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)

Carrying the Dream Shipping in the World

2008 Interim Report

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 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)*
HAMILTON Alexander Reid
*(Independent Non-executive Director)**
CHENG Mo Chi
*(Independent Non-executive Director)***
TEO Siong Seng
(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

H-SHARES AUDITOR
PricewaterhouseCoopers

A-SHARES AUDITOR
Zhongruiyuehua Certified Public Accountants Co., Ltd.

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

LEGAL ADVISERS
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
18th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE
http://www.chinacosco.com

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 ARE EXTRACTED FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 WHICH HAS BEEN PREPARED UNDER THE HONG KONG ACCOUNTING STANDARD 34

	Six months ended 30 June 2008 ***(RMB'000)***	Six months ended 30 June 2007 *(RMB'000)*	Change
Revenues	**70,482,130**	47,744,953	47.6%
Operating profit	**18,948,788**	8,710,395	117.5%
Profit before income tax expenses	**19,752,946**	9,194,291	114.8%
Profit attributable to equity holders of the Company	**15,122,222**	7,227,707	109.2%
Basic earnings per share	**RMB1.4802**	RMB0.898	64.8%

Dear shareholders,

First of all, I would like to take this opportunity to express my hearty gratitude to all shareholders for your care and support to the Group.

During the period under review, the Group recorded revenues of RMB70,482,130,000, representing an increase of 47.6% as compared with the same period last year. Net profit attributable to equity holders of the Company amounted to RMB15,122,222,000, representing an increase of 109.2% as compared with the same period last year. Given the relevant PRC requirements and conditions of interim audit for payment of interim dividend, the Board does not recommend distribution of an interim dividend for the year.

During the first half of 2008, the domestic and international economic situation were complicated and ever-changing. Global economic growth has slow down, and the effects of severe natural disasters such as snowstorms and earthquake in China have all brought challenges to the shipping industry. At the same time, globalization and structural changes in the economy and trade continued to further develop; new sources of growth and emerging economic entities were constantly being discovered; economies of main emerging countries recorded a relatively rapid development, and global dry bulk shipping remained prosperous. Facing opportunities and challenges, the Group managed to maintain rapid development in the first half of 2008 through sound management and operation.

During the period under review, the shipping volume of the Group's container shipping and related business amounted to 3,014,670 TEUs, representing an increase of approximately 8.9% as compared to the same period in 2007. Revenues amounted to RMB23,497,491,000, representing an increase of 12.3% as compared to the same period in 2007. In the first half of the year, in light of the changes in market structure, the Group timely adjusted the arrangement for shipping capacity and increased its strength in developing emerging shipping markets. At the same time, the Group managed to keep the increase in costs such as fuel expenses, cargo fees, port charges, inland transshipment charge under control. In order to strengthen the Group's market competitiveness, the Group continued to expand the scale of the container vessels fleet. As at 30 June 2008, the fleet operated by the Group comprised 140 container vessels with a capacity of 458,472 TEUs, and the Group had an order book of 65 container vessels with a total capacity of 488,372 TEUs.

In the first half of 2008, the Group's dry bulk shipping business maintained steady growth and the shipping volume amounted to 135,850,000 tons, representing an increase of 4.0% as compared to the same period last year; the turnover of the shipping volume of cargo amounted to 679.2 billion ton nautical miles, representing an increase of 1.0% year-on-year. Revenues from principal businesses amounted to RMB39,332,350,000, representing an increase of 88.0% year-on-year. The operating results were better than the average level of the industry. In the first half of the year, the Group improved its fleet structure and competence by studying the trends of the shipping market, grasping a suitable opportunity and operating in a scientific manner to expand the fleet scale. The Group continued to strengthen its key accounts strategy, consolidated and developed the relationships with major clients, and strengthened the cooperation with major clients. Meanwhile, based on the avoidance and control of risks, the Group used various ways of operation flexibly, obtaining excellent results.

In order to better meet the demands of the market and customers, to set up a unified and well coordinated market image, and to optimize the synergistic effect of dry bulk shipping business, the operational headquarters of China COSCO's dry bulk shipping was established and put into operation at Tianjin in June 2008 after preparation of almost half a year. This was a major strategic plan of China COSCO in taking advantage of its scale through consolidation of dry bulk shipping resources, with the aim to significantly raise the operation and coordination capacity of China COSCO's dry bulk shipping business.

As at 30 June 2008, a total of 432 dry bulk vessels of 33,597,827 DWT were operated by the Group. Of which 204 vessels were self-owned vessels, with 12,998,584 DWT; 228 vessels were chartered-in vessels, with 20,599,243 DWT. The Group had an order book of 66 dry bulk vessels, with 8,497,900 DWT.

With respect to the logistics business, in the first half of 2008, revenues from the Group's the logistics business amounted to RMB7,021,616,000, representing an increase of 32.0% as compared to the same period of last year. In the first half of the year, the Group successfully operated large projects such as Bayer Liquid, the import exhibition of Canton Fair, Airbus 320 and India RELIANCE, and contracted projects such as SINOPEC ARAK petro in Iran, Anbalagan India and Hongyan River nuclear power station of China Guangdong Nuclear Power Group. The Group has established a full-scale three-dimensional marketing system based in Beijing Headquarters, Shanghai Marketing Center, coastal port companies and foreign companies, through which the Group's leading position in domestic modern logistics network was further expanded and further internationalized.

With respect to terminal business, the container throughput handled by COSCO Pacific Limited ("COSCO Pacific") (an entity owned by our Group) in the first half of 2008 reached 22,088,046 TEUs, representing an increase of 22.7% over the same period of last year. As at 30 June 2008, COSCO Pacific owned various equity interests in 27 terminal joint venture companies with a total of 140 berths (2007: 119 berths) and 89 berths (2007: 78 berths) under operation, with an annual handling capacity of 48,150,000 TEUs (2007: 39,600,000 TEUs).

At the same time, leveraging on the capability of the strong fleet, the Group further expanded its overseas terminal projects, which helped to consolidate and improve the Group's leading status among terminal operators in the world.

With respect to the container leasing business, Florens Container Holdings Limited ("Florens") (a wholly-owned subsidiary of COSCO Pacific) continued to adopt a mode of operation by integrating self-owned containers with managed containers to expand the container fleet and became the second largest container leasing company in the world, further enhancing its leading position within the industry. As at 30 June 2008, the container fleet owned and managed by the Group amounted to 1,632,356 TEUs in size, representing an increase of 16.8% over the same period last year. It had a market share of approximately 13.2% of the container leasing companies in the world.

In the second half of the year uncertainties remain to a certain extent in the international economy and trade environment and the U.S. sub-prime mortgage crisis continues to impact on the world economy. However, the world economy will maintain a certain level of growth. The International Monetary Fund (IMF) updated its forecast on 17 July, which estimated that the rate of world economic growth of 2008 would be 4.1%. The shipping market still faces both challenges and opportunities. For the container shipping business, the Group will deploy the shipping capacity of the shipping lines flexibly in order to respond rapidly to changes. Meanwhile, the Group will firmly implement the low cost strategy and implement cost accountability mechanism internally, facilitating sustained improvement in cost control. For the dry bulk shipping business, the Group will continue to stick to the operating principle of "combining maximum yield in the short term with stable yield in the long term", enhance in risk management, and duly lock in medium-long-term shipping contracts, continue to deepen the coastal transportation strategy in order to increase the market share in coastal transportation market rapidly, and continue to implement the key account strategy to facilitate sustained development. The logistics business will accelerate its pace of development and the Group will continue to consolidate and strengthen its advantageous position in the domestic market, increase its strength in the development of overseas engineering logistics business, maintain its absolute advantage in ship agency business, and strengthen the market share in the public ship agency market. For the terminal business, the Group will organize its plans, focus its financial resources, continue to strengthen equity control of terminals and to speed up of the pace of development of overseas terminals and increase the sustainable development capability of terminals. For the container leasing business, the Group will continue to consolidate its leading position in the industry and persist in the light asset business model of "BSM" to expand the scale of its containers fleet in a stable manner.

Meanwhile, as the unique platform to build "capital COSCO", China COSCO will continue to actively facilitate the implementation of overall strategy in accordance with the principle of "overall planning and implementing in phases".

Our respective shareholders, China COSCO will continue to rely on the enormous size and rapid development of the China market while competing globally, strengthen and develop its existing advantageous position in business areas including container shipping, dry bulk shipping, logistics, terminals and container leasing operations, etc., increase the synergies, expand into other shipping business areas, while insisting on the principle of "maintain steady operation to create sustained results" and strive to become a leading integrated shipping enterprise in the world with sustainable growth.

Wei Jiafu
Chairman

26 August 2008

CHANGES IN THE SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE COMPANY

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

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

(a) Appointment of Directors and changes

On 22 April 2008, the Company convened the 35th meeting of the first session of the Board, which agreed to nominate seven persons including WEI Jiafu, ZHANG Fusheng, CHEN Hongsheng, LI Jianhong, XU Lirong, ZHANG Liang and SUN Yueying as candidates of directors of the Company for the second session of the Board, and agreed to nominate four persons including LI Boxi, Alexander Reid HAMILTON, CHENG Mo Chi and TEO Siong Seng as candidates of independent directors of the Company for the second session of the Board, for consideration at the Company's shareholders' general meeting.

On 6 June 2008, the Company convened the 2007 Shareholders' Annual General Meeting where seven persons including WEI Jiafu, ZHANG Fusheng, CHEN Hongsheng, LI Jianhong, XU Lirong, ZHANG Liang and SUN Yueying were elected as directors of the Company for the second session of the Board, and four persons including LI Boxi, Alexander Reid HAMILTON, CHENG Mo Chi and TEO Siong Seng were elected as independent directors of the Company for the second session of the Board.

On 6 June 2008, the Company convened the 1st meeting of the second session of the Board, which elected WEI Jiafu (a Director) as chairman of the second session of the Board, and elected Zhang Fusheng (a Director) as vice chairman of the second session of the Board.

(b) Appointment of supervisors and changes

On 22 April 2008, the Company convened the 8th meeting of the first session of supervisory committee of the Company, which agreed to nominate four persons including LI Yunpeng, LI Zonghao, YU Shicheng and KOU Wenfeng as candidates of supervisors of the second session of supervisory committee of the Company, for consideration at the Company's shareholders' general meeting.

On 6 June 2008, the Company convened the 2007 Shareholders' Annual General Meeting where four persons including LI Yunpeng, LI Zonghao, YU Shicheng and KOU Wenfeng were elected as supervisors of the second session of supervisory committee of the Company.

On 6 June 2008, the Company convened the 1st meeting of the second session of the supervisory committee of the Company, which elected LI Yunpeng (a supervisor) as chairman of the second session of the supervisory committee of the Company.

(c) Appointment of senior management and changes

On 25 January 2008, the Company convened the 34th meeting of the first session of the Board, which appointed Mr. XU Zunwu as deputy general manager of the Company, with effect from the conclusion of such Board meeting until 8 June 2008.

On 20 June 2008, the Company convened the 2nd meeting of the second session of the Board, which appointed Mr. CHEN Hongsheng as general manager of the Company, appointed Mr. SUN Jiakang, Mr. XU Zunwu, Mr. YE Weilong and Mr. XU Minjie as deputy general managers of the Company, appointed Mr. HE Jiale as chief financial officer of the Company, and appointed Mr. ZHANG Yongjian as the secretary of the Board of the Company, the term of office of the above senior management commenced from 9 June 2008 and will end until the date on which the 1st meeting of the third session of the Board is convened.

For the first half of 2008, the Group recorded revenues of RMB70,482,130,000, realizing an operating profit of RMB18,948,788,000. Profit attributable to the equity holders of the Company amounted to RMB15,122,222,000.

CONTAINER SHIPPING AND RELATED BUSINESSES

Market review

For the first half of 2008, the pace of world economic growth slowed, resulting in a slower growth in demand for Trans-Pacific routes. The increase in the shipping volume of Asia-Europe routes was lower than expected. However, the demand from emerging markets such as Australia, South America and Middle East continued to grow, bringing new opportunities for route development. Under the influence of a weak US dollar and China's policy of encouraging domestic demand, the proportion of return trip cargo increased. The proportion of return trip cargo of most US liner services increased from below 30% to over 50%, further balanced two-way cargo flows of the shipping lines. Though China suffered from severe natural disasters such as snowstorms and earthquakes, inland trade routes maintained rapid growth. On the other hand, high oil prices and the increase in port terminal and inland transshipment costs have made cost management of shipping companies even more important.

Results performance

For the first half of the year, the shipping volume of the Group's container shipping and related business amounted to 3,014,670 TEUs, representing an increase of approximately 8.9% as compared with the same period in 2007. Revenues amounted to RMB23,497,491,000, representing an increase of 12.3% over the same period in 2007.

Shipping volume by routes

	For six months ended 30 June		
	2008 TEUs	2007 TEUs	Change %
Trans-Pacific	**660,175**	712,582	-7.4
Asia-Europe (including Mediterranean)	**766,344**	658,262	16.4
Intra-Asia (including Australia)	**780,207**	741,872	5.2
Other international (including Trans-Atlantic)	**114,529**	118,668	-3.5
PRC	**693,415**	536,155	29.3
Total	**3,014,670**	2,767,539	8.9

Revenues by routes

	For six months ended 30 June		
	2008	2007	Change
	RMB'000	*RMB'000*	*%*
Trans-Pacific	**6,336,179**	6,725,939	-5.8
Asia-Europe (including Mediterranean)	**7,578,525**	6,041,681	25.4
Intra-Asia (including Australia)	**2,955,519**	2,829,527	4.5
Other international (including Trans-Atlantic)	**1,058,580**	964,383	9.8
PRC	**1,847,089**	1,112,450	66.0
Sub-total	**19,775,892**	17,673,980	11.9
Chartered out	**200,834**	119,504	68.1
Related business	**3,520,765**	3,126,993	12.6
Total	**23,497,491**	20,920,477	12.3

Fleet development

In the first half of 2008, the Group had three new container vessels with a total capacity of 30,144 TEUs delivered and put into operation. As at 30 June 2008, the Group's operating fleet included 140 container vessels with a capacity of 458,472 TEUs representing an increase of 9.9% over the same period in 2007, representing an increase of 5.4% as compared to the year end of 2007.

In the first half of the year, the Group placed new orders for 12 container vessels, with a total capacity of 123,800 TEUs. As at 30 June 2008, the Group had an orderbook of 65 container vessels with a total shipping capacity of 488,372 TEUs.

	Owned		**Chartered**		**Total**	
Year	**number**	**TEUs**	**number**	**TEUs**	**number**	**TEUs**
2008	3	30,102	3	13,518	6	43,620
2009	5	30,420	4	29,991	9	60,411
2010	4	20,400	11	80,497	15	100,897
2011	7	29,750	7	91,644	14	121,394
2012	16	95,300	—	—	16	95,300
2013	5	66,750	—	—	5	66,750
Total	40	272,722	25	215,650	65	488,372

Route operation

In the first half of the year, in light of the change in the market environment, the Group timely rearrongs the distribution of its shipping capacity. While allocating more shipping capacity to Europe, Mediterranean and Asia-Pacific routes, the Group further focused on emerging markets, accelerating the construction of regional feeder routes matching those routes with additionally allocated shipping capacity and further improved the efficiency of the routes. While the shipping capacity of Pacific routes was reduced, more shipping capacity was allocated to the emerging Caribbean market. In addition, the Central America feeder route network was improved and expanded. Furthermore, by grasping the historic opportunity in domestic trade, the Group fully accelerated the allocation of shipping capacity to domestic trade routes, established the marketing strategy of "improving the quality and scale of routes". This improved the profitability of domestic trade routes.

Cost control

Since the beginning of this year, the Group has rationalized the cost procedures and key control points one by one on the major cost items such as bunker costs, cargo costs, port costs and inland transshipment costs. It has established an extensive management system and cost accountability system initiated from the headquarters and to overseas branches, field units and even key positions. This improved the overall strength of the cost management efforts.

With respect to bunker cost controls, besides actively hedging part of bunker to fix costs, the Group also tightened bunker cost controls by implementing measures such as optimizing the route design, increasing the number of vessels and reducing vessel speed, reducing the call time of vessels in ports, strengthening the management of oil consumption and adopting new technology. Compared with the same period last year, under the circumstances of an increase of 9.9% in shipping capacity, there was a slight decrease in the aggregate consumption of fuel. At the same time, separation of fuel surcharges from the basic shipping freight was achieved for all new Trans-Pacific routes contracts, under which, the price varies each month as bunker prices change. The collection of fuel surcharges in other routes is also being actively promoted.

With respect to transshipment cost controls, the Group adhered to the strategy of locking in key areas and trying to choose transshipment routes with lower cost. For example, reducing the transshipment volume in Long Beach and New York and continuing to actively promote the transshipment route through the port of Prince Rupert in North America. In addition, the Group initiated the new model of Far East/Central America route calling at Balboa and transshipping to Cristobal by railway. This not only substantially reduced the transshipment cost in inland North America, but also enabled us to attain benefit from the preferential rate for the inland transportation in North America. In Europe, the Group actively promoted the construction of feeder route network in the East Mediterranean and Black Sea ports to cover emerging markets, with the aim to save transshipments cost while improving the service quality. In China, the Group continued to strengthen the strategy of shifting transshipment ports.

Market outlook and operation plans

In the second half of 2008, shipping capacity for new vessels delivered in the international shipping market will remain at a high level. However, port congestion and the general measures in speed deceleration resulted in a lower rate of increase in effective shipping capacity than the rate of increase in nominal shipping capacity. As a whole, the pressure from supply and demand was a bit greater than that of last year.

The slowdown of US economy will continue to have unfavourable effects on the export cargo volume from the Far East, but the west bound cargo volume of Pacific routes will continue to grow at a faster pace. The growth trend of the west bound cargo volume of European routes is likely to persist. The Asia-Europe routes will gradually become the largest cargo flow direction in the world. However, a substantial increase in newly delivered capacity brings uncertainties to this route. The influence of emerging markets has increased, while the domestic trade market in China will remain prosperous. On the other hand, the high costs will still be the toughest challenge faced by container shipping companies.

Facing the risks and opportunities in the market, the Group will flexibly deploy shipping routes capacity to respond quickly to changes. The Group will implement the differentiation competition strategy according to cargo types, further strengthen the development of overseas return trip cargo market, grasp the opportunity of "Three Links" between mainland China and Taiwan and the traditional peak season in the second half of the year, further improve the marketing service model to increase revenue.

Meanwhile, the Group will continue to implement the cost accountability system within the system in order to strictly control costs. Moreover, it will fully systematize the major suppliers of the transportation chain and negotiate for preferential rates and long-term agreements; achieve high efficiency and low costs during the course of cargo transshipment through measures such as actively exploring inland clusters for cargo shipment and distribution channels, accelerating the construction of the global feeder route network, calling at ports through scientific arrangements and designing the optimum transshipment mode; continue to step up efforts in saving energy and reducing discharge, control fuel consumption and conduct fuel hedging actively and prudently.

DRY BULK SHIPPING BUSINESS

Market review

As a result of strong demand, the growth in the international dry bulk market remained high for the first half of the year. The average of the Baltic Dry Bulk Freight Rate Index (BDI) was 8,550 points in the first half of the year, representing an increase of 61.1% as compared with the same period last year. The domestic coastal bulk market also maintained solid growth. Coal transportation continued to maintain a leading position with prices at high levels. The average of the China Coastal Bulk Freight Index (CCBFI) Index for the first half of the year was 2,518 points, representing an increase of 42.7% over the same period last year.

Results performance

In the first half of 2008, the Group's dry bulk shipping business maintained strong growth. Shipping volume amounted to 135,850,000 tons, representing an increase of 4% as compared with the same period last year. Dry bulk shipment turnover amounted to 679.2 billion ton-miles, representing an increase of 1% year-on-year. Revenues from operations amounted to RMB39,332,350,000, representing an increase of 88% over the same period of last year. The operating results were better than the average level of the industry.

Operation strategy

The Group continued the strategy to strengthen its key accounts. The ocean fleet strictly performed the contracts, provided quality service to further consolidate the cooperation with major clients such as Bao Steel. For major contracts entered into by the coastal fleet, the proportion of locked shipping capacity reached 90%. The increase in freight rates for coastal thermal coal under COA contracts for this year was accepted and supported by major customers. As a result, the standard freight rate increased by 50%-100% as compared to the previous year.

The Group continued to adopt the strategy of combining stable operations and making flexible responses. In accordance with the principle of "combining maximum yield in the short term with stable yield in the long term", the Group used various approaches of flexible operations, based on the prevention and control of risks, to improve service contract portfolio consisting COA contracts, spot cargo shipping, spot contracts, voyage charters, time charters, long period and short period leasing, so as to even out and stabilize realized gains and timely lock in forward profits.

As at 30 June 2008, fixed operation days accounted for 76.3% of the total in 2008 and the fixed average T/C equivalent revenue per day of all vessel types is higher than the annual average in 2007, with an average increase of about 40%.

The operation strategy of combining self-owned and chartered vessels continues. During the first half of the year, the Group studied the shipping market trend in detail and took advantage of a favourable opportunity to expand the size of the fleet and improve its structure to enhance its competitiveness. In terms of chartered shipping capacity, new chartering contracts signed during the first half of the year for a term of over one year amounted to more than 90 vessels with a total capacity of over seven million DWT.

Lean management was further intensified. Facing the continuous rise in oil prices and the congestion in domestic and international ports this year, the Group adopted target-oriented measures by adding terms of protection in charter contracts, changing the chartering method and avoiding the congested ports, achieved great success.

In short, leveraging on its rich experience, the dry bulk shipping management team of the Group achieved better results by studying the market trend in details, capturing the market changes and optimizing its operations.

Fleet development

As at 30 June 2008, a total of 432 dry bulk vessels with a total of 33,597,827 DWT were operated by the Group, representing an increase of 1.2% over the same period last year, representing an increase of 1.9% over the year end of last year. Among which, 204 vessels were self-owned vessels, with 12,998,584 DWT. The average age of the vessels was 14.9 years; 228 vessels were chartered vessels, with 20,599,243 DWT.

Capacity of the dry bulk vessels (30 June 2008)

Existing capacity

	Owned			Chartered-in		Total	
Vessel type	Number	DWT	Average age (years)	Number	DWT	Number	DWT
Capesize	20	3,336,282	7.7	61	10,252,016	81	13,588,298
Panamax	65	4,546,276	14.8	83	6,228,197	148	10,774,473
Handymax	80	3,796,524	13.7	51	2,673,852	131	6,470,376
Handysize	39	1,319,502	21.1	33	1,445,178	72	2,764,680
Total	204	12,998,584	14.9	228	20,599,243	432	33,597,827

As at 30 June 2008, the Group had new orderbook of 66 dry bulk vessels, with 8,497,900 DWT. This includes: 10 VLOC, with 2,976,000 DWT; 12 Capesize vessels, with 2,328,000 DWT; 20 Panamax vessels, with 1,837,900 DWT; 24 Handymax vessels, with 1,356,000 DWT.

Ordered vessels

	2008		2009		2010		2011		2012		Total	
Vessel type	Number	DWT	Number	DWT	Number	DWT	Number	DWT	Number	DWT	Number	DWT
VLO dry bulk vessels	1	298,000	5	1,488,000	4	1,190,000	—	—	—	—	10	2,976,000
Capesize	1	177,000	3	531,000	2	405,000	5	1,010,000	1	205,000	12	2,328,000
Panamax	3	233,900	5	380,000	9	879,000	3	345,000	—	—	20	1,837,900
Handymax	9	513,000	15	843,000	—	—	—	—	—	—	24	1,356,000
Total	14	1,221,900	28	3,242,000	15	2,474,000	8	1,355,000	1	205,000	66	8,497,900

The status of the Company's holding of FFA

Forward Freight Agreements ("FFA") is a contract in the form of over-the-counter transactions specifying voyage routes, prices, quantities, price dates, calculation methods of settlement prices etc., whereby both parties agree to receive or pay the difference in freight or charter hire between the official Baltic Freight Index and the agreed contract price on a certain future time point. FFA plays an important role for shipping companies in avoiding the risks of market fluctuations and hedging for protection of value.

In the course of operating FFA business, China COSCO put strong emphasis on risk control: "Regulations on FFA Business Operation" are formulated and strictly implemented, while management of FFA business was strengthened in the aspects of organization structure, labour division and operating procedures. The FFA Risk Management Policies were promulgated and implemented to improve the risk management system of the business. For operation procedures, experienced personnel are designated to be responsible for the development of FFA business, while authorization procedures are strictly in line with those for existing cargoes and vessels, and qualification for transaction counterparties are duly reviewed. All of the above served to ensure effective risk control.

As at 30 June 2008, the total balance of FFA assets held by China COSCO amounted to RMB3,188,640,000, and the total balance of liabilities amounted to RMB1,055,467,000.

Market Outlook and Operation Plans

In the second half of 2008, the global economy will still be affected by the US sub-prime mortgage crisis and worldwide inflation. However, since new demands for dry bulk cargo transportation are mainly from emerging and developing countries, at the same time, coupled with factors like increased transportation distance and port congestion, the demands for transportation will still grow steadily on the whole while there is a shortage of supply of transportation capacity. As a result, favourable factors are still dominant. Coal transportation is increasingly important in driving the growth of the bulk cargo shipping market.

In the second half of the year, the Group will continue to adhere to its policy of prudent operation with flexible response to changes to enhance risk control, and implementing arrangements for medium to long term capacity while optimizing current capacity of operations. The key account strategy will be promoted continuously to enhance cooperation with major customers. Meanwhile, proportion of self-owned and chartered vessels will be adjusted reasonably. Structure of the fleet will be optimized according to market situation. Strategy for coastal transportation will be intensified to increase the market shares of coastal transportation. China COSCO BULK Division newly established in June will better ultilize the size-advantage of China COSCO's fleet, with the aim to significantly raise the operation and coordinating capabilities of China COSCO's dry bulk shipping unit.

Logistics Business

In the first half of 2008, the logistics business of the Group recorded revenues of RMB7,021,616,000, representing an increase of 32.0% over the same period in 2007. The business volumes of major segments of COSCO Logistics are set out in the table below:

	Six months ended 30 June		Change
	2008	2007	%
Third party logistics			
Product logistics			
Home appliance logistics ('000 piece)	**29,439**	17,734	66.0
Automobile logistics (unit)	**145,694**	197,991	-26.4
Chemicals logistics (ton)	**1,965,677**	1,339,832	46.7
Project logistics (RMB million)	**501**	428	17.1
Shipping agency (voyage)	**65,336**	63,497	2.9
Freight forwarding			
Sea freight forwarding			
Bulk cargo (ton)	**76,065,620**	70,762,066	7.5
Container cargo (TEU)	**1,147,911**	1,039,453	10.4
Air-freight forwarding (ton)	**58,540**	52,044	12.5

Third Party Logistics

Operation of logistics for system products for the first half of 2008 remained stable:

Regarding home appliances logistics, a total of 29,439,000 units of home electrical appliances were handled, representing an increase of 66.0% over the same period in 2007.

Regarding automobile logistics, a total of 145,694 units of automobiles for logistics were handled, representing a decrease of 26.4% over the same period in 2007, mainly due to changes in sales volume to major automobile customers.

Regarding chemical logistics, the volume handled for the first half of 2008 amounted to 1,966,000 tons, representing an increase of 46.7% over the same period of 2007.

In the area of engineering logistics, turnover for the first half of the year amounted to RMB0.5 billion, representing an increase of 17.1% over the same period in 2007. Major projects included "Air Bus 320 Project", "Indian RELIANCE Project", "SINOPEC's Fujian Refining Project", and "CNOOC's Huaizhao Oil Refinement Project" etc. New contracts for engineering logistics services signed in the first half of the year totalled 45, including significant projects such as "Chemical Fertilizer Project in Burma", "SINOPEC's ARAK Petroleum and Chemical Project in Iran", "10 million Ton/Year Oil Refinement Project in Qin Zhou", "Ambala, India Project", "CGNPG's Coastal Nuclear Power Station Project" etc.

Shipping agency business

COSCO Logistics continued to improve service quality through staff deployment, business training, service innovation, technology improvement and service expansion, and expanded the development of ship agency operations as well as increasing turnover and reducing costs. Marketing to core customers was enhanced through the establishment of a three-dimensional marketing system which included the Beijing head office, Shanghai marketing center, port companies and overseas organisations. Innovation was made in service in order to continuously provide personalized services and products. In the first half of the year, total visits handled by our ship agency amounted to 65,336 units, representing an increase of 2.9% over the same period last year, further consolidate our advantageous position in the domestic ship agency market.

Freight forwarding business

In the first half of 2008, the sea freight forwarding business of COSCO Logistics completed a total of 1,147,911 TEUs, representing an increase of more than 10.4% as compared with the same period last year. Total volume for bulk cargo forwarding was 76,065,620 tons, representing an increase of 7.5% as compared with the same period last year. The overall business condition for air freight was good. Both the business volume and the operating benefits increased substantially as compared to last year.

Market outlook and operation plans

The modern logistics industry of the PRC has gradually entered into a new stage of continued and steady development. With a great potential in the domestic market and a continuous increase in the demand for cross-boundary logistics, the competitive situation in the market will also become increasingly complicated.

The Group will expedite development of logistics business, and make positive efforts to develop cross-boundary operations and value-added services and will closely integrate with the shipping services of COSCO to increase the added value of product logistics projects. It will also further develop overseas engineering logistic operations and fully leverage its self-owned core technologies to make use of its competitive advantages of differentiation which are different from its local counterparts.

Regarding shipping agency, the Group will continue to actively change its capacity to the general agent for shipowners, consolidate its market share of 50% in the public vessel agency market and maintain a steady increase in profits from vessel agency. As for the freight forwarding business, the Group is changing towards “rendering services to direct cargo owners”, and will enhance the development of integrated freight projects and increase business profitability.

TERMINAL AND RELATED BUSINESSES

Business Performance

In the first half of 2008, the throughput of the container terminals of COSCO Pacific reached 22,088,046 TEUs, representing an increase of 22.7% as compared with the same period of last year, among which, the throughput of 18 container terminal joint ventures in China and three overseas container terminal joint ventures reached 19,737,223 TEUs and 2,350,823 TEUs respectively, representing an increase of 14.5% and 206.7% respectively as compared with the same period of last year.

The total throughput of terminals in Bohai Rim reached 8,400,703 TEUs, representing an increase of 8.2% as compared with the same period of last year. The total throughput of terminals in Yangtze River Delta reached 4,576,107 TEUs, representing an increase of 17.9% as compared with the same period of last year; and the total throughput of terminals in the Pearl River Delta and Southeast Coastal area reached 6,760,413 TEUs, representing an increase of 21.0% as compared with the same period of last year. Among which, Quanzhou Pacific Terminal (71.43% equity interest is currently held by COSCO Pacific), Xiamen Yuanhai Terminal (70% equity interest is held by COSCO Pacific and is still under construction) and Fuzhou Port Group (a letter of intent was signed for acquiring its interests) will benefit from the historical opportunities arising from the Three Links Reform between China mainland and Taiwan.

The total throughput of overseas terminals amounted to 2,350,823 TEUs, the percentage of throughput of overseas terminals to the total throughput of COSCO Pacific increased from 4.3% during the first half of last year to 10.7%. COSCO-PSA Terminal in Singapore added one additional berth in January 2008, which brought an increase of 69.3% as compared with the same period of last year. The throughput of Antwerp Gateway NV in Belgium increased by 56.7% as compared with the same period of last year to 574,087 TEUs. The Suez Canal Terminal in Egypt, in which COSCO Pacific completed the shares transfer in October 2007, handled 1,099,428 TEUs for the first half of 2008.

Container terminal throughput

Container terminal joint ventures	Six months ended 30 June 2008 (TEUs)	2007 (TEUs)	Change (%)
Bohai Rim	**8,400,703**	7,766,815	8.2
Qingdao Qianwan Container Terminal Co., Ltd.	**4,315,000**	4,026,677	7.2
Qingdao Cosport International Container Terminals Co., Ltd.	**572,260**	492,582	16.2
Dalian Port Container Co., Ltd.	**1,272,752***	1,335,157*	-4.7
Dalian Port Container Terminal Co., Ltd.	**794,296**	414,210	91.8
Tianjin Five Continents International Container Terminal Co., Ltd.	**962,681**	952,673	1.1
Yingkou Container Terminals Company Limited	**483,714**	545,516	-11.3
Yangtze River Delta	**4,576,107**	3,881,561	17.9
Shanghai Container Terminals Limited	**1,848,826**	1,618,337	14.2
Shanghai Pudong International Container Terminals Limited	**1,314,428**	1,357,173	-3.1
Ningbo Yuan Dong Terminals Limited	**394,914**	39,896	889.9
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**377,091**	300,389	25.5
Yangzhou Yuanyang International Ports Co., Ltd.	**127,285**	138,871	-8.3
Nanjing Port Longtan Container Co., Ltd.	**513,563**	426,895	20.3
Pearl River Delta and Southeast Coastal	**6,760,413**	5,588,253	21.0
COSCO-HIT Terminals (Hong Kong) Ltd.	**883,700**	906,589	-2.5
Yantian International Container Terminals Ltd. (Phase I, II & III)	**4,264,901**	4,164,935	2.4
Guangzhou South China Oceangate Container Terminal Company Limited	**1,078,564**	131,678	719.1
Quan Zhou Pacific Container Terminal Co., Ltd.	**469,881**	385,051	22.0
Jinjiang Pacific Ports Development Co., Ltd.	**63,367**	—	N/A
Overseas	**2,350,823**	766,590	206.7
COSCO-PSA Terminal Private Limited	**677,308**	400,117	69.3
Antwerp Gateway NV	**574,087**	366,473	56.7
Suez Canal Container Terminal S.A.E.	**1,099,428**	—	N/A
Total container terminal throughput in PRC	**19,737,223**	17,236,629	14.5
Total container throughput	**22,088,046**	18,003,219	22.7
Total bulk cargoes throughput (ton)	**6,568,015**	3,290,470	99.6

**Note: excluding the number of containers of Dalian Port Container Terminal Co., Ltd..*

As at 30 June 2008, COSCO Pacific held various equity interests in 27 terminal joint ventures and owned 140 berths in total which comprised 128 container berths, two automobile berths and ten bulk cargo terminal berths. The number of operating container berths amounted to 89, with an annual handling capacity of 48,150,000 TEUs in total. It is expected berths of new terminals investment projects and expansion projects of operating terminals, including New Qingdao Qianwan Terminal, Xiamen Yuanhai Terminal, Jinjiang Pacific Terminal, Suez Canal Terminal and Tianjin Euroasia Terminal etc., will commence operation successively in future, creating additional new driving forces for the Group.

Project expansion

On 25th June 2008, COSCO Pacific received a formal notification from Piraeus Port Authority SA ("PPA") in Greece stating that COSCO Pacific has been appointed as the provisional awarded bidder in respect of the global tender for concession rights of Pier 2 and Pier 3 of the container terminal of Piraeus Port ("Concession"). COSCO Pacific is in the process of negotiating with PPA for the related Concession agreement arrangements.

Piraeus Port is the largest throughput Greek port located along important commercial and strategic shipping routes. Services under such routes cover Europe, Asia, North Africa and the Mediterranean. Investing in Piraeus Port is fully in compliance with the development strategy of Cosco Pacific and is favourable for the Group to become a leading global terminal operator.

Market Outlook and Operation Plan

The slowing down of the world economic and trade growth will have an impact on terminal business in the short term. The continuous expansion of terminals' handling capacity will also have an impact on supply and demand to a certain extent. However, in the long term, the cargo containerisation trend will remain unchanged. In addition, domestic ports will also have good development prospects as the domestic consumption demand remains strong. The Group will continue to exert systematic synergies at its best efforts and establish a global terminal network strategically located in China and overseas, so as to strengthen the shareholdings in terminals and maximize profitability.

Container Leasing, Management and Sale Businesses

Florens (a subsidiary of the Group) continued to adopt the strategy of integrating owned containers with managed containers to expand the container fleet and during the period, the Group was ranked the second largest container leasing company in the world.

As at 30 June 2008, the container fleet owned and managed by Florens amounted to 1,632,356 TEUs in size, representing an increase of 16.8% as compared with the same period of last year, representing a market share of approximately 13.2% of the container leasing companies in the world. The average utilisation rate of its container was 94.3%, which was above the industry average.

The Group continued to implement a light asset business model to reduce operational risk and maintained balanced growth of owned containers and managed containers. As at 30 June 2008, owned container fleet increased to 866,448 TEUs, representing an increase of 16.9% as compared with that of the same period last year, accounting for 53.1% of the total number of containers. Total number of managed container fleet was 765,908 TEUs, representing an increase of 16.6% as compared with that of the same period last year and accounting for 46.9% of the total number of containers.

The slow down of global economy also created adverse impact on the container leasing business. The increase in raw material prices has resulted in continuous increases in the price of containers, exposing the container leasing business to challenges. However, the shipping capacity growth of shipping companies will remain stable, which will bring continuous growth in demand for container leasing. The Group will continue to strengthen management, control costs stringently, continue to adopt a light asset business model to expand the container after-sale management business so as to solidify its leading position in the industry.

Container Manufacturing Businesses

In the first half of 2008, COSCO Pacific, a subsidiary of the Group, increased its shareholding in CIMC to 21.8%.

FINANCIAL REVIEW

Operational Revenues

In the first half of 2008, the Group's operational revenues amounted to RMB70,482,130,000, representing an increase of RMB22,727,177,000, or 47.6% as compared to RMB47,744,953,000 in the first half of 2007. The rate of increase in operational revenues was 14.2 percentage points higher than the increase in costs, which was the major factor for the substantial growth in profit. The analysis by business segments is set out below:

- Revenue from container shipping and related business increased 12.3% to RMB23,497,491,000. Container shipping volume amounted to 3,014,670 TEUs, representing an increase of 8.9% as compared with that of the same period last year. Average container freight income amounted to RMB6,560, representing an increase of 2.7% as compared with that of the same period last year. In the first half of 2008, the Group obtained outstanding achievement through establishment of networks in new emerging markets and optimization of customers' structure to strengthen revenues.

- Revenues from the operation of the dry bulk shipping business maintained strong growth, primarily due to the continuous strong growth in demand for dry bulk shipping which resulted in a continuous increase in charter hire rates. In the first half of 2008, revenues from the operation of the Group's dry bulk shipping business increased by RMB18,407,353,000 or 88.0% to RMB39,332,350,000. Of which, revenue from time chartering increased by RMB11,116,011,000 or 80.0% and revenue from voyage chartering increased by RMB7,188,237,000 or 107.2%.

- In the first half of 2008, revenues from logistics operations amounted to RMB7,021,616,000, mainly attributable to the continuous expansion of various key operations.

- Revenues derived from the terminal and related operations of COSCO Pacific recorded stable growth, increased by RMB63,006,000, or 33.5%, to RMB250,880,000. Of these, Yangzhou Yuanyang Terminal was reclassified from a jointly controlled entity to a subsidiary in December 2007 and recorded RMB66,627,000 in revenue during the period. The Group invested in Jinjiang Pacific Terminal in March 2008, and the revenue derived during the period amounted to RMB21,294,000.

- Revenues derived from the container leasing business operated and managed by COSCO Pacific decreased by 3.1% to RMB379,793,000.

Operational Cost Analysis

In the first half of 2008, the operational costs of China COSCO increased by 33.4% to RMB51,157,563,000, of which:

- The operational costs of container shipping and related business amounted to RMB21,064,059,000, representing an increase of RMB1,947,033,000, or 10.2%, 2.1 percentage points lower than the increase in revenues. Of which, bunker cost increased by RMB1,493,363,000, or 43.1%, to RMB4,957,413,000, mainly due to the effect of the increase in oil prices. During the first half of 2008, bunker cost accounted for 23.5% of the operational costs of container shipping and related business. In addition, the Group was able to control cargo and transshipment costs through measures such as the adoption of long term tariff rate agreements and choosing transshipping routes with lower cost requirement.

- Total operational costs of dry bulk shipping and related business amounted to RMB23,122,827,000, representing an increase of RMB9,434,175,000, or 68.9%, as compared with that of the same period last year. Of which, operating lease expenses for the period amounted to RMB15,561,558,000, representing an increase of RMB7,572,566,000, or 94.8%, as compared with the first half of 2007. The increase was due to the expansion in the size of chartered vessels and the higher charter hire price of dry bulk vessels resulting in a rise in the total chartering costs. The bunker costs increased by RMB943,489,000 or 86.9% due to the rise in international oil prices. During the first half of 2008, bunker costs accounted for 8.8% of the operational costs of the dry bulk shipping business.

- The operational costs of the logistics business amounted to RMB6,416,730,000, representing an increase of RMB1,495,272,000, or 30.4%, as compared with the same period last year. The increase was mainly due to the rapid development of the third party logistics business such as home appliance and chemical logistics.

- The operational costs of terminal and related business amounted to RMB155,494,000, representing an increase of RMB104,471,000, or 204.8%, as compared to the first half of 2007. During the period, investment in Jinjiang Pacific Terminal and the reclassification of Yangzhou Yuanyang Terminal as a subsidiary, as well as the increase in the operational costs of the existing terminal companies, contributed to the increase in the overall costs of our terminals business.

- The operational costs of container leasing business amounted to RMB401,740,000, representing a decrease of 30.9% as compared with the same period of last year. The decrease was mainly due to the net book value of returned containers disposed of decreased by RMB126,588,000, or 49.7% as compared with the same period of 2007.

Other income

The Group's other income in the first half of 2008 amounted to RMB2,073,071,000, representing an increase of RMB570,953,000 as compared to RMB1,502,118,000 in the first half of 2007. Of these, gains of RMB1,209,365,000 were derived from Forward Freight Agreement ("FFA") operations, representing an increase of RMB529,639,000 as compared to the first half of 2007. Foreign exchange gains amounted to RMB303,146,000 (during the same period of last year, foreign exchange loss amounted to RMB106,356,000 and charged to Other expenses). In addition, gain from disposal of fixed assets decreased by RMB211,388,000 as compared to the first half of 2007, mainly due to the decrease in gains from the disposal of container vessels during the first half of 2008 as compared to the same period of last year.

Selling, administrative and general expenses

In the first half of 2008, the management expenses of China COSCO increased by RMB336,777,000, or 16.8% to RMB2,341,891,000 year-on-year. During the period, the development of new investment projects and the increase in marketing activities resulted in an increase in the relevant administrative expenses. The new addition of Jinjiang Pacific Terminal and the reclassification of Yangzhou Yuanyang Terminal as a subsidiary also contributed to the increase in administrative expenses.

Other expenses

The Group's other expenses amounted to RMB106,959,000 in the first half of 2008, representing a decrease of 57.9% as compared to the first half of 2007, mainly due to the reduction in foreign exchange losses. During the first half of 2007, the Group incurred foreign exchange losses of RMB106,356,000, while during the first half of 2008, a foreign exchange gain of RMB303,146,000 was recorded (presented under the paragraph headed "Other income").

Share reform

The put options in relation to the share reform of CIMC issued by COSCO Pacific, a subsidiary of the Group, expired on 23 November 2007, as such nil amount was recorded during the current period. The corresponding gain from the put options for the first half of 2007 was RMB82,045,000.

Finance income

Finance income of the Group was mainly interest income. Finance income for the current period amounted to RMB474,713,000, representing an increase of 141.5% as compared to the first half of 2007. The increase mainly comprises the inflow of funds generated from operating activities and the unused proceeds of funds from A- shares issue.

Finance costs

During the period, the finance costs of the Group decreased by 17.1% to RMB474,221,000, primarily due to the partial repayment of borrowings, resulting in lower interest charges accordingly.

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities to the Group amounted to RMB431,198,000 during the first half of 2008, while net profit for the same period in 2007 was RMB351,133,000, representing an increase of RMB80,065,000. Net profit contribution from associates amounted to RMB372,468,000, while net profit for the same period in 2007 was RMB508,222,000, representing a decrease of RMB135,754,000. The major reason was the reclassification of Shanghai Pudong International Container Terminals Limited as a jointly controlled entity from an associate, the investment income from which was RMB89,530,000 in the first half of 2008 (2007 first half: RMB88,182,000). Chong Hing Bank Limited was sold by the Group in the second half of 2007, which led to the absence of investment income thereof during the current period, therefore constituting another major reason for the decrease in net profit from associates. The net profit contributed by the Chong Hing Bank Limited during the same period of last year was RMB58,610,000.

Income tax expenses

In the first half of 2008, the income tax of the Group was RMB3,896,278,000, representing an increase of RMB2,603,055,000 as compared with RMB1,293,223,000 in the first half of 2007. Of which, the increase was mainly because the Group provided deferred income tax in respect of the distributable earnings from the newly acquired dry bulk overseas subsidiaries in the second half of 2007 (in the first half of 2007: the taxes on distributable earnings of the dry bulk overseas subsidiaries were borne by their then shareholders). In the first half of 2008, the profit of the Group has increased significantly, which also resulted in an increase in income tax accordingly.

Working capital, financial resources and capital structure

As at 30 June 2008, the Group's cash and cash equivalents decreased by RMB4,932,725,000 to RMB32,363,318,000 when compared with RMB37,296,043,000 as at 31 December 2007. In the first half of 2008, the net decrease was due to the dividend payments of RMB11,556,873,000 of the dry bulk companies of the Group to their then shareholders and the significant increase in payments of vessel-related expenses offset by the increase in cash flows generated from operating activities.

As at 30 June 2008, total outstanding borrowings of the Group were RMB25,141,166,000. After netting cash and cash equivalents of RMB32,363,318,000, the net amount was RMB-7,222,152,000.

The working capital and capital resources of the Group have all along been and will continue to be generated from cash flows of operating activities, proceeds from new share issue and loan facilities from banks. The cash of the Group has been and is expected to be utilized for the payment of operational costs, purchases of container vessels and dry bulk vessels, containers, investment in terminals and repayment of loans, etc.

Debt analysis

By category	**As at 30 June 2008 RMB'000**	As at 31 December 2007 RMB'000
Short-term borrowings	**2,066,366**	3,916,671
Long-term borrowings		
Within one year	**2,155,038**	1,271,031
Between one and two years	**2,224,764**	1,279,259
Between two and five years	**11,054,041**	6,626,914
Over five years	**7,640,957**	6,236,006
Subtotal	**23,074,800**	15,413,210
Total	**25,141,166**	19,329,881

Breakdown of borrowings by category:

As at 30 June 2008, the Group's secured borrowings amounted to RMB8,052,198,000, while unsecured borrowings amounted to RMB17,088,968,000, representing 32.0% and 68.0% of the total borrowings respectively. Equipment and properties of net book value RMB12,519,041,000 were pledged to banks and financial institutions by the Group as primary collaterals for secured borrowings.

Breakdown of borrowings by currency:

The Group had borrowings denominated in U.S. dollars equivalent to RMB23,737,668,000 and borrowings denominated in RMB amounting to RMB1,403,498,000, representing 94.4% and 5.6% of the total borrowings respectively.

As at 30 June 2008, most borrowings of the Group were charged by floating interest rates.

Financial guarantee and contingent liabilities

As at 30 June 2008, the Group had provided a guarantee on a bank borrowing granted to an associate in the amount of RMB280,770,000 (31 December 2007: RMB188,072,000).

Foreign exchange and interest rate risk management

In the first half of 2008, the Group paid close attention to changes in exchange rates, and further enhanced the collection of strong currencies such as RMB during the collection of freights, or reduced the impact of exchange rate fluctuations on the income and financial position of the Company through measures such as fixing the exchange rate of the US dollar against RMB and the collection of CAF.

The Group continued to actively manage its existing loan interest rate level and control the interest rate level for interest actually paid by making use of various financial instruments. In respect of market trends, the Group continued to monitor and adjust its fixed and variable interest debt portfolios from time to time to reduce potential interest rate risks.

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 equity interest in the Company.

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. The share appreciation rights granted to the seven directors and four supervisors of the Company are equivalent to 6,480,000 H Shares of the Company or 0.25% of the total issued H Shares of the Company.

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 2008 are set out below:

				Number of units of share appreciation rights						
Name of director/ supervisor	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2008	Granted during the period	Exercised during the period	Lapsed/ cancelled	Outstanding as at 30 June 2008	Approximate % of issued share capital of the Company's H shares as at 30 June 2008	*Note*
WEI Jiafu	Beneficial owner	Personal	HK$3.195	680,000	—	—	—	680,000	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	700,000	—	(100,000)	—	600,000	0.02%	(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	600,000	—	(75,000)	—	525,000	0.02%	(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	450,000	—	—	—	450,000	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	375,000	—	—	—	375,000	0.01%	(1)
			HK$3.588	500,000	—	—	—	500,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
ZHANG Liang	Beneficial owner	Personal	HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
SUN Yueying	Beneficial owner	Personal	HK$3.195	500,000	—	(50,000)	—	450,000	0.02%	(1)
			HK$3.588	600,000	—	—	—	600,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
LI Yunpeng	Beneficial owner	Personal	HK$3.195	540,000	—	(90,000)	—	450,000	0.02%	(1)
			HK$3.588	600,000	—	—	—	600,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
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 Zonghao	Beneficial owner	Personal	HK$3.195	225,000	—	—	—	225,000	0.01%	(1)
			HK$3.588	300,000	—	—	—	300,000	0.01%	(2)
			HK$9.540	280,000	—	—	—	280,000	0.01%	(3)

SHARE APPRECIATION RIGHTS PLAN *(Continued)*

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), 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), 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), 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.

SHARE OPTIONS SCHEME OF COSCO PACIFIC

At a special general meeting of COSCO Pacific held on 23 May 2003, the shareholders approved (i) the adoption of a new share option scheme (the "2003 Share Option Scheme") and (ii) the termination of the share option scheme adopted by the shareholders of COSCO Pacific on 30 November 1994 (the "1994 Share Option Scheme").

All options granted under the 1994 Share Option Scheme had been expired on 19 May 2007 and there was no outstanding share option yet to be exercised under the 1994 Share Option Scheme as at 1 January 2008.

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

		Number of share options							
Category	Exercise price HK$	Outstanding as at 1 January 2008	Granted during the period	Exercised the period	Lapsed during the period	Outstanding as at 30 June 2008	Percentage of total issued share capital as at 30 June 2008	Exercisable period	*Note*
Directors									
WEI Jiafu	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
ZHANG Fusheng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
CHEN Hongsheng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2004	(2), (4)
LI Jianhong	13.75	1,000,000	—	—	—	1,000,000	0.04%	02.12.2004-01.12.2014	(2), (4)
SUN Yueying	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)

SHARE OPTIONS SCHEME OF COSCO PACIFIC *(Continued)*

		Number of share options							
Category	Exercise price HK$	Outstanding as at 1 January 2008	Granted during the period	Exercised the period	Lapsed during the period	Outstanding as at 30 June 2008	Percentage of total issued share capital as at 30 June 2008	Exercisable period	*Note*
Supervisor									
LI Yunpeng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
Others(5)	9.54	2,575,000	—	(94,000)	(20,000)	2,461,000	0.11%	(refer to note 1)	(1)
	13.75	17,616,000	—	(54,000)	(30,000)	17,532,000	0.78%	(refer to note 2)	(2)
	19.30	17,070,000	—	—	(110,000)	16,960,000	0.76%	(refer to note 3)	(3)
		43,261,000	—	(148,000)	(160,000)	42,953,000			

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 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 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 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.

(4) These options represent personal interests held by the relevant director 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$18.19.

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

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

As at 30 June 2008, 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 Supervisor	Capacity	Nature of interest	Number of A shares of the Company	Percentage of total issued A shares of the Company
Mr. 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/ Supervisor	Capacity	Nature of interest	Number of ordinary shares	Percentage of total issued share capital
COSCO Corporation (Singapore) Limited	Wei Jiafu	Beneficial owner	Personal	1,900,000	0.08%
COSCO Corporation (Singapore) Limited	Li Jianhong	Beneficial owner	Personal	1,300,000	0.06%
COSCO Corporation (Singapore) Limited	Sun Yueying	Beneficial owner	Personal	1,400,000	0.06%

(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 2008 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section.

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

(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-month period ended 30 June 2008 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 2008	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2008	Percentage of total issued of associated corporation as at 30 June 2008	*Note*
COSCO Pacific	WEI Jiafu	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
	ZHANG Fusheng	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
	CHEN Hongsheng	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
	LI Jianhong	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
	SUN Yueying	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
	LI Yunpeng	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	1,000,000	0.04%	(1)
COSCO International Holdings Limited	WEI Jiafu	Beneficial owner	Personal	HK$0.57 HK$1.37	1,800,000 1,200,000	– –	– –	– –	1,800,000 1,200,000	0.13% 0.08%	(2), (3) (3), (5)
	LI Jianhong	Beneficial owner	Personal	HK$0.57 HK$1.37	1,800,000 1,200,000	– –	– –	– –	1,800,000 1,200,000	0.13% 0.08%	(2), (3) (2), (4)
COSCO Corporation (Singapore) Limited	WEI Jiafu			S$1.23	1,100,000	–	–	–	1,100,000	0.05%	(6)
	LI Jianhong	Beneficial owner	Personal	S$1.23	700,000	–	–	–	700,000	0.03%	(6)
	SUN Yueying	Beneficial owner	Personal	S$1.23	700,000	–	–	–	700,000	0.03%	(6)

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

Notes:

(1) 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.

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

(3) These share options were granted on 26 November 2003 pursuant to the share option scheme approved by shareholders of COSCO International on 17 May 2002 (the "Share Option Scheme of COSCO International") and can be exercised at HK$0.57 per share at any time between 23 December 2003 and 22 December 2008.

(4) These share options were granted on 2 December 2004 pursuant to the Share Option Scheme of COSCO International and can be exercised at HK$1.37 per share at any time between 29 December 2004 and 28 December 2014.

(5) 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 can be exercised at any time between 6 April 2006 and 5 April 2010. Adjustments were made to the exercise price and the number of share options held by the grantees 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$8.07.

(6) The share options were granted by COSCO Corporation (Singapore) Limited on 21 February 2006 and can be exercised at S$1.23 per share at any time between 21 February 2007 and 20 February 2011.

Save as disclosed above, as at 30 June 2008, 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 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 2008, 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*
JP Morgan Chase & Co ("JP Morgan")	Interest of controlled corporation	308,129,095	11.94	28,629,750	1.11	131,863,004	5.11	(1)
Morgan Stanley	Interest of controlled corporation	195,011,179	7.56	29,967,801	1.05	—	—	(2)
China Ocean Shipping (Group) Company	Interest of controlled corporation	76,320,000	2.96	—	—	—	—	(3)

Notes

(1) The 308,129,095 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., J.P. Morgan Investment Management Inc., China International Fund management Ltd., J.P. Morgan Securities Ltd., JF Asset management (Singapore) Limited, JP Morgan Asset Management (UK) Limited, JF Asset Management (Taiwan) Limited, J.P. Morgan Whitefriars Inc., J.P. Morgan Structured Products B.V. and Bears, Steams International Limited are holding a short position in 28,629,750 shares of the Company. The 131,863,004 shares are held in the capacity of approved lending agent/custodian corporation by JPMorgan.

(2) The 195,011,179 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 Swiss Holdings Gambtt, Morgan Stanley Capital Services Inc., Morgan Stanley Capital (Luxembourg) S.A. and Morgan Stanley & Co, Inc., being related entities of Morgan Stanley. Morgan Stanley Securities Limited, Morgan Stanley & Co. International Plc., Morgan Stanley Hong Kong Securities Limited, MSDW Equity Finance Services I (Cayman) Limited, Morgan Stanley Capital (Cayman Islands) Limited, Morgan Stanley Hedging Co., Ltd. and Morgan Stanley & Co, Inc. are holding a short position in 26,967,801 shares of the Company.

(3) The 76,320,000 shares, which are held by HKSCC Nominees Limited as a nominee, relate to the shares in the Company directly held by Peaktrade Investments Ltd., a wholly owned subsidiary of COSCO (Hong Kong) Group Ltd., which in turn is a wholly owned subsidiary of China Ocean Shipping (Group) Company.

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

As at 30 June 2008, 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	5,472,806,911	53.57	—	—	—	—

Save as disclosed above, as at 30 June 2008, 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 2008 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 (approx.)
Non-current assets	14,625,062
Current assets	1,907,358
Current liabilities	(3,683,131)
Non-current liabilities	(8,716,441)
Net assets	4,132,848
Share capital	2,922,388
Reserves	638,061
Minority interests	572,399
Capital and reserves	4,132,848

As at 30 June 2008, the Group's attributable interests in these affiliated companies amounted to approximately RMB2,147,749,000.

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 financial information for the six months ended 30 June 2008, 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.

The Board considers that 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 to the Listing Rules or the Company's Corporate Governance Code for any part of the period for the six months ended 30 June 2008.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 33,370 employees as at 30 June 2008. Total staff cost for the Group for the first six-month period, including directors' remuneration, totalled approximately RMB3,112,872,000.

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, dry bulk cargo shipping, logistics, 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's results and market conditions, in order to formulate better incentives and appraisal measures.

INTERIM DIVIDEND

Given the relevant PRC requirements and conditions of interim audit for payment of interim dividend, the Board does not recommend distribution of an interim dividend for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code ("Model Code") for securities transactions by directors set 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 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2008. 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 2008.

INVESTOR RELATIONS

The Company highly values investor relations at all time and consider the maintenance of investor relations as a continuous strategic management behaviour.

In the first half of the year, the Group had extensive communication with the capital market by organizing domestic and overseas road shows, reverse road shows, organizing results illustration meetings, participating domestic and overseas investor meetings, entertaining visitors and holding telephone conferences, etc., and organized and participated in a total of 32 large and medium meetings, 322 one-to-one meetings, met with over 2,100 domestic and overseas institutional investors, strategic investors, analysts, etc. and answered thousands of telephone calls from individual investors. The Company promptly sent email to investors that it has made contact with various announcements, circulars published by the Company, information about the shipping market and summary of analysts' reports, etc, which were mostly welcomed by investors.

We release the Company's announcements, regular reports, Company's news, highlights of results, recordings of analysts' meetings, etc. and methods of contact of analysts online with the use of the Company's website and update such information in a timely manner. At the same time, we also try our best to facilitate domestic and overseas media in respect of interviews and obtaining public information subject to laws and regulations.

While actively communicating with external parties, the Company also places great importance on opinions from the capital markets. The investment department actively collects relevant opinions and advice and report to the senior management in a timely manner, making the opinions from the capital market an important references to the Company's decision making process.

During the process of the above work, senior management and the relevant staff who participate in such tasks are all in strict compliance with domestic and overseas regulatory requirements, and actively and proactively commence their tasks subject to laws and regulations.

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 is 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 38 to 98 have been reviewed by the Company's independent 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 result and net asset of China International Marine Containers (Group) Co., Ltd, an associate of the Group. Accordingly, their independent review report has been qualified in this respect.

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

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2008

	Note	**As at 30 June 2008** ***RMB'000***	As at 31 December 2007 *RMB'000* *(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**53,115,744**	45,998,049
Investment properties	6	**335,451**	340,377
Leasehold land and land use rights	6	**1,042,936**	1,045,052
Intangible assets	6	**155,321**	180,443
Jointly controlled entities		**5,206,592**	5,023,849
Associates		**6,400,998**	4,489,247
Available-for-sale financial assets		**4,328,210**	4,708,917
Deferred income tax assets		**585,629**	524,264
Finance lease receivables		**16,943**	16,910
Derivative financial assets	7	**611, 335**	366,349
Restricted bank deposits		**140,009**	103,599
		71,939,168	62,797,056
Current assets			
Inventories		**1,991,459**	1,559,679
Trade and other receivables	8	**14,989,149**	13,246,568
Current portion of finance lease receivables		**7,059**	8,561
Derivative financial assets	7	**2,610,227**	2,089,099
Financial assets at fair value through profit or loss		**3,075**	3,664
Deposits and cash and cash equivalents		**32,370,363**	37,615,277
		51,971,332	54,522,848
Total assets		**123,910,500**	117,319,904

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2008

	Note	**As at 30 June 2008** ***RMB'000***	As at 31 December 2007 *RMB'000* *(Restated)*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	9	**10,216,274**	10,216,274
Reserves		**47,808,849**	34,572,860
Proposed final dividend	19(b)	**—**	1,804,358
		58,025,123	46,593,492
Minority interests		**10,501,119**	10,545,764
Total equity	10	**68,526,242**	57,139,256
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	**20,919,762**	14,142,178
Other non-current liabilities		**1,015,552**	946,854
Derivative financial liabilities	7	**12,973**	6,571
Deferred income tax liabilities		**3,727,025**	1,929,732
		25,675,312	17,025,335
Current liabilities			
Trade and other payables	12	**22,226,810**	36,054,303
Amounts due to a fellow subsidiary	13	**512,174**	536,779
Derivative financial liabilities	7	**1,051,251**	536,150
Short-term loans	14	**2,066,366**	3,916,671
Current portion of long-term borrowings	11	**2,155,038**	1,271,032
Tax payable		**1,697,307**	840,378
		29,708,946	43,155,313
Total liabilities		**55,384,258**	60,180,648
Total equity and liabilities		**123,910,500**	117,319,904
Net current assets		**22,262,386**	11,367,535
Total assets less current liabilities		**94,201,554**	74,164,591

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Note	2008 RMB'000	2007 RMB'000 (Restated)
		Six months ended 30 June	
Revenues	5	**70,482,130**	47,744,953
Cost of services		**(51,157,563)**	(38,359,297)
Gross profit		**19,324,567**	9,385,656
Other income		**2,073,071**	1,502,118
Selling, administrative and general expenses		**(2,341,891)**	(2,005,114)
Other expenses		**(106,959)**	(254,310)
Share reform	15	**—**	82,045
Operating profit	16	**18,948,788**	8,710,395
Finance income	17	**474,713**	196,557
Finance costs	17	**(474,221)**	(572,016)
Operating profit after finance income/costs		**18,949,280**	8,334,936
Share of profits less losses of			
– jointly controlled entities		**431,198**	351,133
– associates		**372,468**	508,222
Profit before income tax expenses		**19,752,946**	9,194,291
Income tax expenses	18	**(3,896,278)**	(1,293,223)
Profit for the period		**15,856,668**	7,901,068
Attributable to:			
Equity holders of the Company		**15,122,222**	7,227,707
Minority interests		**734,446**	673,361
		15,856,668	7,901,068
Distribution	19(a)	**9,940**	3,735,604
		RMB	*RMB*
Earnings per share for profit attributable to the equity holders of the Company – basic and diluted	20	**1.4802**	0.898

Unaudited Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Available-for-sale financial assets		
– fair value (loss)/gains, net of tax	**(431,036)**	1,091,874
– transferred to income statement upon sale	**(14,431)**	(3,880)
Share of reserves of jointly controlled entities and associates	**318,611**	372,103
Exchange differences	**(2,446,897)**	(762,501)
Cash flow hedge		
– fair value gains, net of tax	**541,403**	190,530
– transferred to income statement	**(214,158)**	(37,733)
Realisation of reserves upon deemed disposals	**1,667**	101,601
Actuarial losses on defined benefit pension plans and related deferred tax	**—**	267
Net (expense)/income recognised directly in equity	**(2,244,841)**	952,261
Profit for the period	**15,856,668**	7,901,068
Total recognised income and expense for the period	**13,611,827**	8,853,329
Attributable to:		
Equity holders of the Company	**13,244,822**	7,524,357
Minority interests	**367,005**	1,328,972
	13,611,827	8,853,329

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from operating activities	**18,167,527**	8,879,258
Net cash (used in)/generated from investing activities	**(17,959,483)**	(2,939,626)
Net cash (used in)/generated from financing activities	**(4,441,989)**	12,931,560
Net (decrease)/increase in cash and cash equivalents	**(4,233,945)**	18,871,192
Cash and cash equivalents as at 1 January	**37,614,541**	11,039,893
Exchange losses on cash and cash equivalents	**(1,017,278)**	(202,239)
Cash and cash equivalents as at 30 June	**32,363,318**	29,708,846
Analysis of balances of cash and cash equivalents:		
Deposits placed with an associate	**6,904,806**	3,041,091
Bank balances and cash - unpledged	**25,403,639**	26,606,831
Money market fund investments	**54,873**	60,924
	32,363,318	29,708,846

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 and A-shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong since 30 June 2005 and The Shanghai Stock Exchange since 26 June 2007 respectively.

The directors of the Company (the "Directors") regard China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC, as being the Company's parent company.

In February and May 2008, the Group acquired from COSCO and its subsidiaries (collectively "COSCO Group") the entire equity interests in COSCO Panama Maritime S.A. and COSCO Brazil S/A (collectively the "COSCON overseas companies").

In June 2008, the Memorandum and Articles of Association of COSCO Europe Bulk Shipping GMBH, COSCO Oceania Chartering Pty Ltd. and COSCO Bulk Carrier Americas Inc. (collectively the "Bulk overseas companies") were revised to reflect the Group's power to govern their respective financial and operating policies. The Bulk overseas companies were previously jointly controlled entities of the Group.

The parent company of COSCON overseas companies and Bulk overseas companies is COSCO and the aforesaid transactions are regarded as business combinations under common control. Details of the relevant statements of adjustments for the common control combinations on the Group's financial position as at 30 June 2007 and 31 December 2007 and the Group's results for the six months ended 30 June 2007 and 30 June 2008 are set out in note 10.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 (the "unaudited Condensed Consolidated Interim Financial Information") was approved by the Board of Directors for issue on 26 August 2008.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 2007 (the "2007 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 2007 Annual Financial Statements except that, the Group has adopted the following new interpretations issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2008:

HK (IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new interpretations 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.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31 December 2008. The Group has not early adopted these standards, interpretations and amendments in the unaudited Condensed Consolidated Interim Financial Information but 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 statements will be resulted.

3 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the 2007 Annual Financial Statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful lives and residual values of container vessels, dry bulk vessels and containers

The Group's major operating assets represent container vessels, dry bulk vessels and containers. Management determines the estimated useful lives, residual values and related depreciation expenses for its container vessels, dry bulk vessels and containers. Management estimates useful lives of the container vessels, dry bulk vessels and containers by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual values for its container vessels, dry bulk vessels and containers. This estimate is based on all relevant factors (including the use of the current scrap values of steels in an active market as a reference value) at each measurement date. The depreciation expense will change where the useful lives or residual values of container vessels, dry bulk vessels and containers are different from the previous estimate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT *(Continued)*

(a) Estimated useful lives and residual values of container vessels, dry bulk vessels and containers *(Continued)*

Management reviewed the residual values and useful lives of property, plant and equipment as at 1 January 2008. Based on management's best estimates, there was no significant change of estimated useful lives and residual values of property, plant and equipment.

(b) Estimated impairment of container vessels, dry bulk vessels and containers

The Group's major operating assets represent container vessels, dry bulk vessels and containers. Management performs review for impairment of the container vessels, dry bulk vessels and containers whenever events or changes in circumstances indicate that the carrying amounts of the container vessels, dry bulk vessels and containers may not be recoverable.

The recoverable amounts of container vessels, dry bulk 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 continue use of container vessels, dry bulk vessels and containers (including the amount to be received for the disposal of container vessels, dry bulk vessels and containers) and discount rate.

Management reviews certain indicators of potential impairment, such as reported sale and purchase prices, market demand and general market conditions. Based on management's best estimates, there was no indication of potential impairment of the container vessels, dry bulk vessels and containers and no impairment loss for container vessels, dry bulk vessels and containers was recognised during the period.

(c) Fair value of available-for-sale financial assets

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(d) Voyages in progress

The Group recognises a percentage of estimated total revenues and expenses for any voyage remains incomplete at end of a reporting period. The percentage is calculated based on the number of days completed to the estimated voyage period. If the actual voyage period was different from the estimate, the estimated revenues and voyage expenses would be affected in the following reporting period (see also (e) below).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT *(Continued)*

(e) Provision of voyage expenses

Invoices for voyage expenses are normally received several months after the transaction. For voyages completed or in progress as at end of reporting period (see also (d) above), voyage expenses are estimated based on the latest quotation and voyage statistics obtained from vendors. If the actual voyage expenses were different from the estimate, this would have an impact on the estimated voyage expenses in the following reporting period.

(f) Acquisition of a business and additional interest in an associate

The initial accounting on the acquisition of a business and additional interest in an associate involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of property, plant and equipment, leasehold land and land use rights and intangible assets are determined by reference to market prices or by using financial models. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

Critical judgements in applying the Group's accounting policies

Income taxes

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider 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 (note 18(d)).

The Group is subject to income taxes in numerous jurisdictions. Significant judgement 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

Turnover represents gross revenues from operations of container shipping, dry bulk shipping, container terminal operations, container leasing and logistics, net of discounts allowed, where applicable. Revenues recognised during the period are as follows:

	Six month ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Container shipping	**23,497,491**	20,920,477
Dry bulk shipping	**38,911,334**	20,607,086
Container terminal operations	**250,880**	187,874
Container leasing	**379,793**	392,077
Logistics	**7,021,616**	5,319,528
Turnover	**70,061,114**	47,427,042
Manning service income	**165,182**	101,783
Others	**255,834**	216,128
Total revenues	**70,482,130**	47,744,953

(a) Primary reporting segment - business segments

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.

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

— Container shipping and related business
— Dry bulk shipping and related business
— Container terminal and related business
— Container leasing
— Logistics
— Other operations that primarily comprise container manufacturing and investment holding. Other operations for the six months ended 30 June 2007 also included the banking operation which was disposed of in November 2007.

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, derivative financial assets and operating cash and cash equivalents, and mainly exclude investments in jointly controlled entities and associates, available-for-sale financial assets, other financial assets at fair value through profit or loss, deferred income tax assets and corporate assets. Segment liabilities comprise operating liabilities and mainly exclude items such as current and deferred income tax liabilities, distribution payable and borrowings. 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.

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

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

The segment results and other information for six months ended 30 June 2008 and 30 June 2007 are as follows:

	Six months ended 30 June 2008							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Income statement								
Revenues								
External sales	23,497,491	39,332,350	7,021,616	250,880	379,793	—	—	70,482,130
Inter-segment sales	2,046	695	72,530	45,295	477,068	—	(597,634)	—
	23,499,537	39,333,045	7,094,146	296,175	856,861	—	(597,634)	70,482,130
Segment results	1,002,147	17,099,780	249,803	188,088	467,280	6,436	—	19,013,534
Finance costs								(474,221)
Unallocated income								543,694
Unallocated expenses								(133,727)
Operating profit after finance income/costs								18,949,280
Share of profits less losses of								
— jointly controlled entities	6,057	87,895	30,170	307,076	—	—	—	431,198
— associates *(note i)*	2,872	19,313	42,319	61,395	—	246,569	—	372,468
Profit before income tax								19,752,946
Income tax expenses								(3,896,278)
Profit for the period								15,856,668
Other items								
Depreciation, amortisation and impairment	521,751	975,853	65,532	45,270	275,898	8,888	—	1,893,192
Capital expenditure	5,444,445	3,167,764	73,008	905,497	2,160,513	1,906	—	11,753,133
(Reversal of)/provision for impairment of trade and other receivables, net	992	3,188	(1,859)	—	(11,706)	—	—	(9,385)
Amortised amount of transaction costs on long-term borrowings	2,618	—	—	—	643	—	—	3,261
Other non-cash expenses	—	—	—	35	332	1,320	—	1,687

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

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

	As at 30 June 2008							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet								
Segment assets	31,085,244	41,869,257	8,132,213	3,528,033	10,805,819	288,802	(393,101)	95,316,267
Jointly controlled entities	51,501	873,109	319,312	3,801,152	—	161,518	—	5,206,592
Associates *(note ii)*	33,010	103,670	460,075	888,247	—	4,915,996	—	6,400,998
Available-for-sale financial assets	67,463	695,975	248,472	3,278,650	—	37,650	—	4,328,210
Unallocated assets								12,658,433
Total assets								123,910,500
Segment liabilities	7,665,859	7,082,203	4,931,374	362,126	1,110,468	75	(393,101)	20,759,004
Unallocated liabilities								34,625,254
Total liabilities								55,384,258

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

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

	Six months ended 30 June 2007 (Restated)							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Income statement								
Revenues								
External sales	20,920,477	20,924,997	5,319,528	187,874	392,077	—	—	47,744,953
Inter-segment sales	3,932	—	153,358	2,095	560,255	—	(719,640)	—
	20,924,409	20,924,997	5,472,886	189,969	952,332	—	(719,640)	47,744,953
Segment results	614,393	7,545,276	167,921	163,211	407,505	18,600	—	8,916,906
Share reform *(note 15)*	—	—	—	—	—	82,045	—	82,045
Finance costs								(572,016)
Unallocated income								80,184
Unallocated expenses								(172,183)
Operating profit after net finance income/costs								8,334,936
Share of profits less losses of								
– jointly controlled entities	2,178	39,205	53,318	240,833	—	15,599	—	351,133
– associates *(note i)*	2,805	12,300	38,226	100,910	—	353,981	—	508,222
Profit before income tax								9,194,291
Income tax expenses								(1,293,223)
Profit for the period								7,901,068
Other items								
Depreciation, amortisation and impairment	412,509	1,233,819	66,516	24,531	276,277	2,520	—	2,016,172
Capital expenditure	1,026,279	1,913,826	151,620	56,407	2,684,266	451	—	5,832,849
(Reveral of)/provision for impairment of trade and other receivables, net	8,938	(27,343)	2,646	—	(4,307)	—	—	(20,066)
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)*

	As at 31 December 2007 (Restated)							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing *RMB'000*	Other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet								
Segment assets	28,265,139	38,954,638	7,108,971	2,448,137	9,952,554	34,923	(357,267)	86,407,095
Jointly controlled entities	43,726	669,227	424,308	3,748,969	—	137,619	—	5,023,849
Associates *(note ii)*	170,170	102,107	348,593	816,347	—	3,052,030	—	4,489,247
Available-for-sale financial assets	98,134	461,444	375,636	3,674,214	—	99,489	—	4,708,917
Unallocated assets								16,690,796
Total assets								117,319,904
Segment liabilities	6,946,905	7,221,209	4,476,189	137,443	959,350	—	(357,267)	19,383,829
Unallocated liabilities								40,796,819
Total liabilities								60,180,648

Notes:

(i) For the six months ended 30 June 2008, the Group's share of profit (net of income tax expense) of China International Marine Containers (Group) Co., Ltd. ("CIMC), a listed associate of the Group, amounted to RMB205,635,000 (2007: RMB220,316,000).

(ii) As at 30 June 2008, the Group's share of net assets of CIMC amounted to RMB4,176,170,000 (31 December 2007: RMB2,556,741,000).

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

(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

The revenues generated from provision of dry bulk shipping business services are classified into international and PRC coastal trade lanes only.

In respect of container leasing, the movements of containers under operating leases or finance leases 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 and freight forwarding, shipping agency, manning services 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, dry bulk vessels and containers. The Directors consider that the nature of the Group's businesses and the way in which costs are allocated preclude a meaningful allocation of container vessels, dry bulk vessels and containers and their operating profits and related capital expenditure to specific geographical segments as defined under the HKAS 14 "Segmental Reporting" issued by the HKICPA. These container vessels, dry bulk 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 month ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Container shipping and related business, container terminals and related business and logistics		
America	**6,337,807**	6,730,717
Europe	**7,771,063**	6,206,104
Asia Pacific	**3,440,657**	3,158,240
China domestic	**12,033,483**	9,368,435
Other international market	**1,186,977**	964,383
Dry bulk shipping and related business services		
International	**37,328,259**	19,727,134
China domestic	**2,004,091**	1,197,863
Unallocated	**379,793**	392,077
Total revenues	**70,482,130**	47,744,953

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
Property, plant and equipment	**53,115,744**	45,998,049
Investment properties	**335,451**	340,377
Leasehold land and land use rights	**1,042,936**	1,045,052
Intangible assets	**155,321**	180,443
Total tangible and intangible assets	**54,649,452**	47,563,921

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

	Six months ended 30 June	
	2008 *RMB'000*	2007 *RMB'000* *(Restated)*
Opening net book value as at 1 January	**47,563,921**	43,550,182
Exchange differences	**(2,461,155)**	(940,748)
Acquisition of a business *(note 24)*	**689,427**	—
Additions	**11,063,706**	5,832,849
Disposals/write-off	**(231,939)**	(805,343)
Depreciation/amortisation/impairment	**(1,893,192)**	2,016,172
Reclassification of jointly controlled entities to subsidiaries *(note 25)*	**131,616**	37,969
Reclassification of a subsidiary to a jointly controlled entity *(note 26)*	**(138,391)**	—
Transfer to inventories	**(74,541)**	(238,854)
Closing net book value as at 30 June	**54,649,452**	45,419,883

7 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	As at 30 June 2008		As at 31 December 2007	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
FFA *(note a)*				
– cash flow hedges	**882,600**	**48,153**	429,614	6,217
– derivatives at fair value through profit or loss	**2,306,040**	**1,007,314**	1,991,933	527,306
Forward foreign exchange contracts				
– cash flow hedges *(note b)*	**507**	**8,587**	—	7,964
Interest rate swap contracts				
– fair value hedges *(note c)*	**32,415**	**—**	33,901	—
– derivatives at fair value through profit or loss	**—**	**170**	—	1,234
Total	**3,221,562**	**1,064,224**	2,455,448	542,721
Less: non-current portion				
FFA *(note a)*				
– cash flow hedges	**(255,914)**	**—**	(40,755)	—
– derivatives at fair value through profit or loss	**(322,395)**	**(4,386)**	(291,693)	—
Forward foreign exchange contracts				
– cash flow hedges *(note b)*	**—**	**(8,587)**	—	(6,571)
Interest rate swap contracts				
– fair value hedges *(note c)*	**(33,026)**	**—**	(33,901)	—
Total non-current portion	**(611,335)**	**(12,973)**	(366,349)	(6,571)
Current portion	**2,610,227**	**1,051,251**	2,089,099	536,150

7 DERIVATIVE FINANCIAL ASSETS/LIABILITIES *(Continued)*

Notes:

(a) FFA

Most of the hedged highly probable forecast transactions are expected to occur at various dates during the next 12 months. Unless ineffective, gains and losses previously recognised in the hedging reserve in equity (note 10) on FFA are recognised in the income statement in the period during which the hedged transaction affects the income statement. This is generally within 12 months from the balance sheet date.

(b) Forward foreign exchange contracts

The contracts mainly represented outstanding forward foreign exchange contracts with a bank to buy approximately Japanese Yen 10,148,600,600 by US dollar (at rates subject to different market scenarios on settlement dates) for settlements of the acquisition of two vessels which are denominated in Japanese Yen. These contracts will expire through September 2008 and June 2010. Gains and losses in equity (note 10) on forward foreign exchange contracts at 30 June 2008 will be released to the income statement in 2008 and 2010 respectively.

(c) Interest rate swap contracts – cash from hedges

The notional principal amounts of the related interest rate swap contracts amounted to US$200,000,000 (equivalent to approximately RMB1,371,820,000) (2007: US$200,000,000 (equivalent to approximately RMB1,460,925,000)) which were committed with the interest rates ranging from 1.05% to 1.16% (2007: 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 11).

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2008 RMB'000	As at 31 December 2007 RMB'000 (Restated)
Trade receivables *(note a and b)*		
– third parties	**8,588,005**	8,107,567
– subsidiaries of COSCO	**374,829**	926,582
– jointly controlled entities	**42,692**	116,050
– associates	**1,426**	708
– related companies	**105,055**	235,847
	9,112,007	9,386,754
Bills receivables *(note b)*	**95,185**	113,032
	9,207,192	9,499,786
Prepayments, deposits and other receivables		
– third parties	**4,447,323**	3,277,400
– COSCO and its subsidiaries *(note c)*	**456,649**	185,734
– jointly controlled entities *(note c)*	**132,474**	76,180
– associates *(note c)*	**278,162**	23,223
– related companies *(note c)*	**467,349**	65,332
	5,781,957	3,627,869
Current portion of loan to jointly controlled entities	**—**	70,913
Current portion of loan to an associate	**—**	48,000
	—	118,913
	14,989,149	13,246,568

Notes:

(a) Trade balances with related parties are unsecured and interest free and have similar credit periods as third party customers.

8 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) The normal credit period granted to customers is generally in the range of 15 to 90 days. As at 30 June 2008, the ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
1-3 months	**8,626,251**	8,653,654
4-6 months	**476,516**	581,198
7-12 months	**81,840**	250,736
1-2 years	**72,939**	61,428
2-3 years	**16,247**	50,294
Over 3 years	**138,173**	128,571
	9,411,966	9,725,881
Provision for impairment	**(204,774)**	(226,095)
	9,207,192	9,499,786

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

9 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2008		As at 31 December 2007	
	Number of shares ***(thousands)***	**Nominal value** ***RMB'000***	Number of shares *(thousands)*	Nominal value *RMB'000*
Registered, issued and fully paid:				
H-Shares of RMB1.00 each	**2,580,600**	**2,580,600**	2,580,600	2,580,600
A-Shares of RMB1.00 each	**7,635,674**	**7,635,674**	7,635,674	7,635,674
	10,216,274	**10,216,274**	10,216,274	10,216,274

9 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 2008

There was no movement of share capital during the six months ended 30 June 2008.

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	1,783,687
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

9 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 ("Bonus Issue"). The Bonus Issue resulted in the Company's issue of 594,113,450 new Domestic shares and 336,600,000 new H-Shares, totalling approximately RMB930,714,000.

ii) On 26 June 2007, the Company issued 6,338,737,233 new A-Shares ("A-Shares Issue"), of which 4,554,869,787 A-Shares issue in exchange of the Domestic shares held by COSCO and 1,783,867,446 new A-Shares through public offering at RMB8.48 each on the Shanghai Stock Exchange.

iii) On 19 December 2007, the Company issued 864,270,817 new A-Shares ("Acquisition Issue") to COSCO to settle the purchase consideration for acquisition of the entire interest in COSCO Bulk Carrier Co., Limited ("COSCO Bulk") and Qingdao Ocean Shipping Company ("COSCO Qingdao") and 41.52% equity interest in Shenzhen Ocean Shipping Co., Ltd ("COSCO Shenzhen"). COSCO has agreed to forfeit the right to receive the dividend declared by the Company in respect of the Group's profits (excluding the profits of COSCO Bulk, Golden View Investment Ltd ("Golden View") (operated through COSCO (Hong Kong) Shipping Co., Ltd ("COSCO HK Shipping"), COSCO Qingdao, COSCO Shenzhen and their subsidiaries (hereinafter collectively referred to as the "Bulk Subsidiaries")) for the period from 1 January 2007 to 31 August 2007 in respect of 864,270,817 A-Shares held by COSCO. These 864,270,817 A-Shares held by COSCO are subject to a lock-up period of 36 months from the date of 19 December 2007.

iv) On 28 December 2007, the Company also issued 432,666,307 new A-Shares at RMB30 per A-share through private placement to institutional investors (including COSCO) for cash of approximately RMB12,979,989,000. 53,666,307 A-Shares held by COSCO and 379,000,000 held by other institutional investors are subject to a lock-up period of 36 months and 12 months respectively, from the date of 28 December 2007.

v) The A-Shares rank pari passu, in all material respects, with H-Shares. Nonetheless, certain A-Shares are subject to certain restrictions.

(b) Share appreciation rights

The Group has adopted a cash-settled, share-based payment scheme (the "Plan") which was approved by the Company's shareholders' meeting on 9 June 2005. The Plan provides for the grant of share appreciation rights ("SARs") to eligible participants as approved by the Company's board of Directors (collectively "the Grantees").

Under the Plan, the holders of SARs are entitled the rights to receive an amount in respect of the appreciation in market value of the Company's H-Shares from the date of grant of SARs and the date of exercise. No shares will be issued under the Plan and therefore the Company's equity interests will not be diluted as a result of the issuance of SARs.

The exercise period of all SARs commences after a vesting period and ends on a date which is not later than 10 years from the date of grant of the SARs. As of each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant, the total number of SARs exercisable will not exceed 25%, 50%, 75% and 100%, respectively, of the total SARs granted to the respective eligible participants. SARs were granted to eligible participants in 2005, 2006 and 2007, with an exercise price of HK$3.195, HK$3.588 and HK$9.540 respectively.

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

(b) Share appreciation rights *(Continued)*

Movements of SARs are set out below:

	Six months ended 30 June 2008				
	Outstanding as at 1 January 2008	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2008**
Number of units of SARs	**62,265,750**	**—**	**(2,108,750)**	**(65,000)**	**60,092,000**

	Six months ended 30 June 2007				
	Outstanding as at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2008
Number of units of SARs	44,000,000	8,955,000	(2,295,000)	(100,000)	50,560,000

9 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 20 November 1994 and 23 May 2003, during the periods of six months ended 30 June of 2008 and 2007 are set out below:

	Six months ended 30 June 2008			
	Outstanding as at 1 January 2008	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2008**
Number of units of share options	**43,261,000**	**(148,000)**	**(160,000)**	**42,953,000**

	Six months ended 30 June 2007			
	Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Outstanding as at 30 June 2007
Number of units of share options	41,858,000	17,600,000	(11,985,000)	47,473,000

The exercise price of share options granted in 1997, 2003, 2004 and 2007 were HK$8.80, HK$9.54, HK$13.75 and HK$19.30 respectively.

10 EQUITY

	For the six months ended 30 June 2008		
	Equity holders of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
As at 1 January 2008, as previously reported	46,586,624	10,461,448	57,048,072
Adoption of merger accounting *(note)*	6,868	84, 316	91,184
As at 1 January 2008, as restated	46,593,492	10,545,764	57,139,256
Profit for the period	15,122,222	734,446	15,856,668
Release of reserves upon deemed disposals	(1,186)	2,853	1,667
Available for-sale financial assets			
– fair value loss, net of tax	(297,310)	(133,726)	(431,036)
– transferred to income statement	(7,354)	(7,077)	(14,431)
Cash flow hedge			
– fair value gains, net of tax	541,403	—	541,403
– transferred to income statement	(214,158)	—	(214,158)
Share of reserves of jointly controlled entities and associates	195,926	122,685	318,611
Capital contribution by minority interests *(note 24)*	—	70,740	70,740
Dividends paid to minority shareholders of subsidiaries	—	(566,082)	(566,082)
Distributions *(note 19(a)(ii))*	(9,940)	—	(9,940)
2007 final dividend *(note 19(b)(i))*	(1,804,358)	—	(1,804,358)
Exchange differences	(2,094,721)	(352,176)	(2,446,897)
Recognition of minority interests in relation to jointlly controlled entities reclassified to subsidiaries *(note 25)*	—	83,675	83,675
Others	1,107	17	1,124
As at 30 June 2008	58,025,123	10,501,119	68,526,242

10 EQUITY *(Continued)*

	For the six months ended 30 June 2007 (Restated)		
	Equity holders of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
As at 1 January 2007, as previously reported	34,719,472	8,687,157	43,406,629
Adoption of merger accounting *(note)*	5,019	8,451	13,470
As at 1 January 2007, as restated	34,724,491	8,695,608	43,420,099
Employees share-based compensation benefits	44,241	41,936	86,177
Profit for the period	7,227,707	673,361	7,901,068
Release of reserves upon deemed disposals	(30,354)	131,955	101,601
Available-for-sale financial assets			
– fair value gains, net of tax	604,729	487,145	1,091,874
– transferred to income statement	(3,386)	(494)	(3,880)
Cash flow hedge			
– fair value gains, net of tax	190,530	—	190,530
– transferred to income statement	(37,733)	—	(37,733)
Share of reserves of jointly controlled entities and associates	223,749	148,354	372,103
A-Shares Issue	15,127,196	—	15,127,196
Share issue expenses	(246,051)	—	(246,051)
2006 final cash dividend	(558,427)	—	(558,427)
Acquisition of shares in a subsidiary	—	(5,646)	(5,646)
Recognition of minority interests in relation to jointly controlled entities reclassified to subsidiaries	—	50,795	50,795
Dividends paid to minority shareholders of subsidiaries	—	(400,407)	(400,407)
Distribution	(3,735,604)	—	(3,735,604)
Capital contribution from COSCO Group	207,869	—	207,869
Exchange differences	(651,152)	(111,349)	(762,501)
Disposal of a subsidiary	—	(7,858)	(7,858)
Actuarial gain on defined benefits pension plan credited to equity	267	—	267
Others	(117)	(626)	(743)
As at 30 June 2007	53,087,955	9,702,774	62,790,729
Analysis of equity as at 30 June 2007:			
As previously reported	34,734,431	9,496,170	44,230,601
Adoption of merger accounting *(note)*	18,353,524	206,604	18,560,128
As restated	53,087,955	9,702,774	62,790,729

10 EQUITY *(Continued)*

Note:

The Group adopts merger accounting for common control combinations in respect of the following transactions for the relevant periods.

(i) In late 2007, the Group acquired from COSCO Group pursuant to three acquisition agreements, the entire equity interests in Bulk Subsidiaries, which are mainly engaged in dry bulk shipping and related businesses.

(ii) In late 2007, the Group acquired from COSCO Group the entire equity interests in China Ocean Shipping Agency Guangzhou Company and Penanvico Ningbo Xinyang Shipping Agency Company Limited, and their subsidiaries (collectively "Penanvico Subsidiaries"), which are engaged in logistics and related business.

(iii) In 2008, the Group acquired COSCO Bulk overseas companies and COSCON overseas companies. (note 1)

Bulk overseas companies, COSCON overseas companies, Bulk Subsidiaries and Penanvico Subsidiaries are collectively named as "Transferred Subsidiaries".

10 EQUITY *(Continued)*

Statements of adjustments for business combinations under common control on the Group's financial position as at 30 June 2007 and 31 December 2007 and the Group's results for the six months ended 30 June 2007 and 30 June 2008 are summarised as follows:

	As previously reported *RMB'000*	Transferred Subsidiaries *RMB'000*	Note	Adjustments *RMB'000*	As restated *RMB'000*
Six months ended 30 June 2007					
Revenues	26,815,178	21,469,596	(i)	(539,821)	47,744,953
Profit before income tax	1,676,285	7,516,218	(iii), (iv)	1,788	9,194,291
Income tax	(104,851)	(1,188,372)		—	(1,293,223)
Profit for the period	1,571,434	6,327,846	(iii), (iv)	1,788	7,901,068
As at 30 June 2007					
ASSETS					
Non-current assets	41,371,058	18,321,386	(ii),(iii), (iv)	17,518	59,709,962
Current assets	34,358,266	11,914,986	(iv), (v)	(168,811)	46,104,441
Total assets	75,729,324	30,236,372		(151,293)	105,814,403
EQUITY					
Capital and reserves					
Share capital	8,919,337	2,099,870	(ii), (iii)	(2,099,870)	8,919,337
Reserves	25,815,094	16,240,870	(ii), (iii), (iv)	2,112,654	44,168,618
	34,734,431	18,340,740		12,784	53,087,955
Minority interests	9,496,170	155,869	(ii)	50,735	9,702,774
Total equity	44,230,601	18,496,609		63,519	62,790,729
LIABILITIES					
Non-current liabilities	9,581,198	2,398,515	(v)	(11,113)	11,968,600
Current liabilities	21,917,525	9,341,248	(v)	(203,699)	31,055,074
Total liabilities	31,498,723	11,739,763		(214,812)	43,023,674
Total equity and liabilities	75,729,324	30,236,372		(151,293)	105,814,403

10 EQUITY *(Continued)*

	The Group before acquisition of Bulk overseas companies and COSCON overseas companies *RMB'000*	Bulk overseas companies and COSCON overseas companies *RMB'000*	Note	Adjustments *RMB'000*	Total *RMB'000*
Six months ended 30 June 2008					
Revenues	66,124,264	5,266,804	(i)	(908,938)	70,482,130
Profit before income tax	19,425,714	327,232		—	19,752,946
Income tax	(3,779,546)	(116,732)		—	(3,896,278)
Profit for the period	15,646,168	210,500		—	15,856,668
As at 30 June 2008					
ASSETS					
Non-current assets	72,011,857	20,778	(ii)	(93,467)	71,939,168
Current assets	51,401,920	1,153,857	(v)	(584,445)	51,971,332
Total assets	123,413,777	1,174,635		(677,912)	123,910,500
EQUITY					
Capital and reserves					
Share capital	10,216,274	12,073	(ii)	(12,073)	10,216,274
Reserves	47,717,821	360,198	(ii)	(269,170)	47,808,849
	57,934,095	372,271		(281,243)	58,025,123
Minority interests	10,313,343	—	(ii)	187,776	10,501,119
Total equity	68,247,438	372,271		(93,467)	68,526,242
LIABILITIES					
Non-current liabilities	25,675,312	—		—	25,675,312
Current liabilities	29,491,027	802,364	(v)	(584,445)	29,708,946
Total liabilities	55,166,339	802,364		(584,445)	55,384,258
Total equity and liabilities	123,413,777	1,174,635		(677,912)	123,910,500

10 EQUITY *(Continued)*

	As previously reported *RMB'000*	Bulk overseas companies and COSCON overseas companies *RMB'000*	Note	Adjustments *RMB'000*	As restated *RMB'000*
As at 31 December 2007					
ASSETS					
Non-current assets	62,869,673	13,853	(ii), (iii)	(86,470)	62,797,056
Current assets	54,009,870	847,455	(v)	(334,477)	54,522,848
Total assets	116,879,543	861,308		(420,947)	117,319,904
EQUITY					
Capital and reserves					
Share capital	10,216,274	12,073	(ii)	(12,073)	10,216,274
Reserves	34,565,992	165,581	(ii), (iii)	(158,713)	34,572,860
Proposed final dividend	1,804,358	—		—	1,804,358
	46,586,624	177,654		(170,786)	46,593,492
Minority interests	10,461,448	—	(ii)	84,316	10,545,764
Total equity	57,048,072	177,654		(86,470)	57,139,256
LIABILITIES					
Non-current liabilities	17,025,335	—		—	17,025,335
Current liabilities	42,806,136	683,654	(v)	(334,477)	43,155,313
Total liabilities	59,831,471	683,654		(334,477)	60,180,648
Total equity and liabilities	116,879,543	861,308		(420,947)	117,319,904

10 EQUITY *(Continued)*

Notes:

(i) Adjustments to eliminate the inter-group transactions for six months ended at 30 June 2008 and 2007.

(ii) Adjustments to eliminate the share capitals of the Transferred Subsidiaries against their investment costs. The difference has been debited to reserves and minority interests as at 30 June 2007, 31 December 2007 and 30 June 2008.

(iii) Bulk overseas companies are classified as jointly controlled entities by Group as at 30 June 2007 and 31 December 2007. Adjustments were made to eliminate the share of results and net assets value of Bulk overseas companies against reserves as at 30 June 2007 and 31 December 2007 and share of the results of Bulk overseas companies as jointly controlled entities for the six months ended 30 June 2007.

(iv) The Bulk Subsidiaries held 15% equity interest in COSCO Finance which was accounted for as available-for-sale financial asset. Accordingly, adjustments were made to reclassify and account for the additional 15% interest held by the Bulk Subsidiaries as an associate of the Group.

(v) Adjustments to eliminate the inter-group balances as at 30 June 2008, 31 December 2007 and 30 June 2007.

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.

11 LONG-TERM BORROWINGS

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Bank loans		
– secured *(note c)*	**7,869,940**	7,048,009
– unsecured	**12,839,678**	5,828,955
Other loans		
– secured *(note c)*	**159,258**	182,787
Finance lease obligations	**145,663**	160,187
Notes	**2,060,261**	2,193,272
Total long-term borrowings	**23,074,800**	15,413,210
Current portion of long-term borrowings	**(2,155,038)**	(1,271,032)
	20,919,762	14,142,178

Notes:

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

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Wholly repayable within five years		
– bank loans	**14,393,763**	4,418,015
– other loans	**159,258**	182,787
	14,553,021	4,600,802
Not wholly repayable within five years		
– bank loans	**6,315,855**	8,458,949
– notes	**2,060,261**	2,193,272
– finance lease obligations	**145,663**	160,187
	8,521,779	10,812,408
	23,074,800	15,413,210

11 LONG-TERM BORROWINGS *(Continued)*

Notes: (Continued)

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

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Bank loans		
– within one year	**2,120,262**	1,233,908
– in the second year	**2,214,027**	1,268,278
– in the third to fifth year	**10,881,808**	6,432,378
– after the fifth year	**5,493,521**	3,942,400
	20,709,618	12,876,964
Other loans		
– within one year	**24,898**	26,986
– in the third to fifth year	**134,360**	155,801
	159,258	182,787
Finance lease obligations		
– within one year	**9,878**	10,138
– in the second year	**10,737**	10,981
– in the third to fifth year	**37,873**	38,735
– after the fifth year	**87,175**	100,333
	145,663	160,187
Notes		
– after the fifth year	**2,060,261**	2,193,272
	23,074,800	15,413,210

(c) The secured bank and other loans as at 30 June 2008 are secured, inter alia, by one or more of the following:

(i) First legal mortgage over certain property, plant and equipment.

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

(iii) Shares of certain subsidiaries.

11 LONG-TERM BORROWINGS *(Continued)*

Notes: (Continued)

(d) Movements in long-term borrowings is analysed as follows:

	RMB'000
As at 1 January 2008	**15,413,210**
Repayments of borrowings	**(578,236)**
Drawdown of borrowings	**9,353,523**
Exchange differences	**(1,117,868)**
Loan arrangement fee amortisation	**4,171**
As at 30 June 2008	**23,074,800**
As at 1 January 2007	13,586,069
Repayments of borrowings	(2,409,520)
Drawdown of borrowings	2,156,668
Exchange differences	(322,187)
Loan arrangement fee amortisation	1,732
As at 30 June 2007	13,012,762

12 TRADE AND OTHER PAYABLES

	As at 30 June 2008 RMB'000	As at 31 December 2007 RMB'000 (Restated)
Trade payables *(note a and b)*		
– third parties	**7,111,984**	5,712,375
– subsidiaries of COSCO	**1,502,821**	1,107,228
– jointly controlled entities	**82,933**	182,607
– associates	**9,927**	206,561
– related companies	**121,377**	145,477
	8,829,042	7,354,248
Bills payables *(note b)*	**27,669**	39,029
	8,856,711	7,393,277
Advance from customers	**2,677,620**	2,264,499
Other payables and accruals	**7,325,143**	7,301,569
Consideration and dividend payable *(note c)*	**3,047,754**	17,460,889
Due to related parties *(note d)*		
– COSCO	**37,888**	1,486,679
– subsidiaries of COSCO	**48,233**	76,392
– jointly controlled entities	**7,848**	—
– associates	**9,449**	—
– related companies	**200,614**	49,993
	304,032	1,613,064
Current portion of other non-current liabilities	**15,550**	21,005
	22,226,810	36,054,303

12 TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(a) Trading balances with related parties are unsecured and interest free and have similar terms of repayment as those of third party suppliers.

(b) As at 30 June 2008, the ageing analysis of trade and bills payables is as follows:

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
1-6 months	**8,469,631**	6,947,868
7-12 months	**205,305**	255,046
1-2 years	**90,444**	105,396
2-3 years	**22,281**	45,784
Above 3 years	**69,050**	39,183
	8,856,711	7,393,277

(c) The balance represented the outstanding dividends payable by certain Bulk Subsidiaries to their then shareholders. The consideration payable of RMB5,904,016,000 to a subsidiary of COSCO as at 31 December 2007 in connection with the acquisition of Golden View was fully settled during the period.

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

13 AMOUNTS DUE TO A FELLOW SUBSIDIARY

The balance of RMB512,173,594 (2007: RMB534,038,000) which is unsecured, bears interest at 0.6% over LIBOR per annum (2007: 0.6% over LIBOR per annum) and repayable before the end of 2008. Other balance of RMB2,741,000 at 31 December 2007 was settled during the period.

14 SHORT-TERM LOANS

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Bank loans – unsecured *(note a)*	**1,425,820**	2,308,987
Loans from COSCO Finance *(note b)*		
– unsecured	**617,546**	1,607,684
– secured	**23,000**	—
	2,066,366	3,916,671

(a) The effective interest rates of short-term bank loans as at 30 June 2008 were in the range of 3.81% to 5.60% per annum (2007: 4.99% to 6.46% per annum).

(b) The loans from COSCO Finance Co., Ltd., an associate, bore interest rates ranging from at 5.02% to 6.72% (2007: 4.69% to 6.72%) per annum. The loan of RMB23,000,000 is secured by time deposit of a subsidiary, which will be full repayable in the next half of year 2008.

15 SHARE REFORM

On 25 May 2006, COSCO Pacific issued 424,106,507 put options (the "Put Options") to holders of the A-shares not having trading restrictions (the "CIMC Tradeable 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 holders of the Put Options were entitled to require COSCO Pacific to buy from them 1.370 CIMC Tradeable A-Shares at an exercise price of RMB7.302 per share during the 5 trading days immediately prior to and including 23 November 2007.

The Put Options are derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") issued by the HKICPA and were carried in the condensed consolidated balance sheet at fair value in accordance with HKAS 39. The change in fair value of RMB82,045,000 was credited to the income statement for the six months ended 30 June 2007. The Put Option expired on 23 November 2007 and none of the Put Option was exercised.

16 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposal of property, plant and equipment		
– containers	**5,495**	46,576
– container vessels	**146,314**	408,506
– dry bulk vessels	**96,031**	—
– others	**4,776**	8,922
Gain on deemed disposal of a subsidiary	**—**	50,490
Reversal of provision for impairment of trade and other receivables	**13,600**	31,650
Government subsidy	**44,941**	43,596
Dividend income from listed and unlisted investments	**105,690**	87,475
Gain on disposal of available-for-sale financial assets	**13,831**	22,656
Net gain on derivatives at fair value through profit or loss		
– forward freight agreements	**1,163,309**	679,726
– interest rate swap contracts	**—**	548
Gain on ineffectiveness on cash flow hedges of forward freight agreements	**46,056**	—
Gain on disposal of jointly controlled entities and dissolution of associate, net	**—**	5,527
Charging:		
Depreciation, amortisation and impairment	**1,893,192**	2,016,172
Cost of bunkers consumed	**6,986,641**	4,549,789
Operating lease rental:		
– container vessels	**1,713,867**	1,561,516
– dry bulk vessels	**15,561,558**	7,988,992
– containers	**361,245**	358,984
– land and buildings	**34,404**	76,241
– other property, plant and equipment	**52,079**	160,231
Provision for impairment of trade and other receivables	**4,215**	11,584
Net loss on derivatives at fair value through profit or loss		
– bunker forward contracts	**5,659**	2,621
Cost of inventories sold		
– resaleable containers	**127,931**	285,349
– marine suppliers and others	**35,538**	39,548
Loss on ineffectiveness on cash flow hedge of forward freight agreements	**—**	72,462
Loss on deemed disposal of a subsidiary	**10**	—

17 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Interest expenses on		
– bank loans	**348,127**	402,090
– bond wholly repayable within one year	**—**	25,885
– other loans wholly repayable within five years	**4,211**	507
– loans from an associate	**22,414**	20,509
– finance lease obligations	**6,432**	8,111
– notes not wholly repayable within five years	**60,442**	75,631
– amounts due to a fellow subsidiary	**9,249**	16,142
	450,875	548,875
Amortised amount of transaction costs on long-term borrowings	**3,261**	3,628
Amortised amount of discount on issue of notes	**678**	795
Other incidental borrowing costs and charges	**21,462**	19,590
Amount capitalised in construction in progress	**(2,055)**	(872)
Finance costs	**474,221**	572,016
Interest income from		
– deposits with an associate	**(97,255)**	(17,980)
– loan to a jointly controlled entity	**(14)**	(6,248)
– loans to associates	**(4,759)**	(3,528)
– banks	**(372,685)**	(150,485)
– deposits with a subsidiary of COSCO	**—**	(18,316)
Finance income	**(474,713)**	(196,557)
Net finance (income)/cost	**(492)**	375,459

18 INCOME TAX EXPENSES

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC enterprise income tax *(note a)*	**2,096,326**	1,135,616
– Hong Kong profits tax *(note b)*	**3,039**	4,880
– Overseas taxation *(note c)*	**143,174**	88,442
Under provision in prior periods	**—**	(10,222)
	2,242,539	1,218,716
Deferred income tax, net *(note d)*	**1,653,739**	109,414
Impact of the new Corporate Income Tax Law	**—**	(34,907)
	3,896,278	1,293,223

Notes:

(a) PRC enterprise income tax ("EIT") is calculated based on the statutory rate of 25 % (2007: 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 certain subsidiaries, which are taxed at reduced rates ranging from 12.5% to 18% (2007: 15% to 27%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. Hong Kong profits tax was provided at a rate of 17.5 % on the assessable profit for the prior 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 13% to 46% during the period (2007: 20% to 44%).

(d) Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted at the balance sheet date.

As at 30 June 2008, deferred income tax liabilities of RMB1,398,595,000 (2007: RMB653,222,000) have not been established for the income tax and withholding tax, that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends 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.

19 DISTRIBUTION AND DIVIDENDS

(a) Distribution

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Dividends and distribution of reserves *(note i)*		
– a subsidiary of COSCO	**—**	2,665,425
– COSCO	**—**	1,049,805
Other distributions in connection with		
– COSCO Brazil and COSCO Panama *(note ii)*	**9,940**	—
– Vessel owning companies *(note iii)*	**—**	20,374
	9,940	3,735,604

Notes:

(i) It represented distribution of reserve or dividends declared by the Bulk Subsidiaries to their then shareholders.

(ii) This represented considerations paid by the Group for acquisition of equity interests in COSCO Brazil and COSCO Panama which were treated as deemed distribution to COSCO (note 1).

(iii) This represented consideration paid by Golden View for acquisition of 11 vessel owning subsidiaries from a fellow subsidiary prior to the completion of the acquisition of entire equity interest in Golden View by the Group.

(b) Dividends

(i) On 22 April 2008, the Board proposed a cash final dividend of RMB0.18 per share, totalling RMB1,838,929,000 for the year ended 31 December 2007. In connection with the Acquisition Issue (refer note 9(a)(iii)), COSCO has agreed to forfeit the right to receive the dividend declared by the Company in respect of the Group's profits (excluding profits of the Bulk Subsidiaries) for the period from 1 January 2007 to 31 August 2007 in respect of 864,270,817 A-Shares held by COSCO. As such, the amount of approximately RMB34,571,000 as determined has been deducted from the proposed 2007 final dividend.

The net amount of RMB1,804,358,000 was accounted for as the appropriations of retained profits for the six months ended 30 June 2008.

(ii) The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008 (2007: Nil).

20 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 has been adjusted for the bonus issue effected on 31 May 2007 (note 9(a)(i)) and for the Acquisition Issue (note 9(a)(iii)) effected on 19 December 2007 as if this had been issued for all periods presented.

	Six month ended 30 June	
	2008	2007 *(Restated)*
Profit attributable to equity holders of the Company (RMB)	**15,122,222,000**	7,227,707,000
Weighted average number of ordinary shares in issue	**10,216,274,570**	8,049,018,923
Basic earnings per share (RMB)	**1.4802**	0.898

Diluted

Basic earnings per share for the six months ended 30 June 2008 is the same as the diluted earnings per share as there is no dilutive potential shares.

21 CONTINGENT LIABILITIES

The following is a summary of the Group's significant contingent liabilities as at 30 June 2008:

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Pending lawsuits *(note b)*	**26,879**	36,717

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. 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. The litigations are, including but not limited to, claims arising from damage to vessels during transportation, loss of goods, delay in delivery or collusion of vessels. As at 30 June 2008, the Group is unable to ascertain the likelihood and amounts of the respective claims. However, based on the information available to the Group, 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.

22 COMMITMENTS

(a) Capital commitments

	As at 30 June 2008 RMB'000	As at 31 December 2007 RMB'000 (Restated)
Authorised but not contracted for		
Containers	**832,489**	1,888,882
Other property, plant and equipment	**502,406**	688,029
Investments	**—**	50,080
Intangible assets	**10,103**	65,399
	1,344,998	2,692,390
Contracted but not provided for		
Containers	**109,149**	1,131,738
Container vessels and dry bulk vessels	**36,156,821**	27,261,214
Other property, plant and equipment	**1,310,096**	1,149,004
Investments *(note(i))*	**6,779,224**	7,821,879
Intangible assets	**74,378**	57,981
	44,429,668	37,421,816

22 COMMITMENTS *(Continued)*

(a) Capital commitments *(Continued)*

Notes:

(i) The Group's contracted investments as at 30 June 2008 are as follows:

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Investments in:		
– Qingdao Qianwan Container Terminal Co., Ltd	**445,821**	474,777
– Antwerp Gateway NV	**675,169**	672,286
– Dalian Port Container Terminals Co., Ltd	**291,999**	712,001
– COSCO Ports (Nansha) Limited	**1,016,289**	1,016,289
– Tianjin Port Euroasia International Container Terminal Co., Ltd	**702,001**	702,199
– Xiamen Yuanhai Container Terminal Co., Ltd.	**2,793,703**	2,793,703
– Others	**422,095**	435,278
	6,347,077	6,806,533
Terminal projects in		
– Jinjiang Ports	**—**	583,199
– Shanghai Yangshan Port Phase II	**400,000**	400,000
– Others	**32,147**	32,147
	432,147	1,015,346
	6,779,224	7,821,879

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

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000*
Authorised but not contracted for	**75,059**	190,752
Contracted but not provided for	**167,841**	624,755
	242,900	815,507

22 COMMITMENTS *(Continued)*

(b) Operating lease commitments

As at 30 June 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 30 June 2008 ***RMB'000***	As at 31 December 2007 *RMB'000* *(Restated)*
Land and buildings		
– No later than 1 year	**106,695**	138,458
– Later than 1 year and no later than 5 years	**173,941**	174,048
– Later than 5 years	**34,744**	45,960
	315,380	358,466
Container vessels and dry bulk vessels		
– not later than one year	**25,167,565**	19,933,971
– later than one year and not later than five years	**31,378,634**	24,943,256
– later than five years	**26,684,729**	30,140,210
	83,230,928	75,017,437
Containers		
– not later than one year	**406,314**	488,197
– later than one year and not later than five years	**412,768**	638,727
– later than five years	**—**	154
	819,082	1,127,078
Other property, plant and equipment		
– not later than one year	**4,669**	11,349
– later than one year and not later than five years	**4,098**	7,754
– later than five years	**5**	—
	8,772	19,103
	84,374,162	76,522,084

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 companies), 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 months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Transactions with COSCO		
Expenses		
Sub-charter expenses *(note a)*	**281,457**	305,248
Others		
Purchase of vessels *(note b)*	**—**	172,189

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Transactions with subsidiaries of COSCO and its related entities (including jointly controlled entities and associates)		
Revenues		
Container shipping income *(note c)*	**117,396**	175,769
Freight forwarding and shipping agency income *(note d)*	**8,660**	32,687
Charterhire income *(note e)*	**18,071**	49,698
Shipping-related service income *(note f)*	**5,895**	12,402
Expenses		
Vessel costs		
Sub-charter expenses *(note a)*	**45,762**	44,598
Charterhire expenses *(note e)*	**97,503**	32,203
Vessel services expenses *(note g)*	**346,584**	191,007
Crew expenses *(note h)*	**364,588**	337,755
Vessel management expenses *(note h)*	**41,903**	36,103
Voyage costs		
Bunker costs *(note i)*	**5,934,381**	3,827,696
Port charges *(note j)*	**423,161**	473,026
Equipment and cargo transportation costs		
Commission and rebates *(note k)*	**146,126**	111,315
Cargo and transhipment and equipment and repositioning expenses *(note l)*	**74,850**	121,532
Transportation and depot services expenses *(note m)*	**79,324**	43,912
General service expenses *(note f)*	**16,576**	39,789
Rental expenses *(note f)*	**25,326**	25,847

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Transactions with subsidiaries of COSCO and its related entities (including jointly controlled entities and associates) *(Continued)*		
Others		
Instalment payments for ship building contracts *(note o)*	**4,421,079**	93,755
Sales commission payable to a fellow subsidiary for handling of vessel sales *(note f)*	**1,922**	15,438
Transactions with jointly controlled entities of the Group		
Revenues		
Freight forwarding and shipping agency income *(note d)*	**3,480**	23,248
Charterhire income *(note e)*	**226,218**	36,965
Management fee income *(note f)*	**12,991**	12,357
Shipping-related service income *(note f)*	**628**	2,218
Manning income *(note f)*	**6,534**	5,869
Expenses		
Vessel costs		
Charterhire expenses *(note e)*	**36,092**	22,992
Voyage costs		
Port charges *(note j)*	**544,930**	558,954
Transportation and depot services expenses *(note m)*	**35,432**	65,622
General service expenses *(note f)*	**10,167**	2,932
Rental expenses *(note f)*	**2,156**	2,354

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Transactions with jointly controlled entities of the Group *(Continued)*		
Others		
Purchase of containers *(note p)*	**263,720**	156,132
Transactions with associates of the Group		
Revenues		
Freight forwarding and shipping agency income *(note d)*	**—**	220
Manning income *(note f)*	**6,247**	4,470
Management fee income *(note f)*	**1,080**	—
Expenses		
Transportation and depot services expenses *(note m)*	**4,918**	—
Others		
Bank guarantee to an associate at face value *(note q)*	**280,770**	188,072
Purchase of containers *(note p)*	**702,003**	—
Transactions with minority shareholders of subsidiaries		
Revenues		
Management fee income *(note f)*	**1,652**	—
Logistics related income *(note f)*	**180,265**	178,147

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Transactions with other state-owned enterprises		
Revenues		
Container shipping income *(note c)*	**2,240,446**	2,259,735
Freight forwarding and shipping agency income *(note d)*	**190,889**	252,251
Charterhire income *(note e)*	**3,571,475**	1,744,831
Sales of ship equipment *(note f)*	**37,849**	26,043
Container rental income *(note f)*	**1,108**	85
Logistics related income *(note f)*	**309,144**	276,899
Interest income on bank deposits *(note f)*	**298,718**	31,241
Expenses		
Vessel costs		
Charterhire expenses *(note e)*	**105,971**	1,178
Vessel service expenses *(note g)*	**32,996**	50,747
Insurance costs *(note f)*	**42,167**	18,341
Voyage costs		
Bunker costs *(note i)*	**112,081**	46,827
Port charges *(note j)*	**1,113,627**	1,443,274
Transportation and depot services expenses *(note m)*	**88,480**	135,672
General service expenses *(note f)*	**6,105**	12,802
Logistics related expenses *(note f)*	**7,078**	—
Interest expenses *(note r)*	**119,156**	180,880
Other		
Instalment payments for ship building contracts *(note o)*	**1,167,171**	113,287

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(a) COSCO and its subsidiaries leased 15 (2007: 15) vessels to COSCON and Shanghai Pan Asia Shipping Company Limited by way of sub-time charter or time charter arrangements. The periods of the sub-time charters are of six to twelve years and the periods of the time charters are thirty-six months. The daily charterhire rate for each vessel was agreed on a mutual basis.

(b) The purchases of vessels from COSCO were conducted at terms as set out in the agreements entered into between the Group and COSCO.

(c) 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 Master Solicitation Activities Agreement (note n) and the underlying execution agreements.

(d) The subsidiaries of the Group provided the subsidiaries of COSCO, certain jointly controlled entities and certain associates of the Group, and 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, Shipping Agency Master Agreement and Freight Forwarding Master Agreement (note n).

(e) The Group entered into charterhire agreements with certain subsidiaries of COSCO and its related entities, jointly controlled entities of the Group and certain state-owned enterprises, whereby the charterhire income and expenses were charged at rates and terms mutually agreed by both parties.

(f) 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.

(g) Certain subsidiaries of COSCO and certain state-owned enterprises provided the Group 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 (note n).

(h) Certain subsidiaries 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 the subsidiaries of COSCO and governed by the terms under Master Vessel Management Agreement and Master Seamen Leasing Agreement (note n).

(i) Certain subsidiaries and jointly controlled entities of COSCO and certain state-owned enterprises provided the Group with bunkers. The prices were charged on a mutually agreed basis, except for the transactions with the subsidiaries and jointly controlled entities of COSCO, of which the price was with reference to market rates and governed by the terms under Master Vessel Services Agreement (note n).

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

(j) 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 term 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 (note n).

(k) Certain subsidiaries of COSCO provided the Group 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 (note n) and the underlying execution agreements.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes: (Continued)

(l) Certain subsidiaries of COSCO 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 (note n) and the underlying execution agreements.

(m) Certain subsidiaries, jointly controlled entities and associates of COSCO, certain jointly controlled entities and certain associates of the Group and certain 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 (note n) and the underlying execution agreements or at terms as agreed with the relevant parties.

(n) 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.

Except for subsisting sub-time charter and time charter agreements (note a), the Group and COSCO Group entered into five subsisting agreements on 9 June 2005 for the trademark licence, overseas companies management, property leases, leasing of premises and financial services.

On 28 September 2006, COSCO Logistics and COSCO entered into two new master agreements relating to the provision of freight forwarding and shipping agency services with effective from 25 December 2006 to 31 December 2008. Moreover, the subsisting agreement for the financial services was renewed by the Group with COSCO Finance with effective from 25 December 2006 to 31 December 2008. Upon the initial term, each of the two master agreements and the subsisting agreement for the financial services shall automatically continue for a term to be agreed by the parties of such master agreements.

On 3 September 2007, the Group (other than COSCO Pacific group) and COSCO Group renewed five master agreements dated 9 June 2005 relating to the provision of general services, vessel services, agency and management services, vessel management services, seamen leasing, and three subsisting agreements relating to the trademark licence, premises leasing and financial services with effective from the completion of the acquisitions of COSCO Bulk, Golden View, COSCO Qingdao and COSCO Shenzhen to 31 December 2010. 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 ten 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.

(o) The Group entered into ship building contracts with subsidiaries and jointly controlled entities of COSCO and other state-owned enterprises. The amount represents the payment to those related parties for ship building during the period.

(p) 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.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes: (Continued)

(q) The directors of the Company consider that it is not probable for a claim to be made against the Group under the above guarantee as at the balance sheet date.

(r) 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.

(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.

(t) On 28 April 2008, COSCO Bulk, COSCO HK Shipping and their subsidiaries (as transferees) entered into the vessels novation agreements with COSCO International Ship Trading Co., Ltd. (as transferor) and COSCO Shipyard Group Co., Ltd (as seller), pursuant to which the rights and obligations of the transferor under the vessel agreements in relation to the construction of nine dry bulk vessels for an aggregate consideration of US$348,900,000 (equivalent to approximately RMB2,441,602,000) were transferred to the transferees under the vessel novation agreements. The transferor and seller are subsidiaries of COSCO.

(u) On 8 May 2008, COSCO Bulk, COSCO HK Shipping and their subsidiaries (as transferees) entered into the vessels novation agreements with Ching Tung (H.K.) Shipping Co., Ltd. and PMSL Shipping Services Limited (as transferors) and Nantong COSCO KHI Ship Engineering Co., Ltd (as seller), a jointly controlled entity of COSCO, pursuant to which the rights and obligations of the transferors under the vessel agreements in relation to the construction of eight dry bulk vessels for an aggregate consideration of US$612,800,000 (equivalent to approximately RMB4,290,213,000) were transferred to the transferees under the vessel novation agreements.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Balances with related parties

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

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
Deposits		
– listed state-owned banks and other state-owned non-bank financial institutions *(note a)*	**20,506,683**	23,557,707
– unlisted state-owned banks and other state-owned non-bank financial institutions *(note a)*	**577,330**	419,865
Loans		
– state-owned banks and other state-owned non-bank financial institutions *(note a)*	**10,106,941**	4,781,052
Trade and other receivables		
– state-owned enterprises *(note b)*	**933,667**	943,900
Trade and other payables		
– state-owned enterprises *(note b)*	**615,824**	393,932

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.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Key management compensation

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Salaries, bonuses and other allowances	**38,583**	29,650
Contribution to retirement benefit scheme	**68**	59
	38,651	29,709

24 ACQUISITION OF A BUSINESS

On 15 March 2008, a subsidiary of the Group acquired a terminal operation in Jinjiang, Quanzhou, the PRC, for a consideration of RMB280,189,000. Details of net assets acquired are as follows:

	RMB'000
Purchase consideration	
– cash	**197,328**
– amounts due to minority shareholders	**82,861**
	280,189
Fair value of net assets acquired shown as below	**(280,189)**
	—

The assets and liabilities as at the date of acquisition are as follows:

	Fair value *RMB'000*	**Acquiree's carrying amount** *RMB'000*
Tangible and intangible assets	**689,427**	**482,579**
Trade and other receivables	**21,888**	**21,888**
Cash and cash equivalents	**574**	**574**
Long term borrowings	**(239,000)**	**(239,000)**
Trade and other payables	**(99,760)**	**(99,760)**
Current portion of long term borrowings	**(22,200)**	**(22,200)**
	350,929	**144,081**
Minority interests	**(70,740)**	
Net assets acquired	**280,189**	
Purchase consideration settled in cash during the period		**(197,328)**
Cash and cash equivalents in acquired terminal operation		**574**
Net cash outflow on acquisition		**(196,754)**

The acquired business contributed revenues of approximately RMB21,000,000 and a profit of approximately RMB700,000 to the Group for the period since the date of acquisition. If the acquisition had occurred on 1 January 2008, the changes on the Group's revenues and profit for the six months ended 30 June 2008 were insignificant.

25 RECLASSIFICATION OF JOINTLY CONTROLLED ENTITIES TO SUBSIDIARIES

During the six months ended 30 June 2008 and 30 June 2007, the assets and liabilities arising from the reclassification from jointly controlled entities to subsidiaries are as follows:

Carrying amount and fair value

	2008	2007
	RMB'000	*RMB'000*
	Note (a)	*Note (b)*
Tangible and intangible assets	**131,616**	37,969
Trade and other receivables	**175,741**	89,295
Cash and cash equivalents	**104,314**	49,470
Inventories	**1,348**	—
Long-term investment	**17,507**	1,726
Deferred tax assets	**—**	674
Trade and other payables	**(250,476)**	(72,616)
Tax payable	**(3,768)**	(2,141)
	176,282	104,377
Minority interests	**(83,675)**	(50,795)
Reclassification of interest originally held by the Group as jointly controlled entities	**92,607**	53,582

Notes:

(a) On 1 January 2008, the Memorandum and Articles of Association of Qingdao Daya Logistics and Ningbo Golden Sanli Reefer Co., Ltd were revised to reflect the Group's power to govern its financial and operating policies. Qingdao Daya Logistics and Ningbo Golden Sanli Reefer Co., Ltd were previously jointly controlled entities and since then, the Group has accounted for Qingdao Daya Logistics and Ningbo Golden Sanli Reefer Co., Ltd as subsidiaries.

The above entities contributed revenues of RMB119,181,000 and net profit of RMB35,249,000 for the period.

(b) On 30 June 2007, the Memorandum and Articles of Association of China Ocean Shipping Agency Basuo Co. Ltd. ("Basuo"), China Ocean Shipping Agency Haikou Co. Ltd. ("Haikou"), Rizhao Ever Glory Shipping Co. Ltd. ("Ever Glory"), Taizhou United International Shipping Agency Ltd. ("Taizhou United"), Qingdao United International Shipping Agency Ltd. ("Qingdao United"), COSCO Beijng United Auto-logistics Co. Ltd ("Beijing United"), Qingdao COSCO Konoike Logistics Co. Ltd. ("Konoike"), Penavico Nanjing Container Co. Ltd. ("Penavico Nanjing") were revised to reflect the Group's power to govern their financial and operating policies. Basuo, Haikou, Ever Glory, Taizhou United, Qingdao United, Beijing United, Konoike and Penavico Nanjing were previously jointly controlled entities and since then, the Group has accounted for such eight jointly controlled entities as subsidiaries.

The above 8 entities contributed RMB9,088,000 of profit to the Group for six months ended 30 June 2007. If the reclassification occurred on 1 January 2007, the Group's revenues would have been increased by RMB36,644,000.

26 RECLASSIFICATION OF A SUBSIDIARY TO A JOINTLY CONTROLLED ENTITY

In the prior period, the Group held 100% equity interest in COSCO (Qingdao) Hotel Co., Ltd ("QDBG") and 4.35% equity interest in COSCO (Qingdao) International Hotel Co., Ltd ("CIH"), which were accounted as a subsidiary and available-for-sales financial asset, respectively. On 30 April 2008, these two companies undergone a restructuring, and all the assets and liabilities of CIH were transferred to QDBG and as a result, the Group's equity interest in QDBG was diluted from 100% to 67.21% and QDBG became a jointly controlled entity of the Group since then.

	2008 ***RMB'000***
Tangible and intangible assets	**138,391**
Trade and other receivables	**406**
Cash and cash equivalents	**12**
Deferred tax assets	**308**
Trade and other payables	**(112,829)**
Net assets disposed of	**26,288**
Share of net assets in a jointly controlled entity	**(134,913)**
Disposal of an available-for-sale financial asset	**7,590**
Deemed disposal gain	**(101,035)**

27 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 25 June 2008, COSCO Pacific received a formal notification from Piraeus Port Authority SA ("PPA") that COSCO Pacific has been the provisional awarded bidder in respect of its bid for the concession of Pier 2 and Pier 3 container terminal of Piraeus Port ("Concession"). The net present value of the bid price of the 35-year period of Concession was approximately Euro 500,000,000 (equivalent to approximately RMB5,415,000,000). COSCO Pacific is currently negotiating with PPA for the related Concession agreement arrangements.

(b) On 2 July 2008, a subsidiary of COSCO Pacific, and CBA USD Investment Pty Limited ("CBA USD Investments") entered into agreements to transfer to CBA USD Investments legal and equitable ownership of and title to certain marine containers owned by the subsidiary with consideration of approximately USD250,000,000 (equivalent to approximately RMB1,714,800,000) . Subsequent to the disposal, the subsidiary has leased back such marine containers from CBA USD Investments. The Group is expected to realise an estimated gain of approximately RMB28,800,000 (after taking into account of taxes and direct expenses) from the disposal.

28 COMPARATIVES

Certain comparative figures have been restated as a result of the adoption of merger accounting for common control combination as disclosed in the note 1.

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 38 to 98, 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 2008 and the related condensed consolidated income statement, consolidated statement of recognised income and expense, consolidated cash flows 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 asset and result of a listed associate, China International Marine Containers (Group) Co., Ltd, which was accounted for under the equity method on the basis of its published interim financial information because the associate did not engage its auditor to perform review. Had we been able to perform review procedures on the Group's share of net asset and result of the aforesaid listed associate, 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, 26 August 2008