objectively and prudently and make better preparations for business growth. Moreover, it will improve risk management to enhance steady and sustainable development. The Group will lever on its listing platform to strengthen its competitiveness, maximize returns to shareholders and give back to society.

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About China COSCO:
China COSCO Holdings Company Limited ("China COSCO", together with its subsidiaries collectively known as the "Group"), is a leading global integrated shipping and logistics services provider. The Group provides comprehensive shipping services including container shipping, dry bulk shipping, logistics, terminal operations, container leasing, freight forwarding and shipping agency services. It commands leadership in each of business sector. China COSCO operates the largest dry bulk fleet in the world. Its container fleet is the fourth largest in the world and the largest in China. Its terminal operation and container leasing business are ranked the fifth and the third respectively in the world, while its logistics business is the largest in China. The Company was listed on the Hong Kong Stock Exchange in June 2005 and the Shanghai Stock Exchange in June 2007 respectively. As the financing platform of COSCO Group, China COSCO is determined to become a leading global shipping and logistics enterprise.

Disclaimer:
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