



中遠國際控股有限公司

COSCO INTERNATIONAL HOLDINGS LIMITED

Press Release

【For Immediate Release】

COSCO International Announces 2007 Annual Results

(SEHK Code: 0517)

Strong Growth with New Strides

Financial Summary

Year ended 31st December	2007 HK\$ million	2006 HK\$ million	% Change
Turnover	2,309	1,866	24
Gross profit	558	474	18
Profit attributable to the equity holders	2,573	617	317
<i>Excluding fair value gain on investment properties and gain on deemed disposal of partial interest in SOLHL</i>			
- Profit attributable to the equity holders	643	333	93
Basic earnings per share (HK cent)	175.95	42.90	310
Interim dividend per share (HK cent)	1.0	1.0	--
Final and special dividends per share (HK cent)	5.3	4.3	23
Dividend for the year per share (HK cent)	6.3	5.3	19

Results and Business Highlights

- Turnover increased by 24% to HK\$2,309,123,000.
- Profit attributable to the equity holders was HK\$2,572,623,000, posting an increase of 317%. Excluding a substantial gain on deemed disposal of partial interest in SOLHL arising from the initial public offering of shares in Hong Kong and the fair value gains on investment properties in 2007 (HK\$1,925,468,000 and HK\$4,134,000 respectively), profit attributable to the equity holders was up 93% under the same basis.
- Basic earnings per share increased by 310% to 175.95 HK cents.
- The Board has recommended a final dividend of 3.50 HK cents per share and a special dividend of 1.80 HK cents per share. Together with the interim dividend of 1.00 HK cent per share, the total dividend for 2007 was 6.30 HK cents per share, increased by 19%.
- Strong growth of imports and exports trade in China has driven the robust development of the shipping and ship building industry. Turnover from the segment of shipping services recorded an increase of 26%.
- Efforts on corporate governance and investor relations were highly recognised and received an award of “Hong Kong Outstanding Enterprise Parade” presented by *Economic Digest*.

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(28th March 2008, Hong Kong) The board of directors (the “Board”) of COSCO International Holdings Limited (“COSCO International” or the “Company”) (stock code: 0517) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31st December 2007.

Solid Performance

In 2007, the Company and its subsidiaries recorded a turnover of HK\$2,309,123,000 (2006: HK\$1,866,465,000), a year-on-year increase of 24%. Profit attributable to the equity holders was HK\$2,572,623,000 (2006: HK\$616,589,000). Excluding a substantial gain on deemed disposal of partial interest in Sino-Ocean Land Holdings Limited (“SOLHL”) arising from the listing and initial public offering of shares on the main board of the Stock Exchange of Hong Kong (“SEHK”) and the fair value gain on investment properties in 2007 (HK\$1,925,468,000 and HK\$4,134,000 respectively), profit attributable to the equity holders has recorded an exciting year-on-year increment of 93% under the same basis. Basic earnings per share was 175.95 HK cents (2006: 42.90 HK cents), up 310%.

Final and Special Dividends

The Board has recommended to pay a final dividend of 3.50 HK cents per share (2006: 4.30 HK cents) and a special dividend of 1.80 HK cents per share (2006: nil) for the twelve months ended 31st December 2007. Together with the interim dividend of 1.00 HK cent per share, the total dividend for the year of 2007 will be increased by 19% to 6.30 HK cents per share (2006: 5.30 HK cents).

Business Review

During the year, the Company and its subsidiaries adhered to its strategic positioning of shipping services and further stepped up the restructuring process by successfully divesting of the entire interests in three companies engaged in non-core businesses. Therefore, the Company can put more focus on the development and expansion of its core business of shipping services. During the year under review, the commencement of production of the new coatings plant of COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd. (“COSCO Kansai (Zhuhai)”), the commencement of operation of Shenzhen COSCO Insurance Brokers Limited (“SZ COSCO Insurance Brokers”) and the acquisition of 中遠(北京)海上電子設備有限公司 further consolidated the Company and its subsidiaries’ positioning in shipping services and enhance its competitiveness so as to facilitate a solid growth of the Company and its subsidiaries. In addition, the successful listing of SOLHL, an associated company of the Company, on the SEHK on 28th September 2007 also contributed significantly in terms of profit and asset value to the Company.

Mr. Liu Guoyuan, Vice Chairman of COSCO International said, “The global shipping market continued its robust and rapid growth in 2007. Backed by COSCO and COSCO (Hong Kong) Group Limited, COSCO International recorded an impressive result during the year by successfully capturing the business opportunities and meeting the fleets’ huge demand for shipping services. By divesting the non-core businesses, a clearer image of shipping services provider stood out.

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Meanwhile, with the successful listing of SOLHL in which the Company has 20.72% interest during the year, the Company's profitability and its asset backing have been greatly enhanced."

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

Shipping Services

In 2007, turnover from shipping services of the Company and its subsidiaries amounted to HK\$2,058,271,000 (2006: HK\$1,635,737,000), up 26% as compared to the previous year and accounted for 89% (2006: 88%) of the total turnover of the Company and its subsidiaries. Segment results of this business unit was HK\$212,895,000 (2006: HK\$168,472,000), recorded a year-on-year growth of 26% and accounted for 81% of the total segment results of the Company and its subsidiaries in the year. The growth was mainly due to the stable growing global economy which facilitated the expansion of China's foreign trade and led to the continued rapid development of global shipping market. Thriving shipping market and tremendous new built orders for ships, together with COSCO Group fleet's tremendous demand for shipping services, generated favourable business opportunities for the Company.

(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 basis agency services relating to ship building, trading and chartering for COSCO fleets and similar agency services to non-COSCO shipping companies. During the year, COSCO Ship Trading took full advantage of opportunities arising from thriving shipbuilding industry and the support of COSCO, it achieved its record high on its history in relation to the transactions consummated for sale and purchase of vessels. COSCO Ship Trading consummated transactions for the sale and purchase of 107 vessels (2006: 84 vessels), amounting to a total of 6,670,000 dead weight tonnages (2006: 6,140,000 dead weight tonnages). In 2007, COSCO Ship Trading's turnover was HK\$73,821,000, marking a significant increase of 39% as compared to HK\$53,248,000 in 2006.

(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 outside China Mainland. Besides, the Company's non-wholly owned subsidiary, SZ COSCO Insurance Brokers, mainly engaged in marine insurance brokerage services in China Mainland. During the year, turnover from HK COSCO Insurance Brokers and SZ COSCO Insurance Brokers amounted to HK\$53,291,000 (2006: HK\$43,005,000), up 24% as compared to 2006. The satisfactory result was attributable to the booming shipping market and the higher vessel prices, which demanded higher insured value and premium.

(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, principally engaged in sales and installation of marine equipment and spare parts for



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existing vessels and new vessels, oil drilling projects at sea, communications systems, shore-based AIS system, vessel traffic management systems and information management system for land users. During the year, Yuantong continued to take full advantage of rapid development of the China shipbuilding industry, which generated more orders for marine equipment for new vessels and orders for spare parts, communications and navigation equipment. Yuantong recorded a turnover of HK\$351,236,000 (2006: HK\$311,765,000), posting a year-on-year increase of 13%. Yuantong will continue to capture the market opportunities, seek closer relations with the suppliers, establish business alliance and build up sales networks in order to generate more sales and greater profit.

(4) Production and Sales of Coatings Business

The Company's non-wholly owned subsidiaries, COSCO Kansai Paint & Chemicals (Tianjin) Co. Ltd, COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd and COSCO Kansai (Zhuhai) (collectively known as "COSCO Kansai Companies") 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 HK"), a 50/50 jointly controlled entity of the Company and Norwegian coating manufacturer Jotun A/S engaged in the production and sales of marine coatings. During the year, the production and sales of coating products of COSCO Kansai Companies recorded a turnover of HK\$1,579,923,000 (2006: HK\$1,227,719,000), up 29%.

During the year, container coatings sales of COSCO Kansai Companies maintained a solid growth which was attributable to the rise in average selling prices of the coatings products and the increase in sales volume. The total sales volume of COSCO Kansai Companies was 63,985 tonnes (2006: 55,565 tonnes), representing an increase of 15% as compared to the previous year. The increase in sales volume was mainly attributable to the boosting of sales by giving more discounts to the VIP customers. In 2007, COSCO Kansai Companies is ranked as one of the three largest coatings manufacturers in the container coatings industry in China. Following the setting up of a joint venture namely COSCO Kansai (Zhuhai), a new coatings plant in Zhuhai commenced production in the second half of 2007. The annual coatings production capacity of the three plants in Tianjin, Shanghai and Zhuhai operated by COSCO Kansai Companies has been expanded to 100,000 tonnes. The plants are strategically located in three of the areas with the highest economic potential in China, namely Pan Bohai Rim area, Yangtze River Delta and the Pearl River Delta, which will facilitate provision of speedy and efficient services to customers.

Jotun COSCO HK engaged principally in the production and sales of marine coatings in China (including Hong Kong and Macau Special Administrative Region). The marine coatings market maintained a strong growth momentum since 2006. Jotun COSCO HK recorded its marine coatings sales volume of 29,440,000 litres (equivalent to 38,272 tonnes) (2006: 19,945,000 litres (equivalent to 25,929 tonnes)) in 2007, representing an increase of 48% as compared to 2006. The growth was principally due to the prosperous China shipbuilding and ship repairing markets, the recognition of the customers, and the implementation of the measures for new business expansion during the year.

The sales volume of COSCO Kansai Companies' industrial heavy-duty anti-corrosion coatings was 9,164 tonnes (2006: 6,991 tonnes), representing a year-on-year increase of 31%. COSCO Kansai Companies is ranked as one of the three largest coatings manufacturers in the heavy-duty anti-corrosion coatings industry in China. The industrial heavy-duty anti-corrosion coatings

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produced by COSCO Kansai Companies are used mainly in nuclear power plants, ports, power stations, oil, petrochemical, transportation and municipal government infrastructure projects. It is expected that these industries are still in the fast growing development stage and their market potential is therefore expected to be enormous.

Property Development and Property Investment

During 2007, turnover from property development and property investment of the Company and its subsidiaries amounted to HK\$250,852,000 (2006: HK\$230,191,000), up 9% as compared to the previous year, accounting for 11% of the Company and its subsidiaries' total turnover. Its segment results amounted to HK\$14,877,000 (2006: HK\$17,361,000), a year-on-year decrease of 14%. The decrease was attributable to the reduction in rental income from Kingswell Garden in Shanghai after its disposal since early last year.

(1) Shanghai Fragrant Garden

The residential portion of Fragrant Garden, the Company's property development in Shanghai, had been fully sold and delivered. As of 31st December 2007, a total of 1,841 square metres of retail shops and 193 parking spaces remained unsold. The project company has been under liquidation and the Company will endeavour to sell the remaining properties before the completion of liquidation.

(2) Shenyang COSCO Yihe Garden

On 24th August 2007, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement and agreed to sell all its 51% equity interest in Shenyang COSCO Yihe Property Development Co., Ltd. to an independent third party at a consideration of RMB55,667,000 (equivalent to HK\$57,521,000). The transaction was completed in November 2007.

(3) Shanghai Kingswell Garden

On 29th December 2006, a wholly-owned subsidiary of the Company and an independent third party entered into an equity interest transfer agreement whereby the subsidiary agreed to sell services apartments of block 5, Kingswell Garden in Shanghai for a consideration of HK\$31,200,000. The transaction was completed in January 2007.

Investment in an Associated Company-SOLHL

The Company currently holds 20.72% interest in SOLHL. On 28th September 2007, SOLHL was listed on the SEHK. SOLHL is a well-known property developer in China and it primarily develops medium to high-end residential properties, premium grade office buildings, retail space, services apartments and hotels. Leveraging on its broad experience and capabilities, SOLHL has expanded into various high growth areas in China including the Pan Bohai Rim area, Yangtze River Delta, and the Pearl River Delta regions. For the year ended 31st December 2007, the Company's share of profit of SOLHL reached HK\$472,781,000 (2006: HK\$152,587,000), an increase of 210%. Such increase was mainly due to an increase in the sales of properties and rental income during 2007.

Corporate Governance and Investor Relations

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The Company strives to enhance its corporate governance and its communications with the investors. During the year, with the efforts of the management, the Company made great strides with regard to its corporate governance and investor relations. The Company was awarded for the first time the prize of “Hong Kong Outstanding Enterprise Parade” in 2007 by the respected publication, *Economic Digest*. The Company will continue to implement measures that further strengthen both its corporate governance and overall risk management, as well as to enhance its transparency, which will increase the investment value of the Company and maximise the corporate values.

Prospects

Looking forward, despite the slow down of global economic growth resulted from the negative impacts imposed by subprime crisis in the United States, high oil prices and inflationary pressures worldwide, the global trading volume will reap the benefit of the strong domestic demand in China. The shipping industry in 2008 is expected to remain steady and the demand for shipping services will be relatively stable.

The Company has made significant progress in its restructuring over the past few years. Year 2008 is the year of development for COSCO International. Though there have been uncertainties in global business environment, capitalising on the steady development of the shipping industry and the Central Government’s initiative to develop the ship building and equipment manufacturing industries, good business opportunities for the shipping services will be brought forth to the Company. In addition, COSCO and COSCO (Hong Kong) Group Limited will remain committed to support and encourage the Company to acquire various businesses and assets related to shipping services within COSCO Group and non-COSCO Group. The Company will continue to explore new opportunities with a view to striving for better business performance. The Company is now ready for taking up new business challenge and expects to have material development and make new strides. Facing the slowing down global economy, the Company will encounter challenges in operations but will continue to focus on sustaining its continued growth, so as to build up a strong reputation and high profile in the industry of shipping services. The Company aims to become a specialised, unique and global leading shipping services provider.

In addition, inheriting the principles of corporate governance of COSCO and supporting the principles uphold under the United Nation’s Global Compact, the Company will be committed to safeguard and balance the interests among its stakeholders including the shareholders, business partners, employees, clients and suppliers and actively promote a social responsible corporate culture so as to achieve the long term sustainable growth of the Company and to maximise the shareholders’ returns.

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Company Background

COSCO International Holdings Limited (Stock Code: 0517) has been listed on the main board of the SEHK since February, 1992. In recent years, COSCO International focused on its strategic business position on the development of the shipping services business. It aims to become a specialised, unique and global leading shipping services provider. Its core businesses are shipping 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 investments include property investment, etc.

Relationship with Parent Company

COSCO International is a listed company 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 recognised 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 shipping services, information technology, property development, property management, etc.

Editorial Note

Full text of the 2007 annual results announcement is available on the website of the SEHK (www.hkexnews.hk) and the Company’s website (www.coscointl.com). Webcast of the 2007 annual results press conference and analysts meeting of COSCO International will also be available at our website since 29th March 2008.

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