For Immediate Release

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

China COSCO Announces 2012 Interim Results

2012 Interim Results Highlights:

- Revenues of the Group increased by 1.3% year-on-year to approximately RMB42.56 billion.
- Loss attributable to equity holders of the Company was approximately RMB4.87 billion, up 76.7% year-on-year.
- Basic loss per share was RMB0.48.

(29 August 2012, Hong Kong) China COSCO Holdings Company Limited ("China COSCO" or the "Group") (HKEx:1919, SSE:601919), a leading global integrated shipping and related services provider, today announced its interim results for the six months ended 30 June 2012.

China's economy slowed down in the first half of this year amid the fragile global economy. The shipping industry suffered from lackluster international trade and overcapacity problems, leading to continued imbalances in the market. Although container shipping freight rates recovered markedly from the ebbs in the second half of last year after liner shipping companies' efforts to boost the rates, the overall conditions were still unsatisfactory. Meanwhile, the dry bulk shipping sector plummeted again in the first half of this year due to severe market imbalances. While the global dry bulk fleet capacity soared by more than 15% year-on-year, the market demand merely grew by 6.2% from a year ago. Average Baltic Dry Index (BDI) for the first half of 2012 dropped 31.3% year-on-year to 943 and hit the historical low in the period. On the other hand, performance of terminals and logistics operations was less affected by the market downturn.

The Group recorded revenue of RMB42.56 billion in the first half of this year, up 1.3% year-on-year. Loss attributable to equity holders of the Company was approximately RMB4.87 billion, up 76.7% year-on-year.

Review of Operations by Segment

Container Shipping and Related Business
In the first half of 2012, shipping volume of the Group's container shipping and related business totaled 3,781,535 TEUs, an increase of 16.7% from the same period last year. Revenues from this business segment amounted to RMB23.11 billion, up 14.1% year-on-year.

The Group made timely adjustment to its shipping routes in light of the market environment, optimized its business network and reinforced cooperation with business alliances. While strengthening the development of two-way FOB market, it enhanced marketing efforts and expanded value-added services in order to revive the freight rates. Moreover, it improved the supplier selection mechanism and exercised stringent control on bunker costs. As a result, the loss from this segment reduced when compared with the same period last year. It is noteworthy that the schedule reliability of the Group's carriers substantially improved and was widely acclaimed by customers.

As at 30 June 2012, the Group operated 166 container vessels with a total capacity of 741,687 TEUs. There was no new vessel order in the first half of 2012.

Dry Bulk Shipping Business

The Group handled a total of 112,158,700 tons of dry bulk cargo in the first half of 2012, representing a decrease of 17.7% from a year ago. Dry bulk shipping turnover for the period was 575,159 million ton-nautical miles, down 16.36% year-on-year. Revenues from this business segment dropped 32.4% year-on-year to RMB8.26 billion.

In the face of the difficult environment, the Group centralized management operations and exerted greater synergies. It stepped up efforts in network development so as to expand its cargo sources. Moreover, it optimized the fleet capacity and reduced the number of chartered-in vessels. With improved market analysis, the Group made a better forecast of the shipping capacity. In addition, it lowered operating costs through lean management.

As at 30 June 2012, the Group operated a total of 357 dry bulk vessels with a total capacity of 32,428,405 deadweight tons ("DWT"), of which 227 vessels with a total capacity of 18,933,606 DWT were self-owned, while the remaining 130 vessels with a total capacity of 13,494,799 DWT were chartered in. There was no new vessel order in the first half of 2012.

As at 30 June 2012, 63% of total operating days of dry bulk shipping business of the Group in 2012 were locked with chartered-out contracts. The average locked time chartering rate of all vessels was 29% lower than the average rate for 2011.

Logistics Business

The Group achieved revenues of RMB9.44 billion from logistics business in the first half of this year, up 13.7% from the same period last year. For the third-party logistics operations, it further enhanced and expanded logistics services and products. The Group improved and expanded its business services and products, pursued innovation in business models and strengthened management and operation, thereby enhancing its achievements in business internationalization. As to the shipping agency business, the Group persisted in services innovation and actively explored market opportunities in this area. As to the freight forwarding business, it reinforced the cooperation with direct customers and ran integrated operations according to modern logistics principles.

Terminal and Related Businesses

In the first half of 2012, performance of overseas terminal operations slowed down. The Group adjusted its operating strategies accordingly. It implemented lean management and carried out various measures to lower costs and boost efficiency. Management standards for its terminals continued to improve. During the period under review, total container throughput handled by the Group reached 26,876,860 TEUs, representing an increase of 10.8% year-on-year. Piraeus Container Terminal S.A. in Greece experienced remarkable growth in business. As at 30 June 2012, COSOC Pacific, a subsidiary of China COSCO, operated 95 container terminal berths with annual capacity of 56,850,000 TEUs and 10 bulk cargo berths.

Container Leasing Business

The Group's container leasing business arm Florens Container Holdings Limited retained the third largest share of the global market. As at 30 June 2012, the size of the Group's container fleet was 1,797,377 TEUs, up 4.9% from a year ago and accounting for 12.2% of the global container leasing market.

As an international enterprise, China COSCO is eager to fulfill its role as a responsible corporate citizen. It made significant achievements in various areas, in particular anti-pollution, reductions in emissions and energy consumption.

Outlook

Going forward, the outlook for global economy is still challenging, given the staggering economic recovery in the U.S., prolonged European debt crisis as well as the economic slowdown in emerging markets including China. Despite the initiatives taken by the governments of various countries to revive their economic growth, international trade is expected to slow down further amid the weakening economic environment. As a result, the global shipping industry will only experience modest growth in the second half of this year. On the other hand, the market still faces the overcapacity problems as new container vessels with a total capacity of 0.69 million TEUs and 546 new dry bulk vessels with a total capacity of 45.688 million DWT will be delivered in the second half, according to the estimate of related research institute. Even though the shipping industry may see a seasonal recovery in the second half, the overall market conditions are difficult due to the constraints imposed by global economic slowdown, market imbalances and rising bunker costs.

The Group will overcome these difficulties and thoroughly evaluate the market environment so as to make timely adjustment in its operating strategy in response to changes in the market. Moreover, it will exercise stringent risk control to ensure the steady and sustainable growth of its businesses. The standards of its corporate governance and productivity and operating efficiency will be further strengthened through the implementation of comprehensive budget management and supplier management as well as stricter cost control. On the container shipping operations, the Group will optimize its fleet capacity and step up efforts in stabilizing freight rates, improving the structure of its shipping routes and expanding cargo sources. It will further enhance its services standards, explore opportunities to provide more value-added services to customers and push the development of two-way FOB operations. As to dry bulk shipping operations, the Group will take advantage its integrated platform to proceed with its cargo sources-driven and major customer-oriented strategy. The business structure of this segment will be further enhanced and it will be run prudently and flexibly. Meanwhile, the Group will continue to keep the fleet capacity under control, striving hard to reduce the loss from this segment and boost its efficiency. Meanwhile, more resources will be directed to the expansion of terminals, logistics and container leasing operations in order to generate greater return.

China COSCO will leverage on its existing achievements and go further. It will make use of its financing platform to continuously improve its overall competitiveness, minimize the loss and boost operating efficiency, thereby striving its best to protect the interests of shareholders.

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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 becoming a leading global shipping and logistics enterprise.

Disclaimer:

Media Enquiries:

Ming Dong
China COSCO Holdings Company Limited
Tel : 8610-6649-2290
Email: mingdong@chinacosco.com

Meng Xiangjun
China COSCO Holdings Company Limited
Tel : 8610-6649-2208
Email: mengxiangjun@cosco.com

Henry Chik / Camille Xiong / David Shiu
PRChina Limited
Tel : 852-2522-1838/1368
Email: hchik@prchina.com.hk
cxiong@prchina.com.hk
dshiu@prchina.com.hk