中國遠洋控股股份有限公司

China COSCO Holdings Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1919)

interim report 2007

Contents

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

The report may contain certain forward-looking information and/or information that is not based on historical data and uses forward-looking terminology such as "anticipate", "believe", "intend", "could", "except", "estimate", "may", "ought to", "should" or "will". Readers are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although China COSCO Holdings Company Limited and its subsidiaries (the "Group") believes that assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the inclusion of forward-looking statements in this report should not be regarded as representations by the Group concerning future performance of the Group and readers should not place undue reliance on such forward-looking statements, In addition, the Group undertakes no obligation to publicly update or revise any forward-looking statements contained in this report as a result of new information, future events or otherwise.

Company Profile

CHINESE REGISTERED NAME
中國遠洋控股股份有限公司
(“**中國遠洋**”)

ENGLISH NAME
China COSCO Holdings Company Limited
(“**China COSCO**”)

REGISTERED OFFICE
3rd Floor, No 1. Tongda Square
Tianjian Port Free Trade Zone
Tianjin 300461, the PRC

PLACE OF BUSINESS IN HONG KONG
49th Floor, COSCO Tower
183 Queen’s Road Central
Hong Kong

BOARD OF DIRECTORS
WEI Jiafu *(Executive Director, Chairman and CEO)*
ZHANG Fusheng
(Non-executive Director and Vice Chairman)
CHEN Hongsheng *(Executive Director and President)*
LI Jianhong *(Non-executive Director)*
Xu Lirong *(Non-executive Director)*
Zhang Liang *(Non-executive Director)*
SUN Yueying *(Non-executive Director)***
LI Boxi *(Independent Non-executive Director)*
TSAO Wen King, Frank
(Independent Non-executive Director)
HAMILTON Alexander Reid
*(Independent Non-executive Director)**
CHENG Mo Chi
*(Independent Non-executive Director)***

* *Chairman of Audit Committee*
** *Member of Audit Committee*

JOINT COMPANY SECRETARIES
ZHANG, Yongjian
NG Kam Tsun, Jeffrey

AUTHORISED REPRESENTATIVES
CHEN Hongsheng
NG Kam Tsun, Jeffrey

QUALIFIED ACCOUNTANT
He Xinmei

OVERSEAS AUDITOR
PricewaterhouseCoopers

DOMESTIC AUDITOR
BDO Reanda Certified
Public Accountants

MAJOR BANKERS
Bank of China
Industrial and Commercial Bank of China
China Merchants Bank

LEGAL ADVISER
Paul, Hastings, Janofsky & Walker
(as to Hong Kong law)
Commerce and Finance Law Offices
(as to PRC law)

LISTING INFORMATION
H-Shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1919

A-Shares
Shanghai Stock Exchange
Stock Code: 601919

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1806-1807
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RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Six months ended 30 June 2007 ***RMB'000***	Six months ended 30 June 2006 (Restated) *RMB'000*	Change
Revenues	**26,815,178**	22,918,586	17.0%
Operating Profit	**1,270,669**	1,916,984	-33.7%
Profit before income tax expenses	**1,676,285**	2,194,122	-23.6%
Profit attributable to equity holders of the Company	**968,678**	1,057,147	-8.4%
Basic earnings per share	**RMB0.135**	RMB0.150	-10.0%

Dear shareholders,

First of all, I would like to express, on behalf of the board of directors (the "Board") of China COSCO, my heartfelt gratitude to the shareholders for their care and support to the Group.

On 26 June 2007, China COSCO's A Shares were listed on the Shanghai Stock Exchange, marking the official accession to the China A-Share market by a leading integrated global shipping and logistics service provider. Being the listed flagship and capital platform of China Ocean Shipping (Group) Company ("COSCO") and its subsidiaries (collectively "COSCO Group"), China COSCO achieved consummation in its issue and listing of A Shares. The issue price for the A shares of China COSCO was RMB8.48 per share, and the total subscription funds frozen hit a record high of RMB1,629.0 billion. The fund raised amounted to RMB15.127 billion, breaking a new record for A shares fund-raising by a company from the non-financial category, which was also the highest record for IPO fund raising for the global shipping sector.

During the first half of 2007, the Group recorded turnover of RMB26,815,178,000 and profit attributable to equity holders of the Company of RMB968,678,000, representing an increase of 17.0% and a decrease of 8.4% as compared with the same period last year respectively. The Board did not recommend the payment of an interim dividend.

During the period under review, with the continual influence of the "China factor", the global container shipping market continued to maintain its steady growth momentum. The Group's container shipping business benefited from the favourable market conditions and grasped opportunities to make positive progress and recorded a total container volume of 2,767,539 TEUs for the six-month period, representing an increase of 14% as compared with the same period last year. However, the rise in bunker prices and the increase of inland transportation charges in the United States affected our profit margin to some extent.

During the period under review, the Group actively optimized its container routes, added new capacity to routes with relatively strong profitability, and actively implemented the policy of "rising in both volume and price"as well as responded to the adjustments to the policy of tax refund. It also effectively increased the volume and income of routes, enhanced the dynamic slot management, effectively increased the slot utilization rate of the routes and optimized the repositioning of empty containers. It expedited the turnover time of containers and improved the equilibrium and repositioning efficiency of containers.

Pursuant to the long term shipping capacity development plan, the Group continued to enhance its shipping capacity. As of 30 June 2007, the Group operated a fleet of 144 container vessels with a shipping capacity of 417,315 TEUs, representing an increase of 4.5% over the end of last year.

During the period under review, the Group achieved remarkable results through the container terminal business operated by COSCO Pacific Limited ("COSCO Pacific"), a subsidiary of the Group, and recorded a throughput of 18,417,429 TEUs, representing an increase of 23.0% as compared with the same period last year. The Group entered into various letters of intent during the period, including the investments in multi-purpose berths at the Jiangdu port area, the investments in Qiongbei port in Hainan Province and the acquisition of stakes in Fuzhou Port Group.

During the period, the Group's container leasing business, which is operated through Florens Container Holdings Limited, a subsidiary of COSCO Pacific, and its subsidiaries (collectively referred to as "Florens"), owned and managed a container fleet of 1,397,952 TEUs, representing an increase of 25.8% over the same period last year.

During the period, with the continuing rapid expansion of the scale of the domestic logistics industry in the PRC, the logistic business of the Group also saw steady growth, with rapid yet stable growth in the third party logistics, shipping agency service and freight forwarding service. The third-party logistic businesses in both the home appliance and chemical sectors recorded substantive growth. There were successful engineering logistics projects such as Airbus Tianjin, Huizhou Refinery, Citic Brazil Power Plant and Sichuan Ethylene. Shipping agency business maintained a remarkable trend of development, with voyages increased by 1.6% over the same period last year, representing approximately 50% of the market share. Both sea and air freight forwarding in the freight forwarding service business continued to experience steady growth.

Prospects

Looking forward to the second half year, the major businesses of the Group will continue to benefit from the healthy development of the global economy, in particular the continual soaring growth of the Chinese economy and foreign trade.

It is anticipated that the container shipping market will continue to see strong demand in the second half year, with the supply-demand equilibrium maintained at a relatively high level in recent years. However, there still exists risks such as high oil prices and increases in inland transportation charges. The Group will grasp opportunities to integrate large-sized container vessels with a capacity of 10,000 TEUs and optimise route resources allocation; to strengthen research on second-tier markets and drive the development of potential markets; to strengthen marketing efforts, actively drive up the freight rates and optimise sources of goods and cargo flow structure; to enhance lean management, improve and implement accountability, and strictly control operating costs.

The Group is committed to further strengthen its terminal business, progressively assume majority stakes in terminals and achieve a diversified terminals portfolio, further enhance the terminals' profitability and expand the Company's scale, further consolidate leading position in the industry, and at the same time to continually expand the Group's container fleet, optimize the mode of operation of the container leasing business, enhance marketing efforts and cost control, and expand profit growth sources.

With the rapid expansion of the logistics business, the industry will become increasingly fragmented and its service mode will become increasingly diversified. During the second half of the year, the Group will speed up the resource construction and business development pace in key regions such as the three major economic regions, namely Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei-Bohai Rim, to focus more on the professionalisation of logistics services, to pay attention to the optimisation of the logistics information technology, as well as enhancing lean management of logistics to improve operating efficiency.

I believe that, as a global integrated container shipping service provider offering comprehensive solutions covering businesses such as container shipping, terminal, container leasing and logistics plus the synergistic effect derived, the Group will continue to enhance its core competitiveness, to consistently provide customers with comprehensive and quality integrated services, in order to maximize the Company's operational efficiency, the Company's value and shareholders' returns (the "Three Maximizations"). In order to realize the development targets for the Three Maximizations and to materialize the Group's position as the listed flapship and capital platform of COSCO Group, we have conducted feasibility study and relevant preparation work for the acquisition of bulk cargo fleet of COSCO Group (please refer to the announcement of the Company dated 28 March 2007 and published on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 March 2007). We also discussed with controlling shareholders of the Company and its connected persons about the non-public issue of A shares (please refer to the announcement in order published on Shanghai Stock Exchange and Stock Exchange on 27 July 2007). The above matter is still in progress.

In this ocassion of the second anniversary after listing, the Board and I once again express our gratitude to the shareholders, clients, business partners and staff for their support and contribution to the Group. We look forward to working together for the branding of China COSCO, and to bring about a bright new future.

Wei Jiafu
Chairman

24 August 2007

(I) CHANGES IN THE SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

None of the directors, supervisors and senior management of the Company held any shares of the Company.

(II) APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

On 22 January 2007, the Company convened the 22nd meeting of the first session of the Board, therefrom accepted the resignation requests by Mr. Wang Futian, Mr. Ma Zehua and Mr. Ma Guichuan, all being non-executive directors of the Company, with effect from the conclusion of such Board meeting, and agreed to recommend Mr. Xu Lirong and Mr. Zhang Liang as candidates for non-executive directors of the Company for consideration at the Company's shareholders' general meeting. At the same meeting, the Company removed Mr. Xu Lirong from the position of Deputy General Manager of the Company, with effect from the conclusion of such Board meeting.

On 26 February 2007, Mr. Ma Jianhua was elected democratically as a supervision of the Company representing staff in replacement of Mr. Zou Bin. His appointment was duly effected from the effective date of the A Shares Articles of Association of the Company.

On 12 March 2007, the Company convened the 23rd meeting of the first session of the Board, therefrom appointed Mr. Ye Weilong and Mr. Xu Minjie as Deputy General Managers of the Company, with effect from the conclusion of such Board meeting.

On 15 May 2007, the Company convened the 2006 Shareholders' Annual General Meeting, and elected Mr. Xu Lirong and Mr. Zhang Liang as non-executive directors of the Company.

OVERALL REVIEW OF RESULTS

Since the beginning of 2007, the global ecomony has continued to develop healthily, in particular the continuous rapid growth of the economy and foreign trade in the PRC. In the first half of the year, China's GDP grew by 11.5% while exports grew by 27.6%. Due to the continuous high demand for container shipping, the throughput from ports in China in the first half of the year has reached 52,530,000 TEUs, representing an increase of 24.1% over the same period last year.

In the first half of 2007, the Group's revenue was RMB26,815,178,000, representing an increase of 17.0% as compared with the same period in 2006. However, since operating costs went up correspondingly, the Group's net profit attributable to the equity holders of the Company in the first half of 2007 amounted to RMB968,678,000, representing a decrease of 8.4% as compared with the same period last year.

Review of Operations

Container Shipping and Related Businesses

In the first half of 2007, the shipping volume of container shipping and related businesses of the Group reached 2,767,539 TEUs, representing an increase of 14.0% over the same period in 2006. A revenue of RMB20,915,699,000 was generated, which represented an increase of 17.7% over the same period in 2006. The increase in revenue was mainly attributable to recovery in freight rates of various major routes, especially the substantial rise in freight rates for the Asia-Europe routes.

Shipping volume by routes

	Six months ended 30 June		
	2007	2006	Change
	TEUs	TEUs	%
Trans-Pacific	**712,582**	612,881	16.3
Asia-Europe (including Mediterranean)	**658,262**	551,431	19.4
Intra-Asia (including Australia)	**741,872**	760,218	-2.4
Other international (including Trans-Atlantic)	**118,668**	126,150	-5.9
PRC	**536,155**	376,023	42.6
Total	**2,767,539**	2,426,703	14.0

Revenues by routes

	Six months ended 30 June		
	2007	2006	Change
	RMB'000	RMB'000	%
Trans-Pacific	**6,725,939**	6,147,999	9.4
Asia-Europe (including Mediterranean)	**6,041,681**	4,100,027	47.4
Intra-Asia (including Australia)	**2,829,527**	2,831,515	(0.1)
Other international (including Trans-Atlantic)	**964,383**	1,214,020	(20.6)
PRC	**1,112,450**	732,596	51.9
Sub-total	**17,673,980**	15,026,157	17.6
Chartered out	**119,504**	94,979	25.8
Related business	**3,122,215**	2,644,123	18.1
Total	**20,915,699**	17,765,259	17.7

Upgrade of shipping capacity

In the first half of 2007, the Group continued to implement its plans in optimising the shipping fleet. The Group chartered in four container vessels of 5,106 TEUs in March 2007, which are expected to be delivered in 2010. In April 2007, the Group chartered in eight container vessels of 8,495 TEUs which are expected to be delivered in 2009 to 2010. As at 30 June 2007, the Group had an orderbook of 37 container vessels, with an aggregate shipping capacity of 248,894 TEUs which are expected to be put into operation over the next few years.

As at 30 June 2007, the Group operated a fleet of 144 container vessels and has a shipping capacity reaching 417,315 TEUs, representing an increase of 4.5% over the year end of 2006 and an increase of 9.5% over 30 June 2006.

Optimisation of routes

In order to utilise the existing shipping capacity effectively, the Group increased its shipping capacity on routes with higher profitability and continued to monitor the development of potential markets in Vietnam, India and the Middle East. The Group successfully implemented replacement for larger vessels or opened up new services on routes such as the Far East/Europe, Far East/Mediterranean, Far East/South Africa, Far East/South America and Far East/Red Sea. For instance, five container vessels of 7,455 TEUs in South China/US West Coast were reciprocated with five container vessels of 5,446 TEUs in the Far East/Europe; and the original Far East/Mediterranean route was split into two route services, namely the Far East/West Mediterranean route and Far East/East Mediterranean route.

Implementation of "Increase in both volume and price scheme"

In light of the market recovery in the first half of 2007, the Group has initiated an "increase in both volume and price scheme" and continued its efforts to increase market share in various ports and to enhance the management of slot movements, which has effectively improved slot utilisation rate. The Group also formulated a plan to respond to influences of the adjustment in the State's VAT rebate policy on trade flow and, on the basis to facilitate its customers, has effectively increased the shipping volume and income of the routes.

The Group actively implemented and finalised various freight rate increase plans and had successfully implemented two general freight rates increase (GRI) for Asia/Europe route on 1 January and 1 April, respectively and substantially raised the freight rates on this route. As for Trans-Pacific route, the Group put in efforts to implement GRI for various goods on west-bound services, which were instrumental to the enhancement and recovery of freight rates for the return route. The Group also enhanced the management of surcharge collection.

Lean management

During the first half year of 2007, owing to the increase of shipping capacity and the cost pressure from various aspects, the operating costs of the Group's container shipping and related business recorded a relatively substantial increase of 18.4%. The Group intensified its lean management and made efforts in lowering the growth rate for operating costs, amongst which:

The inland transportation charges in the U.S. went up resulting in an increase of container cargo transshipment fees during the period, which represented the highest growth item in the operating cost. The Group strictly controlled the proportion of inland cargo, closely monitored the flowage of inland transshipped cargo and optimised the transshipment route.

During the period, partially due to the Group's increase of shipping capacity with large container vessels continuously being put into use, together with the increase of port charges in certain ports, there was an obvious rise in port charges as compared with the same period of 2006. The congestion in some ports made things worse. The Group emphasised the management of shipping schedules and formulated preliminary plans to make berthing and cargo transshipment on time, which reduced extra costs due to contingencies such as ship delays.

During the period, the bunker price started low in early year and ended high in the middle of the year. A slight increase of 3.5% was recorded in fuel expenses during the period as compared to the same period last year.

Terminal and related businesses

The Group's terminal and related businesses operated by COSCO Pacific performed satisfactorily. During the period, the throughput of container terminals reached 18,417,429 TEUs, representing an increase of 23.0% over the same period last year. During the period, the revenue of container terminal business recorded a robust growth. Since the commencement of operation of Quanzhou Pacific Terminal in September last year, its throughput reached 385,051 TEUs and revenue amounted to RMB82,246,000 during the period. Meanwhile, due to the continuous expansion of business opportunities and improvement in operating efficiency, the throughput of Zhangjiagang Win Hanverky Terminal increased substantially to 300,389 TEUs, respresenting an increase of 37.9% as compared with the same period in 2006. Its revenue increased accordingly.

Moreover, in the first half of the year, the Group's net profits from joint venture companies Qingdao Qianwan and COSCO-HIT Terminal amounted to RMB122,437,000 and RMB95,984,000, representing a growth of 21.0% and 19.8% respectively. Net profits from associates Shanghai Pudong Terminal also recorded rapid growth.

Throughput of container terminals

	First half of 2007 TEUs	First half of 2006 TEUs	Change
Bohai Rim	**8,181,025**	**6,110,855**	**+33.9%**
Qingdao Qianwan Terminal	4,026,677	3,155,907	+27.6%
Qingdao Cosport International Container Terminals Co., Ltd.	492,582	400,382	+23.0%
Dalian Port Container Co., Ltd.	1,749,367	1,294,558	+35.1%
Dalian Port Container Terminal	414,210	134,844	+207.2%
Tianjin Five Continents Terminal	952,673	737,371	+29.2%
Yingkou Terminal	545,516	387,793	+40.7%
Yangtze River Delta	**3,881,561**	**3,790,026**	**+2.4%**
Shanghai Terminal	1,618,337	1,941,717	-16.7%
Shanghai Pudong Terminal	1,357,173	1,242,515	+9.2%
Ningbo Yuan Dong Terminal	39,896	—	—
Zhangjiagang Win Hanverky Terminal	300,389	217,843	+37.9%
Yangzhou Yuanyang Terminal	138,871	107,562	+29.1%
Nanjing Longtan Terminal	426,895	280,389	+52.3%
Pearl River Delta and Southeast Coastal Region	**5,588,253**	**4,547,135**	**+22.9%**
COSCO – HIT Terminal	906,589	823,493	+10.1%
Yantian Terminal (Phase I, II, III)	4,164,935	3,723,642	+11.9%
Guangzhou South China Oceangate Terminal	131,678	—	—
Quanzhou Pacific Terminal	385,051	—	—
Overseas Region	**766,590**	**526,732**	**+45.5%**
COSCO – PSA Terminal	400,117	284,750	+40.5%
Antwerp Terminal	366,473	241,982	+51.4%
Total Throughput	**18,417,429**	**14,974,748**	**+23.0%**
Total Throughput of Terminals in Mainland China	**16,744,250**	**13,624,523**	**+22.9%**

Expansion of terminals

As at 30 June 2007, the Group holds various interests in 24 terminal joint venture companies, with a total of 119 berths (same period in 2006: 104) including 113 container berths, 2 automobile berths and 4 multi-purpose berths. In August 2006, the Group acquired a 71.43% equity interest in Quanzhou Pacific Terminal to operate and develop 6 berths. In January 2007, Qingdao Qianwan Terminal acquired the operating rights of four container terminals from DP World. At the end of 2006, Ningbo Yuan Dong Terminal signed a memorandum of understanding with Ningbo Port (Group) Limited and acquired the right to build 4 berths in the phase V of Beilun at the port of Ningbo and at the end of 2006, Yangzhou Yuanyang Terminal planned to expand one berth, resulting in the total number of increased berths reaching 15 for the Group. The annual container handling capability was increased to 63,000,000 TEUs, representing an increase of 10.3% over the same period last year.

Signing three letters of intent

On 12 April 2007, the Group signed a letter of intent for strategic cooperation and related agreements with Jiangdu Municipal Government of Jiangsu Province to invest and operate berth no. 1 and no. 2 in the Jiangdu port region and to acquire the development rights of the adjacent land of 1,330,000 square metres. It also owns the priority development rights of new berths. The above mentioned two berths are designed as bulk cargo terminals. Their designed annual throughput is 750,000 tonnes and 1,100,000 tonnes, respectively.

On 20 April 2007, COSCO, the holding company of the Group, signed an agreement with Haikou Municipal Government of Hainan Province. Both parties agreed that the Group and Hainan Harbor & Shipping Holding Co., Ltd. to jointly incorporate a joint venture company of which the Group will be the majority shareholder, to jointly operate the related principal business of Hainan Harbor & Shipping Holding and develop Qiongbei port area into a hub port in Hainan Province. It is preliminarily expected that, according to the existing plan of the joint venture companies, the number of berths of the construction works should reach 21, including two container berths, nine bulk cargo and multi-purpose berths and ten ferry berths.

On 20 April 2007, the Group signed a letter of intent with Fujian Provincial Communication Transportation (Shareholding) Co., Ltd. to acquire a 29% shareholding in Fuzhou Port Group Co., Ltd.. Fuzhou Port Group owns 49 berths and is mainly engaged in container, coal and ore terminal and terminal related businesses.

Container Leasing and Management Business

As at 30 June 2007, Florens of the Group owned and managed a container fleet of 1,397,952 TEUs, representing an increase of 25.8% over the same period last year, accounting for 13.0% of market share (same period in 2006: approximately 10.7%) and ranked No.3 in the industry. The average age of the Group's container fleet decreased from 4.38 years of the same period last year to 3.99 years.

During the period, Florens acquired new containers of 184,931 TEUs, representing an increase of 74.3% over the same period last year.

In June 2007, the Group completed the sale of marine containers of 31,352 TEUs (2006: 600,082 TEUs) and together with the container leasing agreements of those containers. After the disposal, the Group continued to provide the administrative and management services to the buyer and received related administrative fee annually. An amount of US$46,527,000 (equivalent to RMB359,142,000) was received from the buyer in respect of such disposal. Profit before tax on the disposal amounted to US$6,034,000 (equivalent to RMB46,576,000) (same period in 2006: RMB678,284,000).

Logistics Business

In the first half of 2007, benefiting from rapid economic growth as well as efforts by the Group, the logistics business of the Group developed at a rapid pace, with a revenue of RMB5,319,528,000, representing an increase of 23.7% over the same period last year.

In the first half of 2007, the volume of different business segments of COSCO Logistics Co., Ltd. ("COSCO Logistics") is stated in the following table:

	For the six months ended 30 June		
	2007	2006	Change %
Third party logistics			
Product Logistics			
Home appliance ('000 piece)	**17,734**	13,617	30.2%
Automobile (unit)	**197,991**	233,879	-15.3%
Chemicals (tonne)	**1,339,832**	293,937	355.8%
Project Logistics (million RMB)	**428**	322	32.9%
Shipping agency (voyage)	**63,497**	62,508	1.6%
Freight forwarding			
Sea freight forwarding			
Bulk cargo (tonne)	**70,762,066**	64,330,800	10.0%
Container cargo (TEU)	**1,039,453**	905,101	14.8%
Air freight forwarding (tonne)	**52,044**	45,140	15.3%

Third party logistics

In the first half of 2007, the number of customers and business of the Group's home appliances logistics grew steadily, with the total number of home appliances handled amounting to 17,734,000 pieces, representing an increase of 30.2% over the same period last year. The volume of automobile handled were 197,991 units, representing a decrease of 15.3% over the same period last year. Benefiting from new projects and the oil product logistics business, the volume of chemical logistics increased substantially.

In the first half of the year, COSCO Logistics achieved excellent results on expansion of new projects on the basis of its successful handling of existing logistics projects. It signed a contract with Huaneng Group for the logistics services at Jinghong Power Station in Yunan and won logistics projects of Airbus Tianjin's A320, 12 million tonnes refinery plant in Huizhou for CNOOC as well as logistics projects for a power station at Candiota, Brazil for CITIC. COSCO Logistics actively developed its logistics financing business and signed cooperation agreements for logistics finance with a number of large banks.

Shipping Agency

COSCO Logistics operates its shipping agency business under the brand of "PENAVICO" and has established a regular group of customers in the major ports of China. Its major clients include the leading global shipping companies. In the first half of 2007, the shipping agency business maintained a satisfactory development and provided agency services for an aggregate of 63,497 voyages, representing an increase of 1.6% over the same period last year.

Freight Forwarding

In the first half of 2007, the sea freight forwarding business of COSCO Logistics continued to grow steadily and handled container cargo of 1,039,453 TEUs, representing a growth of 14.8% over the same period last year. 70,762,066 tonnes of bulk cargo were handled, representing a growth of 10% over the same period last year. For air freight forwarding, in the first half of 2007, COSCO Logistics handled a total of 52,044 tonnes air freight cargo, representing a growth of 15.3% over the same period last year.

Share reform

The put options of COSCO Pacific, a subsidiary of the Group, involving the share reform of CIMC were financial derivatives. Gains from changes in their fair value during the period amounted to RMB82,045,000. For the same period of 2006, a net loss of RMB511,305,000 was recorded for the initial recognition of the put options and subsequent change in the fair value.

Grant of share appreciation rights and staff share options

The Company granted share appreciation rights to qualified employees in 2005, 2006 and 2007 respectively. Its subsidiary, COSCO Pacific, granted share options to continuous contract employees during the period. The fair values of employee services received in exchange for the grant of share appreciation rights and share options amounted to RMB49,683,000 and RMB86,375,000 respectively were recognised and included in the staff costs during the period.

Other businesses

In the first half of 2007, the demand for containers was stable. Net profits contribution from CIMC increased by 2.2% to RMB220,316,000. During the period, the net profits contribution from CHB which the Group holds 20% shareholding amounted to RMB58,610,000, representing an increase of 15.4% over the same period last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Compnay's A shares are listed and traded on the Shanghai Stock Exchange since 26 June 2007. Net proceeds raised by issuing the A shares amounted to RMB14,881,145,000, resulting in a substantial increase in the cashflow from the Group's financing activities as well as cash and cash equivalents.

As at 30 June 2007, the Group's cash and cash equivalents amounted to RMB22,354,511,000, representing an increase of RMB14,558,656,000 or 186.7%, as compared to RMB7,795,855,000 as at 31 December 2006.

As at 30 June 2007, the Group's total outstanding borrowings amounted to RMB16,960,306,000. After reducing cash and cash equivalents of RMB22,354,511,000, the net amount was RMB-5,394,205,000. The net debt to equity ratio was -12.2%, as compared to 26.6% as at 31 December 2006.

The Group's source of liquidity and capital resources have been, and are expected to continue to be, cash flows generated from operating activities, cashflows from the issuance of new shares and debt financing from banks. The Group's uses of cash have been, and are expected to continue to be, for operating costs, repayment of loans, purchase of container vessels and containers, investment in logistics projects and container terminals, and the funding of the Group's information technology systems.

Debt analysis

	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000
By category and repayment term		
Short-term loans and bonds payable	**6,063,289**	4,825,817
Long-term borrowings		
Within one year	**2,216,182**	1,333,535
One to two years	**962,661**	2,565,052
Two to five years	**3,023,127**	2,375,658
Over five years	**4,695,047**	4,006,498
Subtotal	**10,897,017**	10,280,743
Total	**16,960,306**	15,106,560

In terms of types of loans:

As at 30 June 2007, the Group has secured borrowings amounted to RMB5,560,095,000 and unsecured borrowings amounted to RMB11,400,211,000, which accounted for 33% and 67% respectively of the total borrowings. Among which the Group pledged equipments and properties with net book value of RMB8,704,553,000 to banks and financial institutions as major collaterals for secured borrowings.

In terms of currency:

The Group's borrowings denominated in US dollar amounted to RMB13,651,702,000 and borrowings denominated in RMB amounted to RMB3,308,604,000, representing 80% and 20% of total borrowings respectively in percentage terms.

As at 30 June 2007, the majority of the Group's borrowings are charged at floating interest rates.

Contingent liabilities

As at 30 June 2007, the Group had provided guarantees on a bank borrowing granted to an associate company at face value of RMB190,159,000 (31 December 2006: RMB197,591,000). The claims amounts of the pending lawsuits amounted to RMB34,402,000. Except for the above data and those disclosed in the notes to the unaudited Condensed Consolidated Financial Information, the Group had no other significant contingent liabilities.

Foreign exchange and interest rates risk management

The Group operates its business intentionally and is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has been committed to coordinate and use, in a reasonable manner, various financial tools to control the risks of exchange rate fluctuation, such as using forward settlement, currency swap to eliminate the risks of exchange rate fluctuation. At the same time, subsidiaries under the Group reasonably adjusted the income from operation and the cost and expenditure as well as the currency structure of assets and liabilities according to its own business flow. They expedited the turnover time of funds and reduced the precipitation of capital in foreign currency and actively carried out various measures to tackle risks from exchange rate fluctuation.

With respect to risk management from interest rate, the Group managed the existing interest rate of loans by controlling the proportion of short-term and long-term loans and by utilising various financial tools. It controlled the interest rate of the interest actually paid and reduced the impact of interest rate fluctuation to the earnings of Group.

SHARE APPRECIATION RIGHTS PLAN

A share appreciation rights plan (the "Share Appreciation Rights Plan") was adopted by the Company, which was designed to align the interests of directors, supervisors and senior management of the Company with the Company's operating results and the Company's share value. The issuance of share appreciation rights does not involve any issuance of new shares, nor does it have any dilutive effect on the Company's shareholders.

On 16 December 2005, the Board granted share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including nine directors and three supervisors of the Company at an exercise price of HK$3.195 each under the Share Appreciation Rights Plan. On 5 October 2006, the Board granted share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including eight directors and three supervisors of the Company at an exercise price of HK$3.588 each under the Share Appreciation Rights Plan. On 4 June 2007, the Company granted further share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including seven directors and four supervisors of the Company at an exercise price of HK$9.540 each under the Share Appreciation Rights Plan.

SHARE APPRECIATION RIGHTS PLAN *(Continued)*

Movements of the share appreciation rights which were granted pursuant to the Share Appreciation Rights Plan during the six-month period ended 30 June 2007 are set out below:

Name of director/ supervisor	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights: Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Outstanding as at 30 June 2007	Approximate % of issued share capital of the Company's H-shares as at 30 June 2007	*Note*
WEI Jiafu	Beneficial owner	Personal	HK$3.195	900,000	—	—	900,000	0.03%	(1)
			HK$3.588	900,000	—	—	900,000	0.03%	(2)
			HK$9.540	—	880,000	—	880,000	0.03%	(3)
ZHANG Fusheng	Beneficial owner	Personal	HK$3.195	800,000	—	—	800,000	0.03%	(1)
			HK$3.588	800,000	—	—	800,000	0.03%	(2)
			HK$9.540	—	780,000	—	780,000	0.03%	(3)
CHEN Hongsheng	Beneficial owner	Personal	HK$3.195	700,000	—	—	700,000	0.03%	(1)
			HK$3.588	700,000	—	—	700,000	0.03%	(2)
			HK$9.540	—	680,000	—	680,000	0.03%	(3)
LI Jianhong	Beneficial owner	Personal	HK$3.195	600,000	—	—	600,000	0.02%	(1)
			HK$3.588	600,000	—	—	600,000	0.02%	(2)
			HK$9.540	—	580,000	—	580,000	0.02%	(3)
XU Lirong	Beneficial owner	Personal	HK$3.195	500,000	—	—	500,000	0.02%	(1),(6)
			HK$3.588	500,000	—	—	500,000	0.02%	(2),(6)
			HK$9.540	—	580,000	—	580,000	0.02%	(3),(6)
ZHANG Liang	Beneficial owner	Personal	HK$9.540	—	580,000	—	580,000	0.02%	(3),(6)
SUN Yueying	Beneficial owner	Personal	HK$3.195	600,000	—	—	600,000	0.02%	(1)
			HK$3.588	600,000	—	—	600,000	0.02%	(2)
			HK$9.540	—	580,000	—	580,000	0.02%	(3)
WANG Futian	Beneficial owner	Personal	HK$3.195	600,000	—	(300,000)	300,000	0.01%	(1),(5)
			HK$3.588	600,000	—	—	600,000	0.02%	(2),(5)
MA Zehua	Beneficial owner	Personal	HK$3.195	600,000	—	—	600,000	0.02%	(1),(5)
			HK$3.588	600,000	—	—	600,000	0.02%	(2),(5)
MA Guichuan	Beneficial owner	Personal	HK$3.195	600,000	—	(600,000)	—	N/A	(1),(5)
			HK$3.588	600,000	—	—	600,000	0.02%	(2),(5)
LI Yunpeng	Beneficial owner	Personal	HK$3.195	600,000	—	—	600,000	0.02%	(1)
			HK$3.588	600,000	—	—	600,000	0.02%	(2)
			HK$9.540	—	580,000	—	580,000	0.02%	(3)

SHARE APPRECIATION RIGHTS PLAN *(Continued)*

Name of director/ supervisor	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights: Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Outstanding as at 30 June 2007	Approximate % of issued share capital of the Company's H-shares as at 30 June 2007	*Note*
WU Shuxiong	Beneficial owner	Personal	HK$3.195	500,000	—	—	500,000	0.02%	(1)
			HK$3.588	500,000	—	—	500,000	0.02%	(2)
			HK$9.540	—	480,000	—	480,000	0.02%	(3)
MA Jianhua	Beneficial owner	Personal	HK$9.540	—	480,000	—	480,000	0.02%	(3)
LI Zhonghao	Beneficial owner	Personal	HK$3.195	300,000	—	—	300,000	0.01%	(1)
			HK$3.588	300,000	—	—	300,000	0.01%	(2)
			HK$9.540	—	280,000	—	280,000	0.01%	(3)

Notes:

(1) The share appreciation rights were granted by the Company in units with each unit representing one H-share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 16 December 2005) ("2005 Share Appreciation Rights"), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$3.195 per unit according to its terms between 16 December 2007 and 15 December 2015.

(2) The share appreciation rights were granted by the Company in units with each unit representing one H-share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 5 October 2006) ("2006 Share Appreciation Rights"), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$3.588 per unit according to its terms between 5 October 2008 and 4 October 2016.

(3) The share appreciation rights were granted by the Company in units with each unit representing one H-share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 4 June 2007) ("2007 Share Appreciation Rights"), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$9.540 per unit according to its terms between 4 June 2009 and 3 June 2017.

(4) Since the Company approved, at the annual general meeting held in 2007, the special distribution proposal of "issuing 1.5 bonus shares for every 10 existing shares of par value RMB1.00" and authorised the Board to make corresponding adjustment to the exercise method (including exercise price) of the outstanding share appreciation rights. The 26th Board meeting of the Company approved the adjustment of the share price by 1.15 times to the outstanding share appreciation rights of 2005 and 2006 as at 12 April, 2007 when calculating their exercise gains. During the period, 100,000 2005 Share Appreciation Rights lapsed and no 2006 Share Appreciation Rights lapsed or cancelled.

(5) Mr. Wang Futian, Mr. Ma Zehua and Mr. Ma Guichuan resigned as non-executive directors of the Company on 22 January 2007.

(6) Mr. Xu Lirong and Mr. Zhang Liang were appointed as non-executive directors of the Company on 15 May 2007.

SHARE OPTION SCHEMES OF COSCO PACIFIC

COSCO Pacific has two share option schemes, one of which was adopted by its shareholders on 30 November 1994 (the “1994 Share Option Scheme”) and the other was adopted on 23 May 2003 (the “2003 Share Option Scheme”). The 1994 Share Option Scheme was terminated on 23 May 2003 with the share options which had been granted during its life continuing to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 1994 Share Option Scheme share remain in full force and effect.

(i) Movements of the options, which have been granted under the 1994 Share Option Scheme, during the period are set out below:

		Number of share options				
Category	**Exercise price** HK$	**Outstanding as at 1 January 2007**	**Exercised during the period**	**Outstanding as at 30 June 2007**	**Percentage of total issued share capital as at 30 June 2007**	*Note*
A director of COSCO Pacific	8.80	300,000	(300,000)	—	—	(1), (3)
Employees[(2)]	8.80	22,000	(22,000)	—	—	(1), (2), (3)
		322,000	(322,000)	—		

Notes:

(1) The share options were granted on 20th May 1997 (the “Offer Date”) under the 1994 Share Option Scheme. The share options are exercisable at any time within ten years from the date of grant (i.e. on or before 19th May 2007), subject to the following conditions:

(a) For those grantees who have completed one year full-time service in the group companies of COSCO Pacific may exercise a maximum of 20% of share options granted in each of the first five anniversary years from the Offer Date.

(b) For those grantees who have not completed one year full-time service in the group companies of COSCO Pacific as at the Offer Date, a maximum of 20% of share options granted may be exercisable on each of the first five anniversary years of the Offer Date after completion of one year full-time service.

(2) This category comprises continuous contract employees of the subsidiaries of COSCO Pacific.

(3) The weighted average closing price of the shares of COSCO Pacific (“COSCO Pacific Shares”) immediately before the dates on which the share options were exercised was HK$20.09.

(4) During the period, no share options were granted, lapsed or cancelled under the 1994 Share Option Scheme.

SHARE OPTION SCHEMES OF COSCO PACIFIC *(Continued)*

(ii) Movements of the share options, which have been granted under the 2003 Share Option Scheme, during the period are set out below:

Category	Exercise price *HK$*	Number of share options: Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Outstanding as at 30 June 2007	Percentage of total issued share capital as at 30 June 2007	Exercisable period	*Note*
Directors								
WEI Jiafu	9.54	400,000	—	(400,000)	—	N/A	30.10.2003-29.10.2013	(1),(4)
	13.75	1,000,000	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2),(4)
ZHANG Fusheng	9.54	300,000	—	(300,000)	—	N/A	29.10.2003-28.10.2013	(1),(4)
	13,75	1,000,000	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2),(4)
CHEN Hongsheng	9.54	300,000	—	(300,000)	—	N/A	28.10.2003-27.10.2013	(1),(4)
	13.75	1,000,000	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2),(4)
LI Jianhong	9.54	300,000	—	(300,000)	—	N/A	29.10.2003-28.10.2013	(1),(4)
	13.75	1,000,000	—	—	1,000,000	0.04%	02.12.2004-01.12.2014	(2),(4)
SUN Yueying	9.54	300,000	—	(300,000)	—	N/A	29.10.2003-28.10.2013	(1),(4)
	13.75	1,000,000	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2),(4)
WANG Futian	13.75	500,000	—	(500,000)	—	N/A	03.12.2004-02.12.2014	(2),(4),(8)
MA Zehua	9.54	300,000	—	(300,000)	—	N/A	30.10.2003-29.10.2013	(1),(4),(8)
	13.75	1,000,000	—	(1,000,000)	—	N/A	03.12.2004-02.12.2014	(2),(4),(8)
Supervisor								
LI Yunpeng	9.54	300,000	—	(300,000)	—	N/A	30.10.2003-29.10.2013	(1),(4)
	13.75	1,000,000	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2),(4)
Others[(6)]	9.54	4,878,000	—	(1,803,000)	3,075,000	0.14%	(refer to note 1)	(1),(4)
	13.75	26,958,000	—	(6,120,000)	20,838,000	0.93%	(refer to note 2)	(2),(4)
	19.30	—	17,600,000	(40,000)	17,560,000	0.78%	(refer to note 3)	(3),(4)
		41,536,000	17,600,000	(11,663,000)	47,473,000			

SHARE OPTION SCHEMES OF COSCO PACIFIC *(Continued)*

Notes:

(1) The share options were granted during the period from 28 October 2003 to 6 November 2003 under the 2003 Share Option Scheme at an exercise price of HK$9.54. The options are exercisable at any time within ten years from the commencement date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options of the grantees was from 28 October 2003 to 6 November 2003.

(2) The share options were granted during the period from 25 November 2004 to 16 December 2004 under the 2003 Share Option Scheme at an exercise price of HK$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25 November 2004 to 16 December 2004.

(3) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 17 April 2007 to 19 April 2007.

COSCO Pacific adopted Black-Scholes Options Pricing Model (a common valuation methodology for option) to calculate the value of share options. The fair value of the options was approximately HK$4.97 at the dates of grant with assumptions as follows:

(i) Interest rate of 10-year Exchange Fund Notes of 4.08% per annum as the risk-free interest rate;

(ii) Expected life of 6 years (by reference to the pattern of the options exercised by the grantees in prior years);

(iii) Expected dividend yield of 3.84% (being the average dividend yield of COSCO Pacific for the previous five years); and

(iv) Expected volatility of 33.59% (being the historical volatility of the closing price of COSCO Pacific's shares from 22nd March 2006 to 23rd March 2007).

The value of the share options is subject to a number of assumptions and with regard to the limitation of the model. Therefore the value may be subjective and difficult to determine.

(4) These share options represent personal interests held by the relevant director or supervisor as beneficial owner.

(5) The weighted average closing price of the COSCO Pacific Shares immediately before the dates on which the options were exercised was HK$19.78.

(6) This category comprises, inter alia, continuous contract employees of COSCO Pacific.

(7) During the period, no share options were lapsed or cancelled under the 2003 Share Option Scheme.

(8) Mr. Wang Futian and Mr. Ma Zehua resigned as non-executive directors of the Company on 22 January 2007.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, the interests of the Company's directors and supervisors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Capacity	Nature of interest	Number of H shares of the Company	Percentage of total issued H shares of the Company
Mr. Tsao Wen King, Frank	Beneficial owner	Family	234,000	0.009%

Name of Supervisor	Capacity	Nature of interest	Number of A shares of the Company	Percentage of total issued A shares of the Company
Li Yunpeng	Beneficial owner	Family	3,000	0.00005%

(b) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of ordinary shares	Percentage of total issued share capital
COSCO Pacific	Tsao Wen King, Frank	Beneficial owner	Personal	50,000	0.002%
COSCO Corporation (Singapore) Limited	Wei Jiafu	Beneficial owner	Personal	1,900,000	0.08%(1)
COSCO Corporation (Singapore) Limited	Li Jianhong	Beneficial owner	Personal	1,300,000	0.06%(1)
COSCO Corporation (Singapore) Limited	Sun Yueying	Beneficial owner	Personal	1,400,000	0.06%(1)

Note:

(1) Adjustments were made to the number of shares held by these directors as the sub-division of every 1 ordinary share of S$0.20 each divided into 2 ordinary shares of S$0.10 each was approved by the shareholders of COSCO Corporation (Singapore) Limited on 17 January 2006.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(c) Long positions in the underlying shares of equity derivatives of the Company:

Movements of the share appreciation rights which were granted pursuant to the Share Appreciation Rights Plan of the Company during the six-month period ended 30 June 2007 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section.

(d) Long positions in underlying shares of equity derivatives of associated corporations of the Company:

Movement of the share options granted to the directors and supervisors of the Company by the associated corporations of the Company during the six months ended 30 June 2007 are set out as below:

					Number of share options						
Name of associated corporation	Name of director/ supervisor	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2007	Percentage of total issued of associated corporation as at 30 June 2007	*Note*
COSCO Pacific	WEI Jiafu	Beneficial owner	Personal	HK$9.54	400,000	—	(400,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
	ZHANG Fusheng	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
	CHEN Hongsheng	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
	LI Jianhong	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
	SUN Yueying	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
	WANG Futian	Beneficial owner	Personal	HK$13.75	500,000	—	(500,000)	—	—	N/A	(2),(8)
	MA Zehua	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1),(8)
				HK$13.75	1,000,000	—	(1,000,000)	—	—	N/A	(2), (8)
	LI Yunpeng	Beneficial owner	Personal	HK$9.54	300,000	—	(300,000)	—	—	N/A	(1)
				HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(2)
COSCO International Holdings Limited	WEI Jiafu	Beneficial owner	Personal	HK$0.57	1,800,000	—	—	—	1,800,000	0.12%	(3), (4)
				HK$1.37	1,200,000	—	—	—	1,200,000	0.08%	(3), (5)
	LI Jianhong	Beneficial owner	Personal	HK$0.57	1,800,000	—	—	—	1,800,000	0.12%	(3), (4)
				HK$1.37	1,200,000	—	—	—	1,200,000	0.08%	(3), (5)
COSCO Corporation (Singapore) Limited	WEI Jiafu	Beneficial owner	Personal	S$1.23	1,100,000	—	—	—	1,100,000	0.05%	(7)
	LI Jianhong	Beneficial owner	Personal	S$1.23	700,000	—	—	—	700,000	0.03%	(7)
	XU Lirong	Beneficial owner	Personal	S$0.807	400,000	—	—	—	400,000	0.02%	(6)
	SUN Yueying	Beneficial owner	Personal	S$1.23	700,000	—	—	—	700,000	0.03%	(7)

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes:

(1) The share options were granted by COSCO Pacific, an associated corporation of the Company, during the period from 28 October 2003 to 6 November 2003 under the share option scheme of COSCO Pacific ("2003 Share Option Scheme") at an exercisable price of HK$9.54. The options are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options of the grantees was from 28 October 2003 to 6 November 2003.

(2) The share options were granted by COSCO Pacific during the period from 25 November 2004 to 16 December 2004 under the 2003 Share Option Scheme at an exercisable price of HK$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25 November 2004 to 16 December 2004.

(3) The share options were granted by COSCO International Holdings Limited ("COSCO International"), an associated corporation of the Company.

(4) The share options were granted by COSCO International on 26 November 2003 pursuant to the share option scheme approved by the shareholders of COSCO International on 17 May 2002 (the "Share Option Scheme of COSCO International") and are exercise at an exercise price of HK$0.57 per share at any time between 23 December 2003 and 22 December 2008.

(5) The share options were granted by COSCO International on 2 December 2004 pursuant to the Share Option Scheme of COSCO International and are exercise at an exercise price of HK$1.37 per share at any time between 29 December 2004 and 28 December 2014.

(6) The share options were granted by COSCO Corporation (Singapore) Limited ("COSCO (Singapore)"), an associated corporation of the Company and a company listed on the Singapore Exchange Securities Trading Limited, on 6 April 2005 and are exercisable at any time between 6 April 2007 and 31 December 2007. Adjustments were made to the exercise price and the number of share options held by the directors as the sub-division of every 1 ordinary share of S$0.20 each divided into 2 ordinary shares of S$0.10 each was approved by the shareholders of COSCO (Singapore) on 17 January 2006. In this respect, the exercise price was adjusted from S$1.614 to S$0.807 and the number of share options of Mr. Xu Lirong was adjusted from 200,000 to 400,000 with effect from 17 January 2006. Mr. Xu Lirong was appointed as a non-executive director of the Company on 15 May 2007.

(7) The share options were granted by COSCO Singapore on 21 February 2006 and are exercisable at S$1.23 per share at any time between 21 February 2007 and 20 February 2011.

(8) Mr. Wang Futian and Mr. Ma Zehua resigned as non-executive directors of the Company on 22 February 2007.

Save as disclosed above, as at 30 June 2007, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to any director of the Company, as at 30 June 2007, shareholders who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

		Number of H shares/Percentage of total issued share capital of the Company's H shares						
Name	Capacity and nature of interest	Long position	%	Short position	%	Lending Pool	%	Note
Temasek Holdings (Private) Limited	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Temasek Capital (Private) Limited	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Seletar Investments Pte Ltd	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Singapex Investments Pte Ltd	Beneficial owner	272,536,000	10.56	—	—	—	—	(2)
Mr. Li Ka-Shing	Founder of discretionary trusts and interest of controlled corporations	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Corporation Company Limited ("TDT1")	Trustee and beneficiaryof a trust	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	275,294,000	10.56	—	—	—	—	(3)
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison Whampao Limited ("HWL")	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison International Limited ("HIL")	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison Whampao Properties Limited ("HWPL")	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Cactus Holdings Limited ("Cactus")	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Northpier Enterprises Limited ("Northpier")	Interest of controlled corporation	137,647,000	5.33	—	—	—	—	(3)
Vember Lord Limited ("Vember Lord")	Beneficial owner	137,647,000	5.33	—	—	—	—	(3)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Name	Capacity and nature of interest	Number of H shares/Percentage of total issued share capital of the Company's H shares Long position	%	Short position	%	Lending Pool	%	Note
Yanter Services Limited ("Yanter")	Interest of controlled corporation	137,647,000	5.33	—	—	—	—	(3)
Rhine Office Investments Limited ("Rhine Office")	Beneficial owner	137,647,000	5.33	—	—	—	—	(3)
UBS AG	Beneficial owner and interest of controlled corporation	184,356,945	7.14	3,693,980	0.14	—	—	(4)
JP Morgan Chase & Co ("JP Morgan")	Interest of controlled corporation	181,914,581	7.05	—	—	130,294,481	5.05	(5)
Morgan Stanley	Interest of controlled corporation	135,773,113	5.26	55,447,426	2.15	—	—	(6)

Notes:

(1) The three references to 306,741,500 shares relate to the same block of shares in the Company comprising:

(a) 272,536,000 shares held by Singapex Investments Pte Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd; and

(b) 34,205,500 shares held by Aranda Investments, a wholly owned subsidiary of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd.

Each of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd is taken to have a duty of disclosure in relation to the said shares of the Company by virtue of their deemed interests in the shares under the SFO.

(2) This relates to 272,536,000 shares in the Company directly and beneficially held by Singapex Investments Pte Ltd as described in Note (1)(a) above.

(3) The nine references to 275,294,000 shares relate to the same block of shares in the Company comprising 137,647,000 shares directly held by each of Vember Lord and Rhine Office respectively.

Li Ka-Shing Unity Holdings Limited ("Unity Holdings"), of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Certain subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Unity Holdings also owns the entire issued share capital of TDT1 as trustee of the Li Ka-Shing Unity Discretionary Trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in UT1.

HWL holds the entire issued share capital of HIL, HIL holds the entire issued share capital of HWPL, which in turn holds the entire issued share capital of Cactus, which in turn holds the entire issued capital of Rhine Office and Vember Lord indirectly, through Yanter and Northpier respectively.

By virtue of the SFO, each of Mr. Li Ka-Shing (being the settlor and may be regarded as founder of DT1 and DT2 for the purpose of the SFO), TDT1, TDT2, TUT1, CKH, HWL, HIL, HWPL, Cactus, Yanter and Northpier is deemed to be interested in the share capital of the Company held by Rhine Office and Vember Lord as a substantial shareholder of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

(4) The 184,356,945 shares relate to the shares in the Company comprising:

(a) 92,052,541 shares held by UBS AG;

(b) 18,278,854 shares of which UBS AG has a security interest; and

(c) 74,025,550 shares held by certain wholly-owned subsidiaries of UBS AG, including UBS Global Asset Management (UK) Ltd., UBS Fund Management (Switzerland) AG, UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Americas) Inc., UBS Global Asset Management (Hong Kong) Limited, UBS Global Asset Management (Singapore) Limited, UBS Global Asset Management (Australia) Ltd, UBS Global Asset Management (Canada) Co., UBS O'Connor LLC and UBS Securities LLC.

UBS AG is holding a short position in 1,453,980 shares of the Company and UBS Securities LLC is holding a short position in 2,240,000 shares of the Company.

(5) The 181,914,581 shares relate to the shares in the Company directly held by the following related entities of JP Morgan: JPMorgan Chase Bank, N.A., J.P. Morgan Whitefriars Inc., JF Asset Management Limited and JF International Management Inc.. The 130,294,481 shares are held in the capacity of approved lending agent/custodian corporation by JPMorgan.

(6) The 135,773,113 shares relate to the shares in the Company directly held by Morgan Stanley Investment Management Company, Morgan Stanley & Co. International plc., Morgan Stanley Hong Kong Securities Limited, Morgan Stanley Asset & Investment Trust Management Co., Limited, MSDW Equity Finance Services I (Cayman) Limited, Morgan Stanley Capital (Luxembourg) S.A. and Morgan Stanley & Co, Inc., being related entities of Morgan Stanley. Morgan Stanley Hong Kong Securities Limited, MSDW Equity Finance Services I (Cayman) Limited, Morgan Stanley Capital (Cayman Islands) Limited and Morgan Stanley & Co, Inc. are holding a short position in 55,447,426 shares of the Company.

As at 30 June 2007, so far as was known to the directors of the Company, the shareholder having interests in the A shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

		Number of shares/Percentage of total issued share capital of the Company					
Name	**Capacity and nature of interest**	**Long position**	**%**	**Short position**	**%**	**Lending Pool**	**%**
China Ocean Shipping (Group) Company	Beneficial owner	4,554,869,787	51.07	—	—	—	—

Save as disclosed above, as at 30 June 2007, so far as was known to the directors of the Company, there was no person (other than a director, supervisor or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by COSCO Pacific, a listed subsidiary of the Company, to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2007 required to be disclosed under Rule 13.22 of Chapter 13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is set out below:

	RMB'000
Non-current assets	12,889,340
Current assets	2,095,138
Current liabilities	(5,217,166)
Non-current liabilities	(6,072,478)
Net assets	3,694,834
Share capital	2,480,444
Reserves	1,214,390
Capital and reserves	3,694,834

As at 30 June 2007, the Group's consolidated attributable interest in these affiliated companies amounted to RMB1,651,710,564.

PROFIT DISTRIBUTION PLAN AND IMPLEMENTATION

(i) Profit Distribution for 2006

Pursuant to PRC Company Law, Articles of Association of the Company and the resolutions passed at the extraordinary general meeting of the Company held on 20 November 2006, for the year ended 31 December 2006, the Company appropriated 10% of the net profits stated in the audited combined financial statement prepared in accordance with the PRC corporate accounting standards and regulations to each of the statutory reserve funds and the discretionary reserve funds, representing a total sum of RMB313,225,000. The actual amounts were determined based on the net profits stated in the audited financial statements prepared in accordance with the PRC corporate accounting standards and regulations or Hong Kong Financial Reporting Standards, whichever is the lower. The total share capital of the Company as at 31 December 2006 was 6,204,756,337 shares. The Company intended to pay a final cash dividend of RMB0.09 (inclusive of tax) per share, representing a total sum of RMB558,427,000. The above profit distribution plan has been approved at the 24th Meeting of the First Board of Directors of the Company held on 28 March 2007 and the 2006 Shareholders' General Meeting held on 15 May 2007 and the distribution had been completed.

PROFIT DISTRIBUTION PLAN AND IMPLEMENTATION *(Continued)*

(ii) Distribution of Accumulated Profits before the Issuance of A Shares by the Company

Pursuant to the 24th Meeting of the First Board of Directors of the Company held on 28 March 2007 and the 2006 Shareholders' General Meeting held on 15 May 2007, the Company, after gaining approval from the 2006 Shareholders' General Meeting and the relevant competent authorities, had distributed the balance of net profits attributable to the owner of the parent company for the year ended 31 December 2006 after the appropriation of 10% of the net profits to each of the statutory reserve funds and the discretionary reserve funds and the payment of cash dividends plus the undistributed profits for the prior years to COSCO Group and shareholders of H Shares at par by way of shares and dividends. This specially distributed amount was determined based on the profits availabe for special distribution stated in the audited financial statements prepared in accordance with the PRC corporate accounting standards and regulations or Hong Kong Financial Reporting Standards, whichever is the lower. The amount for profit distribution was RMB930,714,000, i.e. 1.5 bonus shares allocated for each 10 shares of the Company. The special profit distribution plan was approved at the 24th Meeting of the First Board of Directors of the Company held on 28 March 2007 and the 2006 Shareholders' General Meeting held on 15 May 2007 and the distribution had been completed. The accumulated profits for the period from 1 January 2007 until the issue will be shared by all new and existing shareholders following this issue.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and the systems of internal controls of the Group, the completeness and accuracy of its accounts and to liaise on behalf of the directors of the Company with external auditors. The audit committee consists of two independent non-executive directors, Mr. Alexander Reid Hamilton (chairman of the audit committee) and Mr. Cheng Mo Chi, and one non-executive director, Ms. Sun Yueying, who will meet regularly with management of the Company and the Company's external auditors, review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2007, and recommended their adoption by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance by the Group and the Board considers that effective corporate governance makes an important contribution to the corporate success and to enhancing shareholder value.

The Company adopted its own code on corporate governance practices ("Company's Corporate Governance Code") which incorporates all the code provisions other than the following deviation and a majority of the recommended best practices in the Code on Governance Practices in Appendix 14 to the Listing Rules.

The Code on Governance Practices in Appendix 14 to the Listing Rules requires separation of the role of Chairman and Chief Executive Officer of a listed issuer. Mr. Wei Jiafu currently assumes the role of both Chairman and Chief Executive Officer of the Company.

CORPORATE GOVERNANCE *(Continued)*

The Board considers that an abrupt segregation of the role of the Chairman and CEO would involve a sharing of power and authority of the existing structure which might affect the daily operations of the Company. Notwithstanding the above, the Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

Save for the above deviation, none of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules or the Company's Corporate Governance Code for any part of the period for the six months ended 30 June 2007.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 18,172 employees as at 30 June 2007. Total staff cost for the Group for the first six-month period, including directors' remuneration, totalled approximately RMB1,596,096,000.

To enhance the quality and capability of our human resources as well as their team spirit and to fully cope with the business expansion of its container shipping, container terminal, container leasing, freight forwarding and shipping agency business, the Group has organized many professional and comprehensive training programs during the period. The remuneration policies of the Group is regularly reviewed on a regular basis, taking into account the group results and market conditions, in order to formulate better incentives and appraisal measures.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Codeset out in Appendix 10 to the Listing Rules as its own code of conduct ("Code of Conduct") regarding its directors' and supervisors' securities transactions effective on 9 June 2005, on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors and supervisors of the Company, they have confirmed that they complied with the required standard set out in the Model Code and the Code of Conduct for the six-month period ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2007. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the six months ended 30 June 2007.

INVESTOR RELATIONS

In order to let the investors be fully aware of the Company's operations, financial status and strategies, the Company continues striving to ensure an unimpeded communication channel for carrying out open and transparent disclosure of information, with a view to building investor confidence in the Company's future and also enhancing the Company's reputation and image in the capital market.

The Company's investor relations activities are coordinated by the secretary to the Board, who is a member of the senior management of the Company. Under the leadership of the secretary to the Board, the Investors Relations Department of the Company has assumed the responsibilities for communications to external parties and regular information disclosure.

The Company maintains frequent contacts and communications with, among others, fund managers, analysts and the business media in a pragmatic and high efficiency manner. During the first six-month period of 2007, the Company successfully organized various management interviews, telephone conferences. The Company had also actively participated in a number of investor forums and organized roadshows in major countries such as Hong Kong, Singapore, the United States and Europe to promote its corporate profile.

Major IR Activitles in 1H2007

No.	Date	Name of Activity	Location
1	Jan 29 - 30	UBS Greater China Conference 2007	Shanghai
2	Jan 31 - Feb 1	Deutsche Bank Access China Conference 2007	Beijing
3	Mar 29 - 30	Credit Suisse 10th Asian Investment Conference 2007	Hong Kong
4	Mar - Apr	Post-Results Non-Deal Roadshow in Hong Kong/ Sigapore/ Europe/ US/UAE	
5	Apr 25 - 27	JP Morgan China Conference 2007	Beijing
6	May 14 - 16	CLSA China Forum 2007	Shanghai

An investor relations webpage was created on the website of the Company (www.chinacosco.com) to address the enquiries of the investors.

CORPORATE CULTURE

The Company sees a positive corporate culture important in laying a solid foundation for the continuous development of an enterprise. While actively expanding its business, the Group puts much emphasis on building its corporate culture, creating a corporate value of "maximizing operational efficiency and company value and maximizing return for shareholders" among its employees and is committed to build a listed flagship and integrated platform for COSCO Group. Having due regard to its employees, shareholders, customers, other stakeholders and the community as a whole, the Group cultivates corporate culture with "practical and coordination" as its core and realizes the healthy and sustainable development of the Company.

The unaudited condensed consolidated interim financial information of the Company prepared under Hong Kong Financial Reporting Standards as set out on pages 36 to 80 have been reviewed by the Company's independent international auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), except that the scope of their review did not extend to the Group's share of results and net assets of China International Marine Containers (Group) Co., Ltd and Chong Hing Bank Limited, both are listed associates of the Group. Accordingly, their independent review report has been qualified in this respect.

The Group's share of results and net assets of China International Marine Containers (Group) Co., Ltd and Chong Hing Bank Limited, which have been accounted for under equity method based on their published financial information, have been disclosed in notes 5a(i) and 5a(ii) to the unaudited condensed consolidated interim financial information respectively.

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2007

	Note	**As at 30 June 2007** *RMB'000*	As at 31 December 2006 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**28,001,276**	26,401,135
Investment properties	6	**41,472**	20,961
Leasehold land and land use rights	6	**415,548**	353,581
Intangible assets	6	**114,924**	128,819
Jointly controlled entities		**2,837,228**	2,546,150
Associates		**5,562,952**	5,298,689
Available-for-sale financial assets		**4,081,879**	3,128,903
Deferred income tax assets		**225,723**	124,342
Finance lease receivables		**18,127**	23,340
Restricted bank deposits		**71,929**	96,632
		41,371,058	38,122,552
Current assets			
Inventories		**731,678**	601,542
Trade and other receivables	7	**11,130,288**	8,924,415
Current portion of finance lease receivables		**9,962**	11,257
Available-for-sale financial assets		**126,653**	—
Derivative financial assets	22	**503**	4,519
Financial assets at fair value through profit or loss		**4,671**	—
Cash and cash equivalents		**22,354,511**	7,795,855
		34,358,266	17,337,588
Total assets		**75,729,324**	55,460,140

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2007

	Note	**As at 30 June 2007** *RMB'000*	As at 31 December 2006 *RMB'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	8	**8,919,337**	6,204,756
Reserves		**25,815,094**	11,241,407
Proposed final dividend		**—**	1,489,141
		34,734,431	18,935,304
Minority interests		**9,496,170**	8,541,404
Total equity	9	**44,230,601**	27,476,708
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	**8,680,835**	8,947,208
Other non-current liabilities		**304,889**	316,691
Derivative financial liabilities	22	**64,571**	36,071
Deferred income tax liabilities		**530,903**	488,246
		9,581,198	9,788,216
Current liabilities			
Trade and other payables	11	**13,020,553**	11,370,365
Derivative financial liabilities	22	**339,369**	430,892
Short-term loans and bond payable	12	**6,063,289**	4,825,817
Current portion of long-term borrowings	10	**2,216,182**	1,333,535
Tax payable		**278,132**	234,607
		21,917,525	18,195,216
Total liabilities		**31,498,723**	27,983,432
Total equity and liabilities		**75,729,324**	55,460,140
Net current assets/(liabilities)		**12,440,741**	(857,628)
Total assets less current liabilities		**53,811,799**	37,264,924

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	Note	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Revenues	5	**26,815,178**	22,918,586
Cost of services		**(24,672,775)**	(20,742,020)
Gross profit		**2,142,403**	2,176,566
Other income		**764,121**	1,683,571
Selling, administrative and general expenses		**(1,545,503)**	(1,379,832)
Other expenses		**(172,397)**	(52,016)
Share reform	13	**82,045**	(511,305)
Operating profit	14	**1,270,669**	1,916,984
Finance income	15	**91,776**	109,560
Finance costs	15	**(464,579)**	(500,314)
Operating profit after net finance costs		**897,866**	1,526,230
Share of profits less losses of			
- jointly controlled entities		**311,928**	294,900
- associates		**466,491**	372,992
Profit before income tax expenses		**1,676,285**	2,194,122
Income tax expenses	16	**(104,851)**	(599,088)
Profit for the period		**1,571,434**	1,595,034
Attributable to:			
Equity holders of the Company		**968,678**	1,057,147
Minority interests		**602,756**	537,887
		1,571,434	1,595,034
Distribution	17(a)	**—**	3,602
Earnings per share for profit attributable to the equity holders of the Company			
- basic	18	**RMB0.135**	RMB0.150
- diluted	18	**RMB0.135**	RMB0.148

Unaudited Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Fair value gains on available-for-sale financial assets, net of tax	**1,024,182**	185,435
Share of reserves of jointly controlled entities and associates	**309,369**	23,475
Exchange differences	**(314,777)**	(128,356)
Actuarial losses on defined benefit pension plans and related deferred tax	**—**	(5,971)
Cash flow hedge	**339**	—
Net income recognised directly in equity	**1,019,113**	74,583
Profit for the period	**1,571,434**	1,595,034
Total recognised income and expense for the period	**2,590,547**	1,669,617
Attributable to:		
Equity holders of the Company	**1,462,814**	1,107,068
Minority interests	**1,127,733**	562,549
	2,590,547	1,669,617

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from operating activities	**1,206,234**	419,994
Net cash (used in)/generated from investing activities	**(2,274,824)**	6,133,832
Net cash generated from/(used in) financing activities	**15,773,642**	(1,432,988)
Net increase in cash and cash equivalents	**14,705,052**	5,120,838
Cash and cash equivalents at 1 January	**7,795,855**	9,969,650
Exchange losses on cash and cash equivalents	**(146,396)**	(37,456)
Cash and cash equivalents at 30 June	**22,354,511**	15,053,032
Analysis of balances of cash and cash equivalents:		
Deposits placed with an associate	**711,618**	300,404
Bank balances and cash - unpledged	**21,581,969**	14,688,663
Money market fund investments	**60,924**	63,965
	22,354,511	15,053,032

1 GENERAL INFORMATION

China COSCO Holdings Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 3rd Floor, No. 1 Tongda Square, Tianjin Port Free Trade Zone, Tianjin, the PRC.

The H-shares of the Company are listed on the Stock Exchange of Hong Kong since 30 June 2005. On 26 June 2007, the Company issued approximately 1.78 billion new A-shares (the "A-Shares") through public offering on the Shanghai Stock Exchange, at the offer price of RMB8.48 per share raising RMB15.13 billion. The A-Shares of the Company are listed on the Shanghai Stock Exchange since 26 June 2007.

In 2006, the Group acquired from China Ocean Shipping (Group) Company ("COSCO") and its subsidiaries (collectively "COSCO Group") the equity interests in COSCO Logistics Co., Limited ("COSCO Logistics"), COSCO Philippines Shipping Inc. and COSCO (HK) Cargo Services Co., Limited (collectively the "Acquired Subsidiaries"). The acquisitions are regarded as business combination under common control and the relevant statements of adjustments for the common control combinations as at 30 June 2006 and 31 December 2006 are set out in note 9.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 (the "unaudited Condensed Consolidated Interim Financial Information") were approved by the Board of Directors for issue on 24 August 2007.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited Condensed Consolidated Interim Financial Information have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2006 (the "2006 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Adoption of new/revised HKFRSs

The significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2006 Annual Financial Statements except that, the Group has adopted the following new standards, interpretations and amendments to published standards (collectively the "new/revised HKFRSs") issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2007:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflatory Economies"
HK (IFRIC)-Int 8	Scope of HKFRS 2
HK (IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK (IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new/revised HKFRSs in the current period did not have any significant effect on the unaudited Condensed Consolidated Interim Financial Information or result in any significant changes in the Group's significant accounting policies.

Certain new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted as follows:

		Effective for accounting periods beginning on or after
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HK (IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions	1 March 2007
HK (IFRIC)-Int 12	Service Concession Arrangements	1 January 2008
HK (IFRIC)-Int 13	Customer Loyalty Programmes	1 July 2008

The Group will apply the above standards and interpretations from 1 January 2008 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will be resulted.

3 FINANCIAL RISK MANAGEMENT

All aspect of the Group's financial risk management objectives and policies are consistent with those disclosed in the 2006 Annual Financial Statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

The preparation of the unaudited Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of container vessels and containers

The Group's major operating assets represent container vessels and containers. The Group tests annually whether container vessels and containers have suffered any impairment in accordance with the accounting policies. The recoverable amounts of container vessels and containers have been determined based on value-in-use calculations. These calculations require the use of estimates on the projections of cash inflows from the continual use of container vessels and containers (including the amount to be received for the disposal of container vessels and containers) and discount rate.

(b) Useful lives and residual values of container vessels and containers

Management determines the estimated useful lives of container vessels and containers by reference to the Group's business model, its assets management policy and industry practice. The useful lives could change significantly as a result of the changes in these factors. The depreciation expense will change where useful lives are different from the previous estimates.

Management determines the residual values of container vessels and containers based on all relevant factors (including the use of the current scrap value of steel in an active market as a reference value) at each measurement date. The depreciation expenses will change where the residual values are different from the previous estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT *(Continued)*

(c) Fair value estimation

The fair values of the Group's financial assets and liabilities are determined by reference to the methods below:

— the quoted market price when the related instrument is traded in an active market;

— valuation techniques (including pricing models or discounted cash flow models); and

— the price for similar recent transactions, with adjustment for the difference in market conditions and circumstances.

For major unlisted investments, the Group will determine the fair value of available-for-sale financial assets by reference to valuation report of an independent professional valuer.

The fair value of the Put Options (note 22) has been determined based on quotes from independent third parties for the price to settle the related liability.

The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows.

(d) Provision of operating costs

Operating costs, which mainly comprise container and cargo, vessel and voyage costs, sub-route and transportation costs, are recognised on a percentage of completion basis. Invoices in relation to these expenses are received approximately up to four months after the expenses have been incurred. Consequently, recognition of operating costs is based on the rendering of services as well as the latest tariff agreed with vendors.

(e) Revenue recognition

The Group recognises container shipping revenues on a percentage of completion basis, which is determined on the time proportion method of each individual voyage.

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 REVENUES AND SEGMENT INFORMATION

Revenues represent turnover from container shipping, container terminal, container leasing and logistics, net of discounts allowed, where applicable.

	Six month ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Turnover		
Container shipping and related business	**20,915,699**	17,765,259
Container terminal and related business	**187,874**	85,655
Container leasing	**392,077**	767,259
Logistics	**5,319,528**	4,300,413
	26,815,178	22,918,586

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated income mainly represents corporate income. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, inventories, receivables, and mainly exclude investments in jointly controlled entities and associates, available-for-sale financial assets, derivative financial assets, financial assets at fair value through profit or loss, deferred income tax assets, restricted bank deposits, cash and cash equivalents and corporate assets. Segment liabilities comprise operating liabilities and mainly exclude items such as current and deferred income tax liabilities, distribution payable, borrowings and related hedging derivatives. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets, including additions resulting from acquisitions through business combination.

(a) Primary reporting segment - business segments

The Group is organised on a worldwide basis into the following segments:

— Container shipping and related business

— Container terminal and related business

— Container leasing

— Logistics

— Other operations that primarily comprise container manufacturing, banking business and investment holding

5 **REVENUES AND SEGMENT INFORMATION** *(Continued)*

(a) **Primary reporting segment - business segments** *(Continued)*

The segment results and other information for the six months ended 30 June 2007 and 2006 are as follows:

	Six months ended 30 June 2007						
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Logistics *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenues							
External sales	20,915,699	187,874	392,077	5,319,528	—	—	26,815,178
Inter-segment sales	3,932	2,095	560,255	153,358	—	(719,640)	—
	20,919,631	189,969	952,332	5,472,886	—	(719,640)	26,815,178
Segment results	586,258	154,419	354,743	156,080	(1,166)	—	1,250,334
Gain on disposal of containers *(note 14(a))*	3,623	—	46,576	—	—	—	50,199
Share reform *(note 13)*	—	—	—	—	82,045	—	82,045
Finance income							91,776
Finance costs							(464,579)
Unallocated income							60,274
Unallocated expenses							(172,183)
Operating profit after net finance costs							897,866
Share of profits less losses of							
- jointly controlled entities	2,178	240,833	—	53,318	15,599	—	311,928
- associates *(note i)*	2,805	100,910	—	38,226	324,550	—	466,491
Profit before income tax expenses							1,676,285
Income tax expenses							(104,851)
Profit for the period							1,571,434
Depreciation and amortisation	412,509	24,531	276,277	66,516	2,520	—	782,353
Capital expenditure	1,026,279	56,407	2,684,266	151,620	451	—	3,919,023
Provision for/(reversal of) impairment of trade and other receivables, net	8,938	—	(4,307)	2,646	—	—	7,277
Amortised amount of transaction costs on long-term borrowings	—	—	1,644	—	1,984	—	3,628
Other non-cash expenses	—	—	124	—	879	—	1,003

5 **REVENUES AND SEGMENT INFORMATION** *(Continued)*

(a) Primary reporting segment - business segments *(Continued)*

	Six months ended 30 June 2006 (Restated)						
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Logistics *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenues							
External sales	17,765,259	85,655	767,259	4,300,413	—	—	22,918,586
Inter-segment sales	3,186	120	507,681	155,247	—	(666,234)	—
	17,768,445	85,775	1,274,940	4,455,660	—	(666,234)	22,918,586
Segment results	701,615	105,172	763,697	142,998	—	—	1,713,482
Gain on disposal of containers *(note 14(a))*	—	—	678,284	—	—	—	678,284
Share reform *(note 13)*	—	—	—	—	(511,305)	—	(511,305)
Finance income							109,560
Finance costs							(500,314)
Unallocated income							93,479
Unallocated expenses							(56,956)
Operating profit after net finance costs							1,526,230
Share of profits less losses of							
- jointly controlled entities	1,445	211,817	—	39,838	41,800	—	294,900
- associates *(note i)*	4,782	58,878	—	33,240	276,092	—	372,992
Profit before income tax expenses							2,194,122
Income tax expenses							(599,088)
Profit for the period							1,595,034
Depreciation and amortisation	484,495	6,096	449,950	44,293	2,265	—	987,099
Capital expenditure	143,877	2,434	1,495,246	61,910	18,598	—	1,722,065
Reversal of provision for impairment of trade and other receivables, net	(57,969)	—	(9,209)	(667)	—	—	(67,845)
Amortised amount of transaction costs on long-term borrowings	2,963	—	29,146	—	721	—	32,830
Other non-cash expenses	—	651	4,064	—	1,044	—	5,759

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

(a) Primary reporting segment - business segments *(Continued)*

The segment assets and liabilities as at 30 June 2007 and 31 December 2006 are as follows:

	As at 30 June 2007						
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Logistics *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Segment assets	**24,394,802**	**1,804,158**	**9,991,280**	**4,541,143**	**11,263**	**(321,496)**	**40,421,150**
Jointly controlled entities	**35,949**	**2,256,894**	**—**	**350,342**	**194,043**	**—**	**2,837,228**
Associates *(note ii)*	**34,558**	**1,404,062**	**—**	**317,968**	**3,806,364**	**—**	**5,562,952**
Available-for-sale financial assets	**59,929**	**3,815,366**	**—**	**206,585**	**126,652**	**—**	**4,208,532**
Unallocated assets							**22,699,462**
Total assets							**75,729,324**
Segment liabilities	**6,413,034**	**68,616**	**1,766,316**	**4,112,530**	**339,286**	**(321,496)**	**12,378,286**
Unallocated liabilities							**19,120,437**
Total liabilities							**31,498,723**

	As at 31 December 2006						
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Logistics *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Segment assets	22,856,744	1,587,165	8,466,765	3,830,860	23	(295,503)	36,446,054
Jointly controlled entities	34,450	1,949,201	—	367,791	194,708	—	2,546,150
Associates *(note ii)*	33,300	1,475,209	—	316,929	3,473,251	—	5,298,689
Available-for-sale financial assets	8,890	2,873,601	—	179,343	67,069	—	3,128,903
Unallocated assets							8,040,344
Total assets							55,460,140
Segment liabilities	5,512,704	77,681	1,245,433	3,771,560	430,892	(295,503)	10,742,767
Unallocated liabilities							17,240,665
Total liabilities							27,983,432

5 **REVENUES AND SEGMENT INFORMATION** *(Continued)*

(a) Primary reporting segment - business segments *(Continued)*

Notes:

(i) For the six months ended 30 June 2007, the Group's share of profits (net of income tax expenses) of China International Marine Containers (Group) Co., Ltd. ("CIMC") and Chong Hing Bank Limited ("CHB"), listed associates of the Group, amounted to RMB220,316,000 (2006: RMB215,587,000) and RMB58,610,000 (2006: RMB50,806,000) respectively.

(ii) As at 30 June 2007, the Group's share of net assets of CIMC and CHB amounted to RMB2,209,652,000 (31 December 2006: RMB2,137,592,000) and RMB1,353,396,000 (31 December 2006: RMB1,366,078,000) respectively.

(b) Secondary reporting format - geographical segments

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, PRC coastal and Trans-Atlantic and others which are reported as follows:

Geographical	Segment trade lanes
America	Trans-Pacific
Europe	Asia-Europe
Asia Pacific	Intra-Asia
China domestic	PRC coastal
Other international market	Trans-Atlantic and others

In respect of container leasing, the movements of containers under operating lease or finance lease are known through reports from the lessees but the Group is not able to control the movements of containers except to the degree that the movements are restricted by the terms of the leases or where safety of the containers is concerned. It is therefore impracticable to present segment information by geographical area and thus the revenues of which are presented as unallocated revenues.

In respect of other activities including container terminals, freight forwarding, shipping agency and logistics, revenues are based on the geographical locations in which the business operations are located.

The Group's total assets are primarily dominated by its container vessels and containers. The Directors consider that the nature of the Group's businesses preclude a meaningful allocation of container vessels and containers and their related capital expenditure to specific geographical segments as defined under the HKAS 14 "Segmental Reporting" issued by the HKICPA. These container vessels and containers are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, geographical segment information is only presented for revenues.

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Secondary reporting format - geographical segments *(Continued)*

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
America	**6,725,939**	6,147,999
Europe	**6,206,104**	4,236,081
Asia Pacific	**3,158,240**	3,008,280
China domestic	**9,368,435**	7,544,949
Other international market	**964,383**	1,214,020
Unallocated	**392,077**	767,257
Total revenues	**26,815,178**	22,918,586

6 TANGIBLE AND INTANGIBLE ASSETS

	As at	As at
	30 June	31 December
	2007	2006
	RMB'000	*RMB'000*
Property, plant and equipment	**28,001,276**	26,401,135
Investment properties	**41,472**	20,961
Leasehold land and land use rights	**415,548**	353,581
Intangible assets	**114,924**	128,819
Total tangible and intangible assets	**28,573,220**	26,904,496

Movement of the tangible and intangible assets during the period is set out below:

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Opening net book value as at 1 January	**26,904,496**	29,512,770
Exchange differences	**(478,629)**	(185,818)
Acquisition of subsidiaries	**35,624**	—
Additions	**3,919,023**	1,722,065
Disposals	**(786,087)**	(6,574,941)
Depreciation/amortisation	**(782,353)**	(987,099)
Transfer to inventories	**(238,854)**	(9,212)
Closing net book value as at 30 June	**28,573,220**	23,477,765

7 TRADE AND OTHER RECEIVABLES

	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000
Trade receivables (notes a and b)		
- third parties	**6,155,845**	5,580,883
- subsidiaries of COSCO	**1,302,835**	1,068,503
- jointly controlled entities	**271,869**	252,317
- associates	**26,706**	1,773
- related companies	**16,279**	61,847
	7,773,534	6,965,323
Bills receivables (note b)	**83,709**	79,147
	7,857,243	7,044,470
Prepayments, deposits and other receivables (note c)	**2,328,094**	1,218,928
Due from related parties (note d)		
- COSCO	**138,582**	212,121
- subsidiaries of COSCO	**215,408**	136,300
- jointly controlled entities	**489,805**	235,173
- associates	**101,156**	6,598
- related companies	**—**	70,825
	944,951	661,017
	11,130,288	8,924,415

Notes:

(a) The amounts are unsecured and interest free. Trading balances with the subsidiaries of COSCO, jointly controlled entities, associates and related companies have similar credit periods as third party customers.

7 TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(b) The normal credit period granted to customers is generally in the range of 25 to 90 days. As at 30 June 2007, the ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
1-3 months	**7,061,651**	6,434,983
4-6 months	**709,249**	410,625
7-12 months	**87,592**	199,089
1-2 years	**47,281**	44,991
2-3 years	**14,026**	15,611
	7,919,799	7,105,299
Provision for impairment	**(62,556)**	(60,829)
	7,857,243	7,044,470

(c) The balances include a receivable for disposal of two container vessels under construction.

(d) The amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2007		As at 31 December 2006	
	Number of shares *(thousands)*	**Nominal value** *RMB'000*	Number of shares *(thousands)*	Nominal value *RMB'000*
Registered, issued and fully paid:				
Domestic Shares of RMB1.00 each	**—**	**—**	3,960,756	3,960,756
H-Shares of RMB1.00 each	**2,580,600**	**2,580,600**	2,244,000	2,244,000
A-Shares of RMB1.00 each	**6,338,737**	**6,338,737**	—	—
	8,919,337	**8,919,337**	6,204,756	6,204,756

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS *(Continued)*

(a) Share capital *(Continued)*

Movements of the share capital during the period are set out below:

Six months ended 30 June 2007

	Domestic Shares *(thousands)*	H-Shares *(thousands)*	A-Shares *(thousands)*	Total *(thousands)*
Number of shares				
Registered, issued and fully paid:				
As at 1 January 2007	3,960,756	2,244,000	—	6,204,756
Bonus issue (note i)	594,114	336,600	—	930,714
A-Shares Issue (note ii)				
- COSCO	(4,554,870)	—	4,554,870	—
- Others	—	—	1,783,867	1,783,867
As at 30 June 2007	—	2,580,600	6,338,737	8,919,337

	Domestic Shares *RMB'000*	H-Shares *RMB'000*	A-Shares *RMB'000*	Total *RMB'000*
Nominal value				
Registered, issued and fully paid:				
As at 1 January 2007	3,960,756	2,244,000	—	6,204,756
Bonus issue (note i)	594,114	336,600	—	930,714
A-Shares Issue (note ii)				
- COSCO	(4,554,870)	—	4,554,870	—
- Others	—	—	1,783,867	1,783,867
As at 30 June 2007	—	2,580,600	6,338,737	8,919,337

Six months ended 30 June 2006

There was no movement of share capital during the six months ended 30 June 2006.

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS *(Continued)*

(a) Share capital *(Continued)*

Notes:

(i) Pursuant to the resolution passed in the annual general meeting held on 15 May 2007, the Company issued 1.5 bonus shares for every 10 shares of the Company at par value of RMB1.00 each held by the existing shareholders as at 31 December 2006, totalling RMB930,714,000 ("Bonus Issue").

(ii) On 26 June 2007, the Company issued 6,338,737,233 A-Shares, of which 4,554,869,787 A-Shares are held by COSCO and 1,783,867,446 A-Shares through public offering on the Shanghai Stock Exchange for a gross proceeds of RMB15,127,196,000 ("A-Shares Issue").

According to the relevant existing PRC laws and regulations and the relevant requirements of the China Securities Regulatory Commission and the Shanghai Stock Exchange, after approval by the relevant authorities, all Domestic Shares issued before the A-Shares Issue, i.e., the 4,554,869,787 Domestic Shares held by COSCO, have been registered with China Securities Depository and Clearing Corporation Limited as circulative 4,554,869,787 A-Shares with restrictive trading period following the A-Shares Issue. COSCO has undertaken that for a period of 36 months commencing on the date on which the A-Shares are listed on the Shanghai Stock Exchange, it will not transfer or put on trust the A-Shares which it holds (directly or indirectly) in the capital of the Company or allow such shares to be repurchased by the Company.

Under the A-Shares Issue, 535,000,000 A-Shares that have been placed with the strategic investors are subject to a lock-up period of 12 months from the date of commencement of trading of the A-Shares that are subscribed through on-line issue on the Shanghai Stock Exchange; 356,934,446 A-Shares that have been placed with the target places off-line are subject to a lock-up period of 3 months from the date of commencement of trading of the A-Shares that are subscribed through on-line issue on the Shanghai Stock Exchange.

The A-Shares are listed on the Shanghai Stock Exchange since 26 June 2007.

(iii) The A-Shares rank pari passu, in all material respects, with H-Shares. Nonetheless, certain A-Shares are subject to certain restrictions as disclosed in note (ii) above.

(b) Share appreciation rights

The Group has adopted a cash-settled, share-based payment scheme (the "Plan"). The Plan provides for the grant of share appreciation rights ("SARs") to eligible participants, including the Directors (excluding independent non-executive Directors), supervisors (excluding independent supervisors), senior management of the Company, COSCO Container Lines Company Limited ("COSCON"), COSCO Logistics and their subsidiaries and other grantees as approved by the Company's Board of Directors. On 16 December 2005 and 5 October 2006, 22,300,000 and 21,950,000 SARs were granted by the Company to eligible participants with an exercise price of HK$3.195 and HK$3.588 of the H-Shares of the Company respectively. During the period, 2,295,000 SARs and 100,000 SARs was exercised and lapsed respectively.

On 4 June 2007, the Company's Board of Directors approved to grant 24,870,000 SARs to the eligible participants with an exercise price of HK$9.540 of the H-Shares of the Company ("2007 SARs"). As at 30 June 2007, 8,705,000 2007 SARs were accepted by the eligible participants.

During the period ended 30 June 2007, RMB49,683,000 was charged to the unaudited condensed consolidated income statement for the share appreciation rights granted to the grantees in 2005, 2006 and 2007. The fair values of 2005 and 2006 SARs as determined using the Black-Scholes valuation model were ranged from HK$8.4635 to HK$9.0249 per unit. The significant input into the model were share price of HK$11.22 at the period end, exercise price, expected life of SARs, expected dividend rate, and risk-free interest rate. The expected volatility of 36.93% is estimated based on historical daily share price of the Company. The intrinsic values of 2005, 2006 and 2007 SARs as at 30 June 2007 were HK$8.025, HK$7.632 and HK$1.68 per unit, respectively.

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS *(Continued)*

(c) Share options of a subsidiary

Movements of the share options, which have been granted under the share option schemes adopted by the Company's subsidiary, COSCO Pacific Limited ("COSCO Pacific") on 30 November 1994 and 23 May 2003 respectively, during the period are set out below:

Six months ended 30 June 2007

		Number of share options			
Category	**Exercise price HK$**	**Outstanding as at 1 January 2007**	**Granted during the period**	**Exercised during the period**	**Outstanding as at 30 June 2007**
Directors	**9.54**	**1,900,000**	**—**	**(1,900,000)**	**—**
	13.75	**6,500,000**	**—**	**(1,500,000)**	**5,000,000**
Supervisors	**9.54**	**300,000**	**—**	**(300,000)**	**—**
	13.75	**1,000,000**	**—**	**—**	**1,000,000**
Others	**8.80**	**322,000**	**—**	**(322,000)**	**—**
	9.54	**4,878,000**	**—**	**(1,803,000)**	**3,075,000**
	13.75	**26,958,000**	**—**	**(6,120,000)**	**20,838,000**
	19.30	**—**	**17,600,000**	**(40,000)**	**17,560,000**
		41,858,000	**17,600,000**	**(11,985,000)**	**47,473,000**

Six months ended 30 June 2006

		Number of share options			
Category	Exercise price HK$	Outstanding as at 1 January 2006	Granted during the period	Exercised during the period	Outstanding as at 30 June 2006
Directors	9.54	3,300,000	—	(800,000)	2,500,000
	13.75	9,000,000	—	(500,000)	8,500,000
Supervisors	9.54	400,000	—	(100,000)	300,000
	13.75	1,000,000	—	—	1,000,000
Others	8.80	1,154,000	—	(32,000)	1,122,000
	9.54	8,898,000	—	(2,758,000)	6,140,000
	13.75	47,844,000	—	(15,042,000)	32,802,000
		71,596,000	—	(19,232,000)	52,364,000

The share options granted on 23 March 2007 under the share option scheme as adopted by the subsidiary on 23 May 2003 are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee from 17 April 2007 to 19 April 2007. The fair value of these options granted during the period, determined by using Black-Scholes valuation model, was HK$4.9683 per option (2006: Not applicable). By reference to the fair value of these options, an aggregate share-based compensation expense of RMB86,375,000 (2006: Not applicable) was charged to the unaudited condensed consolidated income statement for the current period.

9 EQUITY

	For the six months ended 30 June 2007		
	Equity holders of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
As at 1 January 2007	18,935,304	8,541,404	27,476,708
Employees share-based compensation benefits	44,241	41,936	86,177
Profit for the period	968,678	602,756	1,571,434
Release of reserve upon disposal of an available-for-sale financial asset	(521)	(494)	(1,015)
Increase in equity interests by minority shareholders	(30,354)	131,955	101,601
Fair value gains on available-for-sale financial assets, net of tax	537,037	487,145	1,024,182
Cash flow hedge	339	—	339
Share of reserves of jointly controlled entities and associates	161,015	148,354	309,369
A-Shares Issue *(note 8(a)(ii))*	15,127,196	—	15,127,196
Share issue expenses	(246,051)	—	(246,051)
2006 final cash dividend *(note 17(b)(i))*	(558,427)	—	(558,427)
Acquisition of shares in a subsidiary	—	(2,301)	(2,301)
Recognition of minority interests in relation to certain jointly controlled entities reclassified to subsidiaries	—	50,795	50,795
Dividends paid to minority shareholders of subsidiaries	—	(390,277)	(390,277)
Exchange differences	(204,255)	(110,522)	(314,777)
Dissolution of a subsidiary	—	(3,955)	(3,955)
Others	229	(626)	(397)
As at 30 June 2007	34,734,431	9,496,170	44,230,601

9 EQUITY *(Continued)*

	For the six months ended 30 June 2006 (Restated)		
	Equity holders of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
As at 1 January 2006	19,452,691	7,472,397	26,925,088
Actuarial losses on defined benefit pension plans and related deferred tax	(5,971)	—	(5,971)
Profit for the period	1,057,147	537,887	1,595,034
Fair value gain on available-for-sale financial assets, net of tax	112,676	72,759	185,435
Share of reserves of jointly controlled entities and associates	19,407	4,068	23,475
Exchange differences	(76,191)	(52,165)	(128,356)
Increase in equity interests by minority shareholders of subsidiaries	(26,997)	200,658	173,661
2005 final dividend	(798,200)	—	(798,200)
Dividends paid to minority shareholders of subsidiaries	—	(341,496)	(341,496)
Distribution to COSCO *(note 17(a))*	(3,602)	—	(3,602)
Others	(547)	(670)	(1,217)
As at 30 June 2006	19,730,413	7,893,438	27,623,851
Analysis of equity as at 30 June 2006:			
As previously reported	18,583,749	7,922,032	26,505,781
Adoption of merger accounting (note)	1,146,664	(28,594)	1,118,070
As restated	19,730,413	7,893,438	27,623,851

9 EQUITY *(Continued)*

Note:

Statement of adjustments for common control combinations of the Acquired Subsidiaries as at 30 June 2006 and 31 December 2006

As at 30 June 2006

As a result of the adoption of merger accounting for the Acquired Subsidiaries, the total equity as at 30 June 2006 and the profit for the six months ended 30 June 2006 of the Group were increased from RMB26,505,781,000 to RMB27,623,851,000 and from RMB1,506,079,000 to RMB1,595,034,000, respectively.

As at 31 December 2006

	The Group before Acquired Subsidiaries *RMB'000*	Acquired Subsidiaries *RMB'000*	Adjustments *RMB'000*	Note	As at 31 December 2006 *RMB'000*
ASSETS					
Non-current assets	39,468,117	1,924,421	(3,269,986)	(i),(ii)	38,122,552
Current assets	12,632,228	4,819,623	(114,263)	(iii)	17,337,588
Total assets	52,100,345	6,744,044	(3,384,249)		55,460,140
EQUITY					
Capital and reserves					
Share capital	6,204,756	1,585,333	(1,585,333)	(i)	6,204,756
Reserves	11,777,598	958,347	(1,494,538)	(i),(ii)	11,241,407
Proposed final dividend	1,489,141	—	—		1,489,141
	19,471,495	2,543,680	(3,079,871)		18,935,304
Minority interests	8,594,897	137,310	(190,803)	(i)	8,541,404
Total equity	28,066,392	2,680,990	(3,270,674)		27,476,708
LIABILITIES					
Non-current liabilities	9,495,561	292,655	—		9,788,216
Current liabilities	14,538,392	3,770,399	(113,575)	(iii)	18,195,216
Total liabilities	24,033,953	4,063,054	(113,575)		27,983,432
Total equity and liabilities	52,100,345	6,744,044	(3,384,249)		55,460,140

9 EQUITY *(Continued)*

Statement of adjustments for common control combinations of the Acquired Subsidiaries as at 30 June 2006 and 31 December 2006 *(Continued)*

Note:

The adjustments mainly comprised of:

(i) Adjustments to eliminate the share capitals of the Acquired Subsidiaries against their investment costs. The difference has been debited to the retained earnings and minority interests as at 31 December 2006.

(ii) COSCO Logistics is classified as jointly controlled entity by COSCO Pacific as at 31 December 2006. Adjustment was made to eliminate the 49% share of net asset value of COSCO Logistics by COSCO Pacific against the related reserves as at 31 December 2006.

(iii) Adjustments to eliminate the inter-group balances as at 31 December 2006.

No other significant adjustments were made to the net assets and net profit of any entities or businesses as a result of the common control combinations to achieve consistency of accounting policies.

10 LONG-TERM BORROWINGS

	As at 30 June 2007	As at 31 December 2006
	RMB'000	*RMB'000*
Bank loans		
- secured *(note c)*	**5,547,095**	6,125,557
- unsecured	**3,171,204**	1,892,903
Notes	**2,178,718**	2,262,283
	10,897,017	10,280,743
Current portion of long-term borrowings	**(2,216,182)**	(1,333,535)
	8,680,835	8,947,208

10 LONG-TERM BORROWINGS *(Continued)*

Notes:

(a) The long-term borrowings are analysed as follows:

	As at 30 June 2007 ***RMB'000***	As at 31 December 2006 *RMB'000*
Wholly repayable within five years		
- bank loans	**2,933,373**	3,691,238
Not wholly repayable within five years		
- bank loans	**5,784,926**	4,327,222
- notes	**2,178,718**	2,262,283
	7,963,644	6,589,505
	10,897,017	10,280,743

(b) The Group's long-term borrowings were repayable as follows:

	As at 30 June 2007 ***RMB'000***	As at 31 December 2006 *RMB'000*
Bank loans		
- within one year	**2,216,182**	1,333,535
- in the second year	**962,661**	2,565,052
- in the third to fifth years	**3,023,127**	2,375,658
- over five years	**2,516,329**	1,744,215
	8,718,299	8,018,460
Notes		
- over five years	**2,178,718**	2,262,283
	10,897,017	10,280,743

(c) As at 30 June 2007, the secured bank loans are secured, inter alia, by one or more of the following:

(i) First legal mortgage over certain container vessels and land use rights.

(ii) Assignment of the charter, rental income and earnings, requisition compensation and insurance relating to certain container vessels.

(iii) Shares and bank deposits of certain subsidiaries.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Trade payables *(notes a and b)*		
- third parties	**4,402,237**	4,124,626
- subsidiaries of COSCO	**1,117,626**	1,020,258
- jointly controlled entities	**220,510**	252,907
- associates	**464,219**	267,511
- related companies	**9,554**	27,475
	6,214,146	5,692,777
Bills payables *(note b)*	**41,458**	52,233
	6,255,604	5,745,010
Other payables and accruals	**5,526,103**	4,374,750
Consideration and dividend payable to COSCO *(note c)*	**1,213,959**	1,213,959
Due to related parties *(note d)*		
- COSCO	**3,033**	23,114
- subsidiaries of COSCO	**2,722**	937
- related companies	**7,800**	976
	13,555	25,027
Current portion of other non-current liabilities	**11,332**	11,619
	13,020,553	11,370,365

Notes:

(a) The amounts are unsecured and interest free. Trading balances with the subsidiaries of COSCO, jointly controlled entities, associates and related companies have similar credit periods granted by those of third party suppliers.

11 TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(b) As at 30 June 2007, the ageing analysis of trade and bills payables is as follows:

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
1-6 months	**6,044,820**	5,569,053
7-12 months	**119,421**	65,339
1-2 years	**38,674**	92,341
2-3 years	**25,542**	592
Above 3 years	**27,147**	17,685
	6,255,604	5,745,010

(c) The amounts represented the consideration payable to COSCO in connection with the acquisition of 51% equity interest in COSCO Logistics in December 2006 and dividend payable by COSCO Logistics to COSCO prior to the completion of the acquisition. These amounts were fully repaid subsequent to the period end.

(d) The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

12 SHORT-TERM LOANS AND BOND PAYABLE

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Bank loans - unsecured *(note a)*	**3,619,049**	2,781,178
Loans from an associate *(note b)*		
- unsecured	**895,916**	522,200
- secured	**13,000**	13,000
Bond payable *(note c)*	**1,535,324**	1,509,439
	6,063,289	4,825,817

(a) The effective interest rates of short-term bank loans as at 30 June 2007 were in the range of 4.70 % to 6.02 % per annum (31 December 2006: 4.70% to 6.48% per annum).

(b) The loans from COSCO Finance Co., Ltd., an associate, bore interest at 5.10% to 5.91% (2006: 4.70% to 5.85%) per annum. The loan of RMB13,000,000 as at 30 June 2007 (31 December 2006: RMB13,000,000) is secured by certain buildings of the Group.

(c) On 26 October 2006, the Company issued a short-term bond of RMB1,500,000,000, which is unsecured, interest-bearing at 3.48% per annum and expires in 364 days after the date of issue. The interest is payable with the principal on the maturity day.

13 SHARE REFORM

On 25 May 2006, COSCO Pacific, a listed subsidiary of the Company, issued 424,106,507 put options (the "Put Options") to holders of the A-Shares not having trading restrictions (the "CIMC Tradable A-Shares") of CIMC, an associate of the Group listed on the Shenzhen Stock Exchange, as consideration for the former's approval of the removal of the trading restrictions on the CIMC shares held by the Group. The Put Options are listed on the Shenzhen Stock Exchange. The holders of the Put Options are entitled to require COSCO Pacific to buy from them 1.370 CIMC Tradable A-Shares at an exercise price of RMB 7.302 per share during the 5 trading days immediately prior to and excluding 23 November 2007. If all the Put Options are exercised in full, COSCO Pacific will have to pay a total sum of approximately RMB4,241,000,000 in cash and COSCO Pacific's equity interest in CIMC will be increased from approximately 16.23% to 37% after the acquisition.

The Put Options are derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" and are carried in the unaudited condensed consolidated balance sheet at their fair value. The Put Options are initially recognised at fair values and any subsequent changes in their fair values, are debited or credited in the condensed consolidated income statement. The change in fair values recognised in the unaudited condensed consolidated income statement for the current period in connection with the Put Options was RMB82,045,000 . The fair values of the Put Options have been determined based on quotes from independent third parties for the price to settle the related liability.

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Initial recognition of Put Options	**—**	(1,116,114)
Fair value gain on Put Options	**82,045**	604,809
	82,045	(511,305)

14 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposal of property, plant and equipment*		
- containers *(note a)*	**50,199**	678,284
- container vessels *(note b)*	**408,506**	290,807
- others	**5,299**	4,057
Finder fee* *(note a)*	**—**	122,406
Gain on deemed disposal of a subsidiary*	**50,490**	89,048
Reversal of impairment of trade and other receivables*	**4,307**	71,003
Government subsidy*	**35,894**	223,040
Dividend income from an available-for-sale financial asset*	**87,414**	83,359
Gain on disposal of available-for-sale financial assets*	**18,638**	—
Gain on interest rate swap contracts - not qualifying as hedges*	**548**	6,223
Gain on bunker forward contracts - not qualifying as hedges*	**—**	34,966
Charging:		
Depreciation and amortisation	**782,353**	987,099
Cost of bunkers and fuel consumed	**3,464,050**	3,345,964
Operating lease rentals:		
- container vessels	**1,561,516**	1,196,413
- containers	**358,984**	440,801
- land and buildings	**74,834**	55,240
- other property, plant and equipment	**160,177**	176,223
Impairment of trade and other receivables#	**11,584**	3,158
Loss on bunker forward contracts - not qualifying as hedges#	**6,678**	—

* Item included in other income

\# Item included in other expenses

Notes:

(a) In June 2007, the Group disposed of containers leased out under operating leases with an aggregate net book value of RMB312,565,000 (equivalent to US$40,493,000) to a third party for a cash consideration of approximately RMB359,142,000 (equivalent to US$46,527,000). The gain on disposal before taxes amounted to RMB46,576,000 (equivalent to US$6,034,000).

In the prior period, the Group disposed of its containers leased out under operating leases for a cash consideration of approximately RMB6,772,192,000 (equivalent to US$846,524,000). The disposal was completed on 30 June 2006.

The Group also received a finder fee of approximately RMB122,406,000 (equivalent to US$15,240,000) in respect of its services rendered for the entire transaction prior to the completion of the disposal.

14 OPERATING PROFIT *(Continued)*

Notes:

(b) During the six months ended 30 June 2007, the Group disposed of two container vessels under construction and a container vessel to third parties for total considerations of RMB1,469,286,000, resulting in a total gain of RMB408,506,000.

In June 2006, the Group disposed of two container vessels to a subsidiary of COSCO for a total consideration of RMB425,650,000, resulting in a total gain of RMB290,807,000 (note 23(n)).

15 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Interest expenses from		
- bank loans	**326,252**	375,990
- bond wholly repayable within one year	**25,885**	—
- other loans wholly repayable within five years	**507**	64
- loans from an associate wholly repayable within one year	**17,791**	10,398
- notes not wholly repayable within five years	**75,631**	67,351
- amounts due to COSCO wholly repayable within one year	**—**	2,635
	446,066	456,438
Amortised amount of transaction costs on long-term borrowings	**3,628**	32,830
Amortised amount of discount on issue of notes	**795**	867
Other incidental borrowing costs and charges	**14,962**	10,179
Amount capitalised in construction in progress	**(872)**	—
Finance costs	**464,579**	500,314
Interest income from		
- deposits with an associate	**(7,087)**	(6,721)
- loan to a jointly controlled entity	**(3,813)**	(1,662)
- loans to associates	**(3,528)**	(3,543)
- loan to an investee	**—**	(156)
- third parties	**(77,348)**	(97,478)
Finance income	**(91,776)**	(109,560)
Net finance costs	**372,803**	390,754

16 INCOME TAX EXPENSES

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
- PRC enterprise income tax (note a)	**122,082**	93,683
- Hong Kong profits tax (note b)	**4,880**	1,472
- Overseas taxation (note c)	**53,070**	1,025,866
Under provision in prior periods	**—**	23,561
	180,032	1,144,582
Deferred income tax, net	**(75,181)**	(545,494)
	104,851	599,088

Notes:

(a) PRC enterprise income tax ("EIT") is calculated based on the statutory rate of 33% (2006: 33%) on the taxable income of each of the PRC companies of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the period, except for the Company and certain subsidiaries, which are taxed at reduced rates ranging from 15% to 27% (2006: 15% to 27%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period.

(c) Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 20% to 44% during the period (2006: 20% to 44%). The overseas taxation charge for the six months ended 30 June 2006 represented primarily the estimated capital gain tax in connection with the disposal as mentioned in note 14(a).

(d) Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted at the balance sheet date. The deferred tax liabilities associated with certain containers disposed of as mentioned in note 14(a) were written back and credited to the unaudited condensed consolidated income statement for the six months ended 30 June 2006.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law"). The new CIT Law reduces or increases the corporate income tax rate for domestic enterprises and foreign invested enterprises from 33% and 15% respectively to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities,and grandfathering provisions as well as determination of taxable profit. As at the date of approval of unaudited Condensed Consolidated Interim Financial Information for issue, detailed measures concerning these items have yet to be issued by the State Council.

As at 30 June 2007, deferred income tax liabilities of RMB299,907,000 (31 December 2006: RMB54,848,000) and RMB271,000,000 (31 December 2006: RMB275,337,000) have not been established for the income taxation and withholding taxation, respectively, that would be payable on the undistributed profits of certain subsidiaries primarily operating overseas as the Directors considered that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

17 DISTRIBUTION AND DIVIDENDS

(a) Distribution

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Transfer of other subsidiaries (note)	—	3,602

Note:

This represented considerations paid/payable by the Group for acquisition of equity interests in COSCO Philippines Shipping Inc. and COSCO (HK) Cargo Services Co., Limited from COSCO Group which were treated as deemed distribution to COSCO (note 1).

(b) Dividends

(i) On 28 March 2007, the Board of Directors proposed a final cash dividend of RMB0.09 per share, totalling RMB558,427,000 for the year ended 31 December 2006. In addition, the Board of Directors also proposed to issue 1.5 bonus shares for every 10 shares of the Company at par value of RMB1.00 each held by the existing shareholders as at 31 December 2006, totalling RMB930,714,000.

These amounts were accounted for as the appropriations of retained profits for the six months ended 30 June 2007.

(ii) The Board of Directors does not recommend the payment of the interim dividend for the six months ended 30 June 2007 (2006: Nil).

18 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period. The number of shares in issue for the six months ended 30 June 2007 and 2006 have been adjusted for the Bonus Issue effected on 31 May 2007 as if this had been issued on 1 January 2006.

	Six month ended 30 June	
	2007	2006 (Restated)
Profit attributable to equity holders of the Company	**RMB968,678,000**	RMB1,057,147,000
Weighted average number of ordinary shares in issue	**7,184,747,506**	7,061,000,000
Basic earnings per share	**RMB0.135**	RMB0.150

Diluted

Basic earnings per share for the six months ended 30 June 2007 is the same as the diluted earnings per share as there is no dilutive potential shares.

Diluted earnings per share for the six months ended 30 June 2006 was calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period, after adjusting for the number of dilutive potential shares deemed to be issued at no consideration on the assumption that the special reserve of RMB279,422,000 as at 30 June 2006 had been converted into domestic shares at the offer price of HK$4.25 on 30 June 2006.

The number of potential shares deemed to be issued for the six months ended 30 June 2006 have been adjusted for the Bonus Issue as if this had been taken place as at 1 January 2006.

	Six month ended 30 June	
	2007	2006 (Restated)
Profit attributable to equity holders of the Company	**RMB968,678,000**	RMB1,057,147,000
Weighted average number of ordinary shares in issue	**7,184,747,506**	7,061,000,000
Adjustments for assumed conversion of special reserve	**—**	73,449,030
Weighted average number of ordinary shares for diluted earnings per share	**7,184,747,506**	7,134,449,030
Diluted earnings per share	**RMB0.135**	RMB0.148

19 CONTINGENT LIABILITIES

The following is a summary of the Group's significant contingent liabilities as at 30 June 2007:

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Pending lawsuits *(note b)*	**34,402**	36,482

Notes:

(a) In 2003, the Group was involved in a personal injury case in which a truck was involved in a traffic accident in Illinois, the United States, resulting in death and injury of a number of individuals. Based on the available information, the Directors considered that the exposure liable to the Group, if any, is fully covered by the Group's insurance policies.

(b) The Group is subject to other claims in respect of a number of litigations currently under way. As at 30 June 2007, the Group is unable to ascertain the likelihood and amounts of the respective claims. However, the Directors are of the opinion that, while the claims have not been provided for in the unaudited Condensed Consolidated Interim Financial Information or included in the contingent liabilities as disclosed above, either the Group's insurance coverage will be adequate to cover any final claims to be settled or the final claims amounts will be insignificant to the Group.

20 FINANCIAL GUARANTEE

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Bank guarantee to an associate, at face value	**190,159**	197,591

The Directors consider that it is not probable for a claim to be made against the Group as at the balance sheet date and accordingly the above bank guarantee was not provided for in the unaudited Condensed Consolidated Interim Financial Information.

21 COMMITMENTS

Other than those disclosed elsewhere in the unaudited Condensed Consolidated Interim Financial Information, the commitments of the Group at period end are as follows:

(a) Capital commitments

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Authorised but not contracted for		
Containers	**751,490**	3,705,947
Other property, plant and equipment	**1,300,362**	67,713
Investments	**72,778**	—
Intangible assets	**57,723**	3,500
	2,182,353	3,777,160
Contracted but not provided for		
Containers	**640,090**	307,241
Vessels	**9,302,906**	10,285,682
Other property, plant and equipment	**271,296**	391,281
Investments *(note(i))*	**5,424,466**	5,732,624
Intangible assets	**33,662**	18,359
	15,672,420	16,735,187

21 COMMITMENTS *(Continued)*

(a) Capital commitments *(Continued)*

Notes:

(i) The Group's contracted investments as at 30 June 2007 are as follows:

	As at 30 June 2007 ***RMB'000***	As at 31 December 2006 *RMB'000*
Investments in:		
- Qingdao Qianwan Container Terminal Co., Ltd	**494,985**	607,650
- Antwerp Gateway NV	**661,726**	673,844
- Dalian Port Container Terminals Co., Ltd	**715,971**	714,855
- COSCO Ports (Nansha) Limited	**1,016,296**	1,295,479
- Others	**661,603**	557,736
	3,550,581	3,849,564
Terminal projects in		
- Tianjin Port Euroasia Terminal	**1,080,000**	1,079,998
- Shanghai Yangshan Port Phase II	**400,004**	400,000
- Suez Canal Terminal at Port Said, Egypt	**361,736**	370,913
- Others	**32,145**	32,149
	1,873,885	1,883,060
	5,424,466	5,732,624

(ii) Amounts of capital commitments relating to the Group's interest in the jointly controlled entities are as follows:

	As at 30 June 2007 ***RMB'000***	As at 31 December 2006 *RMB'000*
Authorised but not contracted for	**402,875**	251,604
Contracted but not provided for	**83,329**	225,298
	486,204	476,902

21 COMMITMENTS *(Continued)*

(b) Operating lease commitments

As at 30 June 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Land and buildings		
- not later than one year	**103,257**	105,916
- later than one year and not later than five years	**129,782**	203,850
- later than five years	**13,399**	74,364
	246,438	384,130
Container vessels		
- not later than one year	**3,040,587**	2,558,710
- later than one year and not later than five years	**11,843,952**	8,253,466
- later than five years	**20,785,907**	7,546,683
	35,670,446	18,358,859
Containers		
- not later than one year	**552,431**	577,198
- later than one year and not later than five years	**850,874**	1,127,258
- later than five years	**324**	498
	1,403,629	1,704,954
Other property, plant and equipment		
- not later than one year	**207,489**	73,919
- later than one year and not later than five years	**57,589**	152,793
- later than five years	**3**	35,482
	265,081	262,194
	37,585,594	20,710,137

22 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2007		As at 31 December 2006	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Interest rate swap contracts				
- cash flow hedges *(note a)*	**503**	**—**	4,519	2,010
- fair value hedges *(note b)*	**—**	**64,571**	—	34,061
Put options *(note 13)*	**—**	**339,369**	—	430,892
Total	**503**	**403,940**	4,519	466,963
Less: Non-current portion				
Interest rate swap contracts				
-cash flow hedges	**—**	**—**	—	(2,010)
-fair value hedges	**—**	**(64,571)**	—	(34,061)
Total	**503**	**339,369**	4,519	430,892

Notes:

(a) The notional principal amounts of the related interest rate swap contracts amounted to US$20,000,000 (equivalent to approximately RMB152,310,000) (31 December 2006: US$100,000,000 (equivalent to approximately RMB780,870,000)) which were committed with the fixed interest rates at 4.90% (2006: 3.88% to 4.90%) per annum. These interest rate swap contracts do not qualify for hedge accounting.

(b) The notional principal amounts of the related interest rate swap contracts as at 30 June 2007 amounted to US$200,000,000 (equivalent to approximately RMB1,523,100,000) (31 December 2006: US$200,000,000 (equivalent to approximately RMB1,561,740,000)) which were committed with the interest rates ranging from 1.05% to 1.16% (2006: 1.05% to 1.16%) per annum above the London Interbank Offered Rate. These interest rate swap contracts are designated as a hedge of the fair value of the notes issued by the Group (note 10).

(c) As at 30 June 2007, there were notional amounts of outstanding bunker forward agreements of US$7,821,260 (equivalent to approximately RMB59,562,800) (31 December 2006: RMB: Nil) entered into by the Group with Chimbusco (Singapore) Pte Ltd ("Chimbusco"). The fair value of the outstanding bunker forward agreements has not been recognised in the unaudited Condensed Consolidated Interim Financial Information as at 30 June 2007 as the amount is not significant to the Group.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company is controlled by COSCO, the parent company and a state-owned enterprise established in the PRC.

COSCO itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 "Related Party Disclosures" issued by the HKICPA, other state-owned enterprises and their subsidiaries (other than COSCO Group), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the related party information disclosed elsewhere in the unaudited Condensed Consolidated Interim Financial Information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period.

	Six month ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
(1) Transactions with COSCO		
Expenses		
Subcharter expenses *(note a)*	**305,248**	320,132

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six month ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
(2) Transactions with subsidiaries of COSCO and its related entities (including its jointly controlled entities and associates)		
Revenues		
Container shipping income *(note b)*	**175,769**	215,578
Freight forwarding and shipping agency income *(note c)*	**32,687**	10,083
Shipping-related service income *(note l)*	**4,879**	13,710
Expenses		
Vessel costs		
Vessel services expenses *(note d)*	**57,306**	114,759
Crew expenses *(note e)*	**261,588**	260,681
Subcharter expenses *(note a)*	**44,598**	—
Vessel management expenses *(note e)*	**36,103**	50,488
Voyage costs		
Bunker costs *(note f)*	**3,075,500**	3,210,027
Port charges *(note g)*	**466,794**	587,650
Equipment and cargo transportation costs		
Commission and rebates *(note h)*	**119,149**	104,673
Cargo and transhipment and equipment and repositioning expenses *(note i)*	**121,532**	122,874
Transportation and depot services expenses *(note j)*	**43,912**	31,252
Management fee expenses *(note l)*	**9,248**	—
General service expenses *(note l)*	**8,446**	9,098
Rental expenses *(note l)*	**14,605**	17,400
Others		
Purchase of equity interests in two subsidiaries *(note m)*	**—**	3,602
Consideration received/receivable for the disposal of vessels to a fellow subsidiary *(note n)*	**—**	425,650
Downpayments for purchase of a property *(note p)*	**—**	27,900
Sales commission payable to a fellow subsidiary for handling of vessel sales *(note l)*	**15,438**	—

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six month ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
		(Restated)
(3) Transactions with jointly controlled entities of the Group		
Revenues		
Freight forwarding and shipping agency income *(note c)*	**23,248**	39,559
Management fee income *(note l)*	**12,357**	10,352
Expenses		
Voyage costs		
Port charges *(note g)*	**558,954**	542,842
Equipment and cargo transportation costs		
Transportation and depot services expenses *(note j)*	**65,622**	79,007
Rental expenses *(note l)*	**2,354**	2,464
Others		
Purchase of containers *(note r)*	**156,132**	190,866
(4) Transactions with associates of the Group		
Revenues		
Freight forwarding and shipping agency income *(note c)*	**220**	1,072
Expenses		
Transportation and depot services expenses *(note j)*	**—**	630
(5) Transactions with other state-owned enterprises		
Revenues		
Container shipping income *(note b)*	**2,259,735**	1,934,637
Freight forwarding and shipping agency income *(note c)*	**252,251**	285,220
Container rental income *(note l)*	**85**	618
Logistics related income *(note l)*	**276,899**	334,534
Interest income on bank deposits *(note l)*	**16,818**	47,273
Expenses		
Vessel costs		
Vessel services expenses *(note d)*	**17,128**	57,696
Voyage costs		
Port charges *(note g)*	**1,363,125**	740,315
Transportation and depot services expenses *(note j)*	**135,672**	166,316
General service expenses *(note l)*	**2,314**	425
Interest expense *(note k)*	**155,455**	143,549

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(a) COSCO and its subsidiaries leased fifteen vessels to COSCON and Shanghai Pan Asia Shipping Company Limited by way of sub-time charter arrangements. The periods of the sub-time charters are of six to twelve years. The daily charterhire rate for each vessel was agreed on a mutual basis.

(b) COSCON provided the subsidiaries of COSCO and certain state-owned enterprises with container shipping services. These services were charged on a mutually agreed basis, except for the transactions with the subsidiaries of COSCO, which are governed by the terms under the Master Solicitation Activities Agreement dated 9 June 2005 (note o) and the underlying execution agreements.

(c) The subsidiaries of the Group provided the subsidiaries of COSCO, certain jointly controlled entities and certain associates of the Group, certain state-owned enterprises with freight forwarding, shipping agency and related services. The services were charged based on a certain percentage of the related freight revenue or fixed amounts per volume handled or as terms governed by the Master Overseas Agency Services Agreement dated 9 June 2005 (note o).

(d) Certain subsidiaries of COSCO and state-owned enterprises provided COSCON and its subsidiaries with lubricants, paint for vessel repairing, paint for maintenance, vessel materials and parts, vessel radio and communication equipment, etc. The vessel services were charged on a mutually agreed basis, except for the transactions with subsidiaries of COSCO which are governed by the terms under Master Vessel Services Agreement dated 9 June 2005 (note o).

(e) Shanghai Ocean Shipping Company ("SOSC"), a wholly-owned subsidiary of COSCO, provided the Group with crew and vessel management services. The services rendered were charged based on a mutually agreed basis or based on the actual costs incurred by SOSC and governed by the terms under Master Vessel Management Agreement and Master Seamen Leasing Agreement dated 9 June 2005 (note o).

(f) Certain subsidiaries and jointly controlled entities of COSCO provided COSCON and its subsidiaries with bunkers at prices with reference to market rates and governed by the terms under Master Vessel Services Agreement dated 9 June 2005 (note o).

The Group entered into bunker forward agreements through Chimbusco, a subsidiary of COSCO. No service fees was charged by Chimbusco for the arrangements of bunker forward agreements.

(g) Certain jointly controlled entities of COSCO, certain jointly controlled entities of the Group and certain state-owned enterprises provided the Group with container terminal handling and storage services, port services and shipping services. The services rendered were charged at terms as agreed with the related parties or at terms based on respective underlying agreements entered into between the Group and the respective related companies or at terms governed by the Master Port Services Agreement dated 9 June 2005 (note o).

(h) Certain subsidiaries of COSCO and certain jointly controlled entities of the Group provided COSCON with shipping agency, freight forwarding, freight solicitation, slot booking services and other related services. The service was charged based on a certain percentage of the related freight revenue, the quantity of cargo solicited, at terms as agreed with the related parties and at terms governed by the Master Overseas Agent Services Agreement dated 9 June 2005 (note o) and the underlying execution agreements.

(i) Certain subsidiaries of COSCO and jointly controlled entities of the Group provided the Group with container services including provision of container depots, repairs, towage, examination and maintenance of containers and related services. The container services were charged at terms as agreed with the related parties or at terms governed by the Master Container Services Agreement dated 9 June 2005 (note o) and the underlying execution agreements.

(j) Certain subsidiaries, jointly controlled entities and associates of COSCO, certain jointly controlled entities and associate of the Group and state-owned enterprises provided the Group with transportation and depot services. The charges were based on the terms as governed by the Master Container Services Agreement or Master Solicitation Services Agreement dated 9 June 2005 (note o) and the underlying execution agreements or at terms as agreed with the relevant parties.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(k) Interest was charged for loans with state-owned banks in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern.

(l) These transactions of revenues and expenses in nature were conducted based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

(m) On 1 January 2006, the Group entered into an agreement with subsidiaries of COSCO to acquire the 100% equity interest in COSCO (HK) Cargo Services Co., Limited and 55% equity interest in COSCO Philippines Shipping, Inc. for an aggregate consideration of HKD3,462,000 (equivalent to RMB3,602,000).

(n) In June 2006, the Group disposed of two vessels to a fellow subsidiary, SOSC for a consideration of RMB425,650,000, resulting in a gain of approximately RMB290,807,000. The Group has entered into lease agreements to charter in these two vessels at the same day.

(o) On 9 June 2005, the Group (other than COSCO Pacific group) and COSCO Group entered into eight master agreements effective on or after 9 June 2005 with an initial term of three years relating to the provision of general services, vessel services, agency and management services, container services, solicitation activities, port services, vessel management services, seamen leasing, properties leasing, provision of products and services. Upon the expiry of initial term, each of the master agreements shall automatically continue for a term to be agreed by the parties of such master agreements. Each of the eight master agreements contains binding principles, guidelines and terms and conditions pursuant to which any and all products and services contemplated therein are to be provided by the relevant provider to the relevant recipient. The fee of each relevant product or service under each of the master agreements is determined with reference to state-prescribed prices, market price or the actual cost incurred in providing such products or services plus a margin. The master agreements are framework agreements which provide the mechanism for the operation of the related party transactions and individual execution agreements may be entered into between the Group and the related party, if appropriate.

(p) On 30 May 2006, the Group entered into the agreement with Qingdao Ocean Shipping Company Limited to acquire a property, which is under construction, for a consideration of RMB43,400,000. As at 30 June 2006, RMB 21,900,000 was paid. The remaining balance was fully paid in second half year of 2006.

(q) In April 2005, the Group entered into several ship building contracts with Nantong COSCO KHI Ship Engineering Co., Ltd., a related party of the Group, for the construction of four 10,000 TEU container vessels. The total contract price was approximately US$485,840,000 (equivalent to approximately RMB4,021,200,000). Downpayments of RMB392,100,000 were made in 2005 and further instalment of RMB92,497,863 was paid by the Group during the period as instalment.

(r) The purchases of containers from jointly controlled entities of the Group and subsidiaries of CIMC were conducted at terms as set out in the agreements entered into between the Group and the parties in concern.

(s) On 26 March 2007, the Group entered into four time charter agreements with a subsidiary of COSCO to charter in four vessels for a period of 119 months to 121 months at a daily charter rate of US$26,900. The charters will commence upon delivery of the four vessels to the subsidiary of COSCO, two of which are anticipated to take place in April 2010 and two of which in June 2010.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(6) Balances with related parties

Other than those disclosed elsewhere in the unaudited Condensed Consolidated Interim Financial Information, the outstanding balances with related entities at period end are as follows:

	As at 30 June 2007 ***RMB'000***	As at 31 December 2006 *RMB'000* (Restated)
Deposits placed with		
- State-owned banks and other state-owned non-bank financial institutions *(note a)*	**18,303,555**	4,204,205
Loans		
- State-owned banks and other state-owned non-bank financial institutions *(note a)*	**6,715,246**	7,274,256
Trade and other receivables		
- State-owned enterprises *(note b)*	**932,468**	436,153
Trade and other payables		
- State-owned enterprises *(note b)*	**1,461,728**	1,502,974

Notes:

(a) The deposits and loans were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern. The interest rates were set at prevailing market rates.

(b) Trading balances with state-owned enterprises have similar terms of repayments as the balances with third parties while other balances with state-owned enterprises are unsecured, interest free and repayable on demand.

(7) Key management compensation

	Six month ended 30 June	
	2007 ***RMB'000***	2006 *RMB'000*
Salaries, bonuses and other allowances	**29,650**	8,924
Contribution to retirement benefit scheme	**59**	134
	29,709	9,058

24 EVENT AFTER THE BALANCE SHEET DATE

COSCO Pacific, a subsidiary of the Company, entered into a sale and purchase agreement on 24 August 2007 (the "Agreement") to dispose of its entire 20% equity interest in CHB, a listed associate of the Group, to COSCO (Hong Kong) Group Limited, a fellow subsidiary, at a cash consideration of approximately HK$2,088 million (equivalent to RMB2,035 million). The disposal is subject to the completion of the terms and conditions as set out in the Agreement.

25 COMPARATIVES

Apart from the restatement of certain comparative figures as a result of the adoption of merger accounting for the Acquired Subsidiaries as disclosed in note 1, certain comparative figures have been reclassified to conform with the current period's presentation.

TO THE BOARD OF DIRECTORS OF
CHINA COSCO HOLDINGS COMPANY LIMITED
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 80, which comprises the condensed consolidated balance sheet of China COSCO Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") as at 30 June 2007 and the related condensed consolidated income statement, consolidated statement of recognised income and expense, consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as explained in the following paragraph, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS OF QUALIFIED CONCLUSION

The scope of our review did not extend to the Group's share of net assets and results of two listed associates, China International Marine Containers (Group) Co., Ltd and Chong Hing Bank Limited, which were accounted for under the equity method on the basis of their published interim financial information because either the associate did not engage its auditor to perform review or the auditor of the associate has not provided a review report to us. Had we been able to perform review procedures on the Group's share of net assets and results of the aforesaid two listed associates, matters might have come to our attention indicating that adjustments might be necessary to the Interim Financial Information.

QUALIFIED CONCLUSION

Except for any adjustments to the Interim Financial Information that we might have become aware of had the above-mentioned limitation of scope not existed, based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2007