For Immediate Release

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

China COSCO Announces 2012 Annual Results and Details of the Proposed Sale of COSCO Logistics

(27 March 2013, Beijing) China COSCO Holdings Company Limited ("China COSCO" or the "Company", together with its subsidiaries known as the "Group") (SSE:601919; HKEx:1919) announced that the Group achieved revenue of RMB88.33 billion in 2012, up 4.4% year-on-year. Net loss attributable to equity holders of the Company for the year was RMB9.56 billion. In order to reduce the risk of its stock being suspended from trading on the A-share market and based on the Group's strategic consideration, it proposed to sell a 100% equity interest of its directly held subsidiary COSCO Logistics Co., Ltd. ("COSCO Logistics") to the controlling shareholder China Ocean Shipping (Group) Company ("COSCO Group") for cash consideration of RMB6.74 billion. Upon completion of this transaction, China COSCO is expected to realize a one-off pre-tax gain of approximately RMB1.96 billion.

The year 2012 was a very tough year for China COSCO. While the imbalance in the world's shipping industry persisted, the Group took a series of measures to boost sales and reduce expenses, including the reform of marketing systems, enhanced internal collaboration, centralized procurement and the promotion of benchmarking management. However, it takes time for their effects to be seen. Loss from dry bulk shipping operations in 2012 increased due to the overcapacity problem, historic low levels of freight rates, rising operating costs and imbalanced fleet combination, which was a major factor to affect the Group's operating results.

Review of Operations by Segment

Container Shipping and Related Businesses

The shipping volume of the Group's container shipping and related businesses reached 8.016 million TEUs in 2012, up 16.0% from the previous year. Revenue from this segment amounted to RMB 48.425 billion, up 17.0% year-on-year. Despite cost per TEU dropped 7.7% from 2011 and the operating results of this segment improved significantly when compared to 2011, there is still considerable room for improvement in its overall performance.

During the period under review, the Group made timely adjustment to shipping routes and optimized its network according to market conditions. It intensified cooperation with business alliances, focused on balancing the cargo flow of import and export, deepened reform of its marketing structure, developed extended services and implemented measures to revive the freight rates. Moreover, it stepped up efforts to strengthen the management of suppliers and to control bunker fuel costs. It is noteworthy that remarkable achievement was made in enhancing on-time performance of its fleet, which was highly acclaimed by shippers.

For the year ended 31 December 2012, 14 vessels with total capacity of 94,986 TEUs were delivered. The Group had no new orders for container vessels during the period. As at 31 December 2012, the total capacity of the Group's self-owned fleet (excluding chartered-out vessels) increased by 13.3% from a year ago. It had an order book of 18 container vessels with total capacity of 149,330 TEUs.

Dry Bulk Shipping Business

During the period under review, the shipping volume of the Group's dry bulk shipping business was 224.56 million tons, down 14.6% year-on-year. Dry bulk shipment turnover was 1.13 trillion ton-nautical miles, representing a decrease of 14.3% from a year ago. Revenue from this business segment were RMB 16.027 billion, down 31.4% year-on-year.

In 2012, the dry bulk shipping sector remained in doldrums. The average Baltic Dry Index ("BDI") for the year fell 40.6% to 920 from the average index of 1,549 for 2011, a record low since the first publication of the index. In the face of such severe environment, the Group strove to optimize its fleet structure, explore opportunities with good potential and lower operating costs. Furthermore, it capitalized the advantages of domestic and overseas outlets and stepped up marketing efforts to secure more major customers. And it took various measures to reduce loss from some high-cost chartered-in vessels.

As at 31 December 2011, the Group operated 332 dry bulk vessels with total capacity of 30.07 million DWT, down 10.1% from a year ago mainly due to a decrease in the capacity of chartered-in vessels. As at 31 December 2011, it had an order book of 16 dry bulk vessels with total capacity of 1.51 million DWT.

Other Businesses

Revenue of logistics business maintained a stable growth, while terminal and container leasing business continued to develop at a healthy pace.

Selling of COSCO Logistics

China COSCO is fully aware of the existing difficulties and the risks facing it. As a result, it will use all means to improve operating results. The Company has just announced a proposal to sell its 100% interest in COSCO Logistics to the controlling shareholder COSCO Group. The transaction is expected to generate a pretax gain of approximately RMB 1.96 billion in the financial year 2013, which will help improve its financial results, cash position and operating cashflow and reinforce the competitiveness of its core shipping operations.

An extraordinary general meeting will be held on 26 April 2013 to let the Company's shareholders vote on the proposed sale of COSCO Logistics.

Looking ahead into 2013, the profound impacts of the financial crisis are expected to persist. The global economy is full of uncertainties. While the world's carrying capacity will continue to outpace the market demand, the imbalance in the shipping industry will remain unsolved. The market outlook still looks unpromising, although it is expected to perform better than in 2012. For the container shipping sector, the global carrying capacity is estimated to grow 6.1% in 2013 as compared to a 3.7% increase in 2012. Although the overcapacity problem will still remain, the excessive capacity will be reduced. Meanwhile, the growth rate of dry bulk shipping capacity will slow down significantly, alleviating the overcapacity problem in this sector.

The Group will further reform programs to improve its inefficiency, striving to reduce loss from shipping operations and to return to profit. For the container shipping operations, it will optimize shipping routes and product design, step up marketing efforts, reinforce customer base and stabilize and revive the freight rates. Through refined operation procedures, the Group will ensure the punctuality of liner services, improve service quality and increase customer satisfaction. On the other hand, it will exercise stricter cost control, in particular on bunker fuel costs. In order to sharply cut loss from dry bulk shipping operations and maintain its survival, the Group will strengthen market analysis and increase the business proportion from basic customers. Moreover, it will prudently manage the voyage number and explore business opportunities with good potential. By making timely adjustment of fleet combination and making continuous efforts to lower lease rentals for high-cost chartered-in vessels, it strives to lower operating costs and to enhance efficiency, laying a solid foundation for sustainable business growth. As to other businesses, the Group will strengthen its existing competitiveness and actively explore opportunities to enhance their profitability.

The Company commented, "China COSCO will strive to identify business opportunities amid the difficult environment, focusing on solving current problems and looking into the future. By sharpening its capability to capture opportunities that may arise and enhancing risk management, it will carry out business in a prudent manner and drive its sustainable development. Any measures that can help improve its overall profitability, drive sustainable growth and protect the long-term interests of shareholders will be given careful consideration and implemented at full strength after thorough discussion, review and approval according to the established procedures. COSCO Group has reaffirmed the policy of using China COSCO as its platform to tap into international capital market. Leveraging COSCO Group's extensive resources, China COSCO can withstand the storm in the shipping industry, capture new opportunities in the market to drive its growth."

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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 maintains leadership in each of business sector. China COSCO operates one of the largest dry bulk fleets 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 fourth respectively in the world, while its logistics business is leading 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.