



中遠國際控股有限公司

COSCO INTERNATIONAL HOLDINGS LIMITED

Press Release

【For Immediate Release】

COSCO International Announces 2007 Interim Results

(SEHK Code: 0517)

Seizing Market Opportunities Robust Growth Fuelled by Core Business

Results Summary

- Turnover increased by 30.3% to HK\$1,139,115,000;
- Unaudited profit attributable to the equity holders surged by 301.2% to HK\$400,297,000;
- Basic earnings per share surged by 294.0% to HK27.54 cents;
- The Board has recommended an interim dividend payment of HK1 cent per share;
- Satisfactory results recorded in ship trading and supplying services segment, attributable to higher demand driven by the robust growth in shipping industry during the period;
- Turnover from ship trading and supplying services accounted for 90.7% of the total turnover, up 11.9 points;
- Turnover from coatings business up by 64.2%;
- Further disposal of non-core businesses by completing the disposal of building construction business in Hong Kong and divesting from direct participation in property development projects in China
- Contribution from jointly controlled entity SOLH amounted to HK\$328,066,000.

Financial Highlights

Unaudited	2007	2006	% Change
For the six months ended 30th June	HK\$ million	HK\$ million	
Turnover	1,139	874	30
Gross profit	282	211	34
Profit attributable to the equity holders	400.3	99.8	301
Basic earnings per share (HK cent)	27.54	6.99	294
Interim dividend per share (HK cent)	1	1	---

(19th September 2007, Hong Kong) COSCO International Holdings Limited (“COSCO International” or the “Company”) (stock code: 0517) and its subsidiaries are pleased to announce its unaudited interim results for the six months ended 30th June 2007.

In the first half of 2007, the Company and its subsidiaries recorded a turnover of HK\$1,139,115,000 (2006: HK\$874,411,000), increased by 30.3% compared to the corresponding period of the previous year. Unaudited profit attributable to the equity holders was HK\$400,297,000 (2006: HK\$99,770,000), rose by 301.2% while basic earnings per share increased by 294.0% to HK27.54 cents (2006: HK6.99 cents) over the same period last year. The board of the Company (“The Board”) has recommended an interim dividend payment of HK1 cent per share (2006: HK1 cent).

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Regarding the 2007 interim results of the Company and its subsidiaries, Mr. Liu Guoyuan, Vice Chairman of COSCO International said, “In the first half of 2007, the global economy recorded a stable growth while China’s economy grew rapidly, which facilitated the robust growth in imports and exports trade and boosted the positive development of shipping industry. The shipping-related business of ship trading and supplying services continued to benefit from the favourable external economic environment and grew rapidly. During the period, backed by COSCO and COSCO (Hong Kong) Group Limited, the Company and its subsidiaries achieved an encouraging performance and recorded satisfactory results in the segment of ship trading and supplying services, after launching a series of asset restructuring on activities including further disposal of its non-core businesses and focused its resources on the development of its core business of ship trading and supplying services.”

Performance of the Company and its subsidiaries’ various key business units in the first half of 2007 are described below:

Ship Trading and Supplying Services

During the period, turnover from ship trading and supplying services of the Company and its subsidiaries amounted to HK\$1,033,334,000 (2006: HK\$689,232,000), increased by 49.9% as compared to the same period of 2006 and accounted for about 90.7% (2006: 78.8%) of the total turnover of the Company and its subsidiaries. Segment results from ship trading and supplying services was HK\$110,502,000 (2006: HK\$68,583,000), increased by 61.1% as compared to the corresponding period of the previous year.

(1) Ship Trading Agency Services

COSCO International Ship Trading Company Limited (“COSCO Ship Trading”), a non-wholly owned subsidiary in which the Company has 60% stake, mainly provides exclusive agency services relating to ship building, trading and chartering for COSCO fleets and similar agency services to non-COSCO shipping companies. As the globe shipping industry grew substantially, trading of new and second-hand vessels was active in the first half of 2007. COSCO Ship Trading consummated the trading of 47 vessels, amounting to a total of 3,278,000 dead weight tonnages (2006: 3,137,000 dead weight tonnages), representing an increase of 4.5% as compared with the same period in 2006. During the period, COSCO Ship Trading’s turnover was HK\$25,604,000 (2006: HK\$25,393,000), nearly the same with that recorded in the same period last year. In view of the thriving ship building industry, it was expected more large-sized vessels would be delivered in the forthcoming years. The Company was optimistic about the overall shipping market in the second half of 2007 and expected new vessels market would maintain robust.

(2) Marine Insurance Brokerage Services

The Company’s wholly-owned subsidiary in Hong Kong, COSCO (Hong Kong) Insurance Brokers Limited (“HK COSCO Insurance Brokers”), a marine insurance broker accredited by Lloyd’s, mainly operates intermediary businesses in respect of marine insurance and ship owners’ liabilities insurance. Besides, the Company’s non-wholly owned subsidiary Shenzhen COSCO Insurance Brokers Limited (“SZ COSCO Insurance Brokers”) mainly

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engaged in marine insurance brokerage business in China. During the period, turnover derived from HK COSCO Insurance Brokers and SZ COSCO Insurance Brokers amounted to HK\$24,305,000 (2006: HK\$20,527,000), representing an increase of 18.4% as compared to the same period last year. The satisfactory results were attributable to the continued efforts of both HK COSCO Insurance Brokers in seizing the blooming insurance market and diversifying its customer base, and SZ COSCO Insurance Brokers in expanding its market in China Mainland and attracting new customers respectively, as well as their persistence in providing quality service to customers.

(3) *Sales of marine equipment, spare parts and communications and navigation equipment*
Yuantong Marine Service Co. Limited (“Yuantong”), a wholly-owned subsidiary of the Company, is principally engaged in sales and installation of marine equipment and spare parts for existing vessels and new vessels, oil drilling projects at sea and communications systems, shore-based AIS system, vessel traffic management systems and information management system for land users. During the period, Yuantong, on the one hand, continued to capitalize on the rapid development of China shipbuilding industry and extended its provision of services to non-COSCO Group customers on the other. As such, Yuantong achieved a satisfactory results with a turnover of HK\$165,134,000 (2006: HK\$144,955,000) in the first half of the year, an increase of 13.9% over the same period last year. Yuantong will continue to capture the market opportunities, seek closer relations with shipowners and shipbuilders and expand its service networks, so as to strive for business expansion and maintain a strong growth.

(4) *Production and Sales of Coatings Business*

The Company’s non-wholly owned subsidiaries, Tianjin COSCO Kansai Paint & Chemicals Co. and Shanghai COSCO Kansai Paint & Chemicals Co., Ltd. (collectively “COSCO Kansai Companies”) are mainly engaged in the production and sales of container coatings and industrial heavy-duty anti-corrosion coatings. Meanwhile, Jotun COSCO Marine Coatings (HK) Limited (“Jotun COSCO”), a jointly controlled entity of the Company and Norwegian coatings manufacturer Jotun A/S of which each owning 50% stake, is responsible for production and sales of marine coatings. During the period, the production and sales of coating products recorded a turnover of HK\$818,291,000 (2006: HK\$498,357,000), representing a substantial increase of 64.2% as compared with that of 2006.

During the period, sales volume of container coatings of COSCO Kansai Companies amounted to 36,514 tonnes (2006: 25,919 tonnes), up by 40.9% over the same period of last year. The increase was mainly due to the Company’s capability to fully capitalise on market opportunities. The Company received a substantial trade contracts due to stable relations maintained with existing key container owners and manufacturers, and explored new customers which became new growth drivers. Following the establishment of Zhuhai COSCO Kansai Paint & Chemicals Co., Ltd. (“Zhuhai Kansai”) and the construction of a new coatings plant in Zhuhai, the new coatings plant is scheduled to commence operation in the second half of the year. Upon its commencement, the total annual production volume of COSCO Kansai Companies and Zhuhai Kansai will be expanded to 100,000 tonnes. The

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plants situated in Tianjin, Shanghai and Zhuhai are respectively located in three of the most economically developed areas in China, namely the Pan Bohai Rim, the Yangtze River Delta and the Pearl River Delta, which will form a coordinated development layout in key coastal areas along the northern, eastern and southern China, so as to facilitate provision of speedy and efficient services to customers across different regions.

Jotun COSCO is engaged principally in the production and sales of marine coatings in China (including Hong Kong and Macau Special Administrative Region). Benefited from the robust development of shipbuilding and ship repairing industries, the marine coatings market maintained a strong momentum of growth gained since last year. Jotun COSCO recorded its marine coatings sales volume of 13,031,000 litres (equivalent to 16,940.3 tonnes) (2006: 8,640,000 litres (equivalent to 11,234 tonnes)) during the period, representing a significant increase of 50.8% as compared to the first half of 2006. It was expected that the constant increasing demand of the shipbuilding industry will boost the continuous strong growth in demand for marine coatings. Jotun COSCO will continue to maintain close relations with key customers, improve product quality, expand its markets in China and further enhance its profitability.

Sales volume of COSCO Kansai Companies' industrial heavy-duty anti-corrosion coatings was 4,650 tonnes (2006: 3,148 tonnes) during the period, representing an increase of 47.7% as compared to the first half of 2006, mainly due to a significant growth in the demand for industrial heavy-duty anti-corrosion coatings from the construction, transportation, infrastructure and energy sectors, in addition to the results from exploring more customers through marketing activities during the period.

Property Development and Property Investment

During the first half of 2007, turnover from property development and property investment dropped by 42.8% to HK\$105,781,000 (2006: HK\$184,842,000), accounting for 9.3% of the Company and its subsidiaries' total turnover. Segment results recorded a loss of HK\$5,991,000 (2006 : a profit of HK\$29,793,000). The loss was mainly attributed to: i) the decrease in saleable area as Shenyang COSCO Yihe Garden was in its final stage; ii) the provision of impairment of approximately HK\$13,744,000 for the unsold properties of Shenyang COSCO Yihe Garden.

(1) Shenyang COSCO Yihe Garden

During the period, the Company's 51% interest owned Shenyang COSCO Yihe Property Development Co., Ltd. ("Shenyang COSCO Yihe") had sold a total area of approximately 14,466 square metres (2006 : 29,220 square metres) of COSCO Yihe Garden under its sales contracts. The decline in area sold was mainly attributable to the decrease in the saleable area of Shenyang COSCO Yihe Garden as the project was in its final stage. On 24th August 2007, the Company's indirect wholly owned subsidiary entered into a conditional sales and purchase agreement with an independent third party. The Company agreed to sell 51% interest in Shenyang COSCO Yihe at a consideration of RMB55,667,000 (equivalent to HK\$57,521,000).



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(2) Shanghai Kingswell Garden

On 29th December 2006, the Company's wholly owned subsidiary entered into an equity transfer agreement with an independent third party, pursuant to which the Company agreed to sell Block 5 of Kingswell Garden, its service apartment in Shanghai at a total consideration of HK\$31,200,000. The transaction was completed in January 2007.

Investment in Jointly Controlled Entity

Sino-Ocean Land Holdings Limited ("SOLH"), in which the Company indirectly owns 30.8% interest, wholly owned Sino-Ocean Land Limited ("SOL"), which is a renowned property developer in China and has won numerous awards for property development projects in Beijing. SOL's properties currently under development in China include Ocean Landscape, Ocean Seasons, Ocean Office Park and Ocean Express in Beijing and Haihe New Skyline in Tianjin. SOL is engaged mainly in developing residential properties in the medium to high-end price range and premium grade A office buildings. In addition to major development in Beijing, SOL has explored markets in the Pan Bohai Rim. SOL has investments in Tianjin, Dalian and Shenyang, as well as in Zhongshan, in the Pearl River Delta. For the six months ended 30th June 2007, the Company and its subsidiaries' share of profit from SOLH amounted to HK\$328,066,000 (2006: HK\$33,066,000). The increase was mainly attributable to the increase in the net profit of SOLH during the period. On 14th September, SOLH published a prospectus whereby 1,505,540,000 new shares (including over-allotment option) will be offered for subscription. Assuming the over-allotment option is exercised in full, the shareholding of the Company in SOLH will be diluted from 30.8% to 20.44% immediately after the completion of the offering. It is proposed that the shares of SOLH will be listed on the main board of the Stock Exchange of Hong Kong Limited by the end of September 2007.

Other Investments

To accelerate the pace of divestment of the Company's non-core businesses, the Company's indirectly wholly owned subsidiary entered into a conditional sale and purchase agreement with a connected person on 5th February 2007 and agreed to sell its wholly-owned subsidiary, COSCO International Construction Ltd. at a consideration HK\$2. The transaction was completed in March 2007.

Outlook

Looking forward to the second half of 2007, it is expected that the shipping industry will continue to be thriving owing to the robust growth in China's economy. The demand for ship trading and supplying services will continue to increase rapidly. The Company and its subsidiaries will continue to strive for a steady growth in its core business by increasing its income base, tightening its cost control and strengthening lean management. In addition, they will enhance their competitiveness by capturing the market opportunities to speed up the development of the core business. By focusing on key customers, key markets and key raw material sources, the Company and its subsidiaries will build up key clienteles and reinforce the synergies among various operations, striving for developing the markets from both COSCO Group and non-COSCO Group companies. COSCO International aimed to

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become a unique, professional ship trading and supplying services provider worldwide, pursuing better results in 2007 so as to maximise the investment values of the Company and bring greater return to our shareholders.

***** End *****

Company Background

COSCO International Holdings Limited has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since February, 1992 (Stock Code: 0517). In recent years, COSCO International focused on its strategic business position on the development of the ship trading and supplying services business. It aims to become a professional and competitive ship trading and supplying services provider. Its core businesses are ship trading and supplying services, including ship trading agency, marine insurance brokerage, marine equipment, spare parts and communications and navigation equipment and production and sales of coatings products, other business operations include property development and property investment, etc.

Relationship with Parent Company

COSCO International is a listed company and non wholly-owned by COSCO (Hong Kong) Group Limited, which is a wholly-owned subsidiary of China Ocean Shipping (Group) Company (“COSCO”). COSCO is one of the most recognized multinational conglomerates in the world, which focuses mainly on shipping and logistics businesses as well as other shipping related businesses. COSCO Hong Kong is an important overseas regional headquarters and conglomerate of COSCO Group, operating and managing a few hundred subsidiaries in Hong Kong and Macau. The main business aspects of COSCO Hong Kong include dry bulk shipping, ship trading and supplying services, information technology, property development, property management, etc.

Editorial Note

Full text of the 2007 interim results announcement and this press release will be available on the website of COSCO International: www.coscointl.com.

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