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)

ANNOUNCEMENT OF 2009 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	First half of 2009 *RMB'000*	**First half of 2008** *RMB'000* *(Restated)*	**Change**
Revenues	**28,923,470**	70,572,425	-59.0%
Operating (loss)/profit	**(4,279,558)**	18,953,446	-122.6%
(Loss)/profit before income tax	**(4,151,270)**	19,757,824	-121.0%
(Loss)/profit attributable to equity holders of the Company	**(4,594,102)**	15,123,824	-130.4%
Basic (loss)/earnings per share	**RMB(0.4497)**	RMB1.4804	-130.4%

- During the period, shipping volume of containers shipping business reached 2,354,343 TEUs, representing a decrease of approximately 21.9% as compared to the same period in 2008. As at 30 June 2009, our Group operated a fleet of 149 container vessels and with an aggregate shipping capacity of 554,000 TEUs, representing an increase of approximately 20.9% as compared to the same period last year.

- During the period, dry bulk shipping business recorded a shipping volume of approximately 129.3 million tons, representing a decrease of approximately 4.8% as compared to the same period last year. As at 30 June 2009, our Group owned, operated and controlled a total of 431 dry bulk cargo vessels, with a total of 33,922,000 DWT, representing an increase of approximately 1.0% as compared to the same period of last year.

- During the period, the operational revenue of the logistics business was RMB5,834,164,000, representing a decrease of approximately 18.0% as compared to the same period last year.
- During the period, the aggregate number of containers handled by our Group through the 27 container terminal companies which COSCO Pacific owned interest and operated reached 20,207,025 TEUs, representing a decrease of approximately 8.5% as compared to the same period last year.
- As at 30 June 2009, the container fleet owned and managed by Florens has a market share of approximately 13.6%, which amounted to 1,605,963 TEUs, representing a slight decrease of approximately 1.6% as compared to the same period last year.

Our Board is pleased to announce the unaudited consolidated interim results of our Group for the six months ended 30 June 2009. The unaudited condensed consolidated interim financial information has been reviewed by the audit committee of our Company, comprising a majority of independent non-executive Directors.

The unaudited condensed consolidated interim income statement and the unaudited condensed consolidated interim balance sheet of our Group and its explanatory notes 1 to 11 as presented below are extracted from the unaudited condensed consolidated interim financial information of our Group for the six months ended 30 June 2009 (collectively the "**unaudited Condensed Consolidated Interim Financial Information**"), which have been reviewed by the international auditor of the Company, 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**").

FINANCIAL INFORMATION

Section A. Unaudited Condensed Consolidated Interim Financial Information and notes thereto prepared in accordance with Hong Kong Accounting Standard 34

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	**Six months ended 30 June 2009** *RMB'000*	**2008** *RMB'000* *(Restated)*
Revenues	3	**28,923,470**	70,572,425
Cost of services and inventories sold		**(32,263,093)**	(51,234,159)
Gross (loss)/profit		**(3,339,623)**	19,338,266
Other income, net		**1,207,422**	1,966,101
Selling, administrative and general expenses		**(2,147,357)**	(2,350,921)
Operating (loss)/profit	4	**(4,279,558)**	18,953,446
Finance income	5	**219,048**	474,933
Finance costs	5	**(584,252)**	(474,221)
		(4,644,762)	18,954,158
Share of profits less losses of			
- jointly controlled entities		**235,831**	431,198
- associates		**257,661**	372,468
(Loss)/profit before income tax		**(4,151,270)**	19,757,824
Income tax	6	**19,406**	(3,897,065)
(Loss)/profit for the period		**(4,131,864)**	15,860,759
(Loss)/profit attributable to:			
Equity holders of the Company		**(4,594,102)**	15,123,824
Minority interests		**462,238**	736,935
		(4,131,864)	15,860,759
Distribution	7	**850**	9,940
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company		*RMB*	*RMB*
- basic and diluted	8	**(0.4497)**	1.4804

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000* *(Restated)*
(Loss)/profit for the period	**(4,131,864)**	15,860,759
Other comprehensive (expenses)/income		
Release of reserves upon deemed disposals	**—**	1,667
Available-for-sale financial assets		
- fair value losses, net of tax	**(158,774)**	(431,036)
- transferred to consolidated interim income statement upon disposal	**(581)**	(14,431)
Cash flow hedges		
- fair value gains, net of tax	**1,590**	541,403
- transferred to consolidated interim income statement	**—**	(214,158)
Exchange differences	**45,484**	(2,448,154)
Other comprehensive expenses for the period, net of tax	**(112,281)**	(2,564,709)
Total comprehensive (expenses)/income for the period	**(4,244,145)**	13,296,050
Total comprehensive (expenses)/income attributable to:		
Equity holders of the Company	**(4,704,182)**	13,049,971
Minority interests	**460,037**	246,079
	(4,244,145)	13,296,050

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2009

	Note	**As at 30 June 2009** *RMB'000*	**As at 31 December 2008** *RMB'000* *(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment		**58,151,886**	55,663,055
Investment properties		**463,480**	328,901
Leasehold land and land use rights		**1,059,406**	1,074,914
Intangible assets		**175,487**	185,409
Interests in jointly controlled entities		**4,156,992**	4,146,847
Interests in associates		**5,876,552**	5,955,120
Available-for-sale financial assets		**2,582,361**	2,864,240
Derivative financial assets		**120,977**	184,461
Deferred income tax assets		**2,676,140**	2,757,097
Loans to jointly controlled entities and associates		**805,570**	1,009,737
Restricted bank deposits		**80,485**	74,001
Other non-current assets		**527,576**	13,670
		76,676,912	74,257,452
Current assets			
Inventories		**1,422,490**	1,501,054
Trade and other receivables	9	**9,764,318**	9,896,565
Derivative financial assets		**153,951**	278,049
Financial assets at fair value through profit or loss		**3,547**	1,870
Available-for-sale financial assets		**140,611**	—
Restricted bank deposits		**1,598**	529,237
Tax recoverable		**469,583**	370,011
Deposits and cash and cash equivalents		**42,761,843**	31,591,865
		54,717,941	44,168,651
Total assets		**131,394,853**	118,426,103

	Note	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**10,216,274**	10,216,274
Reserves		**34,557,212**	39,313,368
Proposed dividends	7	**—**	2,962,720
		44,773,486	52,492,362
Minority interests		**10,135,899**	9,756,223
Total equity		**54,909,385**	62,248,585
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**40,142,682**	22,785,251
Provisions and other liabilities		**1,018,274**	1,013,188
Derivative financial liabilities		**141,140**	274,630
Deferred income tax liabilities		**3,283,919**	3,528,691
		44,586,015	27,601,760
Current liabilities			
Trade and other payables	10	**19,121,391**	14,772,973
Derivative financial liabilities		**1,247,213**	3,691,032
Short-term loans		**6,721,004**	1,354,423
Current portion of long-term borrowings		**2,459,969**	2,274,229
Current portion of provisions and other liabilities		**1,524,776**	5,327,137
Tax payable		**825,100**	1,155,964
		31,899,453	28,575,758
Total liabilities		**76,485,468**	56,177,518
Total equity and liabilities		**131,394,853**	118,426,103
Net current assets		**22,818,488**	15,592,893
Total assets less current liabilities		**99,495,400**	89,850,345

Notes

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 Limited since 30 June 2005 and The Shanghai Stock Exchange since 26 June 2007 respectively.

The businesses of the Company and its subsidiaries (collectively the "Group") include the provision of a range of container shipping, dry bulk shipping, managing and operating container terminals, container leasing and logistics services all over the world.

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. COSCO and its subsidiaries (other than the Group) are collectively referred to as "COSCO Group".

In November 2008, the Group acquired from COSCO Group a 55% equity interest in COSCO Logistics (Europe) GMBH, Hamburg.

In January 2009, the Group acquired from COSCO Group a 51% equity interest in China Ocean Shipping Agency Qinzhou Company Limited.

These transactions are regarded as business combinations under common control.

The financial figures in respect of the Group's profit for the six months ended 30 June 2008 and the Group's financial position as at 31 December 2008 have been restated as a result of adoption of merger accounting for the above business combinations under common control.

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" and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2008 (the "2008 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Adoption of new/revised HKFRSs

The significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2008 Annual Financial Statements except that, the Group has adopted the following new and revised standards, amendments to standards and interpretations issued by the HKICPA which are relevant to its operations.

The new and revised standards, amendments to standards and interpretations mandatory for the financial year ending 31 December 2009 are as follows:

HKAS 1 (Revised) and Amendment	"Presentation of Financial Statements"
HKAS 16 Amendment	"Property, Plant and Equipment"
HKAS 19 Amendment	"Employee Benefits"
HKAS 20 Amendment	"Accounting for Government Grants and Disclosure of Government Assistance"
HKAS 23 (Revised) and Amendment	"Borrowing Costs"
HKAS 27 Amendment	"Consolidated and Separate Financial Statements"
HKAS 28 Amendment	"Investments in Associates"
HKAS 31 Amendment	"Interests in Joint Ventures"
HKAS 36 Amendment	"Impairment of Assets"
HKAS 38 Amendment	"Intangible Assets"
HKAS 39 Amendment	"Financial Instruments: Recognition and Measurement"
HKAS 40 Amendment	"Investment Property"
HKFRS 1 and HKAS 27 Amendments	"Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
HKFRS 2 Amendment	"Share-based Payment - Vesting Conditions and Cancellations"
HKFRS 7 Amendment	"Improving Disclosures about Financial Instruments"
HKFRS 8	"Operating Segments"
HK(IFRIC)-Int 16	"Hedges of a Net Investment in a Foreign Operation"
HK(IFRIC)-Int 9 and HKAS 39 Amendments	"Embedded Derivatives"

Except for certain changes in presentation and disclosures of financial information as described below, the adoption of the above new and revised standards, amendments to standards and 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.

- HKAS 1 (Revised), "Presentation of financial statements". The Group has elected to present two statements: an income statement and a statement of comprehensive income. The unaudited Condensed Consolidated Interim Financial Information have been prepared under the revised disclosure requirements;

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosures information of the reportable segments.

The HKICPA has issued certain revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2009.

The Group has early adopted HKFRS 3 (Revised), "Business Combinations", in 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

As the Group has early adopted HKFRS 3 (Revised) in 2009, it is required to early adopt HKAS 27 (Revised), "Consolidated and Separate Financial Statements", at the same time. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of the revised standard on the current interim period as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity and there have been no transactions with non-controlling interests.

Other than the early adoption of HKFRS 3 (Revised) and HKAS 27 (Revised), the Group has not early adopted the revised standards, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2009, 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 the Group's significant accounting policies and presentation of the financial information will be resulted.

3 **Revenues and segment information**

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

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Container shipping	**11,376,656**	23,497,491
Dry bulk shipping	**10,677,547**	38,911,334
Logistics	**5,834,164**	7,111,911
Container terminal operations	**278,429**	250,880
Container leasing	**322,649**	379,793
Turnover	**28,489,445**	70,151,409
Manning service income	**155,003**	165,182
Others	**279,022**	255,834
Total revenues	**28,923,470**	70,572,425

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analysed from a business perspective:

- Container shipping and related business
- Dry bulk shipping and related business
- Logistics
- Container terminal operations and related business
- Container leasing and related business
- Corporate and other operations that primarily comprise container manufacturing, investment holding and financing.

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, 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 shipping and PRC coastal shipping only.

For the geographical segment reporting, freight revenues from container shipping and dry bulk shipping are analysed based on the outbound cargoes or goods transport to each geographical territory.

In respect of logistics, container terminals operations, manning services and other operations, revenues are based on the geographical locations in which the business operations are located.

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.

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, derivative financial assets, restricted bank deposits, other non-current assets, inventories, receivables, financial assets at fair value through profit or loss, deposits and cash and cash equivalents, and mainly exclude interests in jointly controlled entities and associates, loans to jointly controlled entities and associates, available-for-sale financial assets, tax recoverable and deferred income tax assets. Segment liabilities consist primarily of long-term borrowings, short-term loans, provisions and other liabilities, derivative financial liabilities and payables, and mainly exclude items such as current and deferred income tax liabilities. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets and other non-current assets, including additions resulting from acquisitions through business combinations.

Unallocated assets consist tax recoverable and deferred income tax assets. Unallocated liabilities consist current and deferred income tax liabilities.

	Six months ended 30 June 2009							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal and related business	Container leasing and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	**11,380,046**	**11,114,835**	**5,872,326**	**314,432**	**781,809**	**—**	**(539,978)**	**28,923,470**
Inter-segment revenues	**(3,390)**	**(3,263)**	**(38,162)**	**(36,003)**	**(459,160)**	**—**	**539,978**	**—**
Revenues (from external customers)	**11,376,656**	**11,111,572**	**5,834,164**	**278,429**	**322,649**	**—**	**—**	**28,923,470**
Including:								
Container shipping, logistics and container terminal operations and other related services								
- America	**3,282,353**	**—**	**—**	**—**	**—**	**—**	**—**	**3,282,353**
- Europe	**2,425,223**	**—**	**55,466**	**—**	**—**	**—**	**—**	**2,480,689**
- Asia Pacific	**1,763,023**	**—**	**15,086**	**278,429**	**—**	**—**	**—**	**2,056,538**
- China domestic	**3,495,018**	**—**	**5,763,612**	**—**	**—**	**—**	**—**	**9,258,630**
- Other international market	**411,039**	**—**	**—**	**—**	**—**	**—**	**—**	**411,039**
Dry bulk shipping and other related services								
- International shipping	**—**	**10,435,073**	**—**	**—**	**—**	**—**	**—**	**10,435,073**
- PRC coastal shipping	**—**	**676,499**	**—**	**—**	**—**	**—**	**—**	**676,499**
Unallocated	**—**	**—**	**—**	**—**	**322,649**	**—**	**—**	**322,649**
	11,376,656	**11,111,572**	**5,834,164**	**278,429**	**322,649**	**—**	**—**	**28,923,470**
Segment (loss)/profit	**(4,315,876)**	**(535,851)**	**273,361**	**146,767**	**310,936**	**(158,895)**	**—**	**(4,279,558)**
Finance income								**219,048**
Finance costs								**(584,252)**
Share of profits less losses of								
- jointly controlled entities	**4,422**	**31,301**	**25,070**	**175,038**	**—**	**—**	**—**	**235,831**
- associates	**3,432**	**2,292**	**29,014**	**27,964**	**—**	**194,959**	**—**	**257,661**
Loss before income tax								**(4,151,270)**
Income tax								**19,406**
Loss for the period								**(4,131,864)**
Depreciation and amortisation	**558,642**	**839,623**	**67,235**	**55,872**	**280,972**	**3,123**	**—**	**1,805,467**
Capital expenditure	**1,359,607**	**2,387,348**	**123,514**	**873,763**	**322,954**	**680**	**—**	**5,067,866**
Reversal of provision for impairment of trade and other receivables	**(17,845)**	**(192,032)**	**(4,188)**	**—**	**—**	**—**	**—**	**(214,065)**
Provision for impairment of trade and other receivables	**3,207**	**10,593**	**4,697**	**—**	**—**	**—**	**—**	**18,497**
Amortised amount of transaction costs on long-term borrowings	**3,253**	**—**	**—**	**615**	**—**	**2,947**	**—**	**6,815**
Unrealised fair value gain on freight forward agreements ("FFA"), net	**—**	**(2,440,145)**	**—**	**—**	**—**	**—**	**—**	**(2,440,145)**
Provision for onerous contracts	**—**	**911,738**	**—**	**—**	**—**	**—**	**—**	**911,738**

	Six months ended 30 June 2008 (Restated)							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	23,499,537	39,333,045	7,184,441	296,175	856,861	—	(597,634)	70,572,425
Inter-segment revenues	(2,046)	(695)	(72,530)	(45,295)	(477,068)	—	597,634	—
Revenues (from external customers)	23,497,491	39,332,350	7,111,911	250,880	379,793	—	—	70,572,425
Including:								
Container shipping, logistics and container terminal operations and other related services								
- America	6,337,807	—	—	—	—	—	—	6,337,807
- Europe	7,771,063	—	88,085	—	—	—	—	7,859,148
- Asia Pacific	3,189,777	—	—	250,880	—	—	—	3,440,657
- China domestic	5,011,867	—	7,023,826	—	—	—	—	12,035,693
- Other international market	1,186,977	—	—	—	—	—	—	1,186,977
Dry bulk shipping and other related services								
- International shipping	—	37,328,259	—	—	—	—	—	37,328,259
- PRC coastal shipping	—	2,004,091	—	—	—	—	—	2,004,091
Unallocated	—	—	—	—	379,793	—	—	379,793
	23,497,491	39,332,350	7,111,911	250,880	379,793	—	—	70,572,425
Segment profit	969,232	16,889,002	235,463	182,040	463,666	214,043	—	18,953,446
Finance income								474,933
Finance costs								(474,221)
Share of profits less losses of								
- jointly controlled entities	6,057	87,895	30,170	307,076	—	—	—	431,198
- associates	2,872	19,313	42,319	61,395	—	246,569	—	372,468
Profit before income tax								19,757,824
Income tax								(3,897,065)
Profit for the period								15,860,759
Depreciation and amortisation	521,751	975,853	65,532	45,270	275,898	8,888	—	1,893,192
Capital expenditure	5,444,445	3,167,764	79,889	905,497	2,160,513	1,906	—	11,760,014
Reversal of provision for impairment of trade and other receivables	—	—	(1,859)	—	(11,741)	—	—	(13,600)
Provision for impairment of trade and other receivables	992	3,188	—	—	35	—	—	4,215
Amortised amount of transaction costs on long-term borrowings	2,850	—	—	—	643	—	—	3,493
Unrealised fair value loss on FFA, net	—	237,492	—	—		—	—	237,492

	As at 30 June 2009							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	**36,622,644**	**42,218,277**	**8,021,280**	**6,093,381**	**10,111,626**	**30,686,011**	**(19,066,175)**	**114,687,044**
Interests in jointly controlled entities	**47,036**	**886,110**	**362,073**	**2,861,773**	**—**	**—**	**—**	**4,156,992**
Interests in associates	**35,683**	**106,171**	**451,071**	**927,559**	**—**	**4,356,068**	**—**	**5,876,552**
Loans to jointly controlled entities and associates	**—**	**—**	**—**	**—**	**—**	**805,570**	**—**	**805,570**
Available-for-sale financial assets	**53,167**	**223,593**	**235,539**	**2,210,673**	**—**	**—**	**—**	**2,722,972**
Unallocated assets								**3,145,723**
Total assets								**131,394,853**
Segment liabilities	**29,797,729**	**27,399,321**	**5,881,018**	**2,244,662**	**5,183,082**	**20,936,812**	**(19,066,175)**	**72,376,449**
Unallocated liabilities								**4,109,019**
Total liabilities								**76,485,468**

	As at 31 December 2008 (Restated)							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	30,619,919	36,743,108	7,339,541	4,103,685	10,079,482	27,084,845	(14,647,529)	101,323,051
Interest in jointly controlled entities	46,681	859,827	394,713	2,778,757	—	66,869	—	4,146,847
Interest in associates	32,637	118,199	438,206	904,655	—	4,461,423	—	5,955,120
Loans to jointly controlled entities and associates	—	—	—	—	—	1,009,737	—	1,009,737
Available-for-sale financial assets	35,137	461,844	145,202	2,207,576	—	14,481	—	2,864,240
Unallocated assets								3,127,108
Total assets								118,426,103
Segment liabilities	24,187,795	19,510,745	6,658,431	2,072,346	5,227,621	8,483,454	(14,647,529)	51,492,863
Unallocated liabilities								4,684,655
Total liabilities								56,177,518

Geographical Non-Current Assets segment information

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of its property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, interests in jointly controlled entities and associates and other non-current assets.

The container vessels, dry bulk vessels and containers (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the container vessels, dry bulk vessels and containers by geographical areas and thus the container vessels, dry bulk vessels and containers are presented as unallocated non-current assets.

In respect of the remaining Geographical Non-Current Assets are presented based on the geographical locations in which the business operations/assets are located.

	As at 30 June 2009	**As at 31 December 2008**
	RMB'000	*RMB'000*
China domestic	**15,965,183**	15,925,588
Non-China domestic	**2,244,953**	1,712,819
Unallocated	**52,190,695**	49,715,839
Total	**70,400,831**	67,354,246

4 **Operating (loss)/profit**

Operating (loss)/profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Crediting:		
Gain on disposal of property, plant and equipment		
- containers	**2,301**	5,495
- container vessels	**—**	146,314
- dry bulk vessels	**36,283**	96,031
- others	**35,462**	4,776
Reversal of provision for impairment of trade and other receivables	**214,065**	13,600
Government subsidy	**90,267**	44,941
Dividend income from listed and unlisted investments	**91,718**	105,690
Gain on disposal of available-for-sale financial assets	**585**	13,831
Net gain on derivatives at fair value through profit or loss - FFA	**667,069**	1,209,365
Gain on disposal of jointly controlled entities and dissolution of associate, net	**37,683**	—

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Charging:		
Depreciation		
- property, plant and equipment	**1,755,399**	1,844,553
- investment properties	**8,335**	14,499
Amortisation		
- leasehold land and land use rights	**14,438**	10,299
- intangible assets	**27,295**	23,841
Cost of bunkers consumed	**4,138,502**	6,986,641
Operating lease rentals:		
- container vessels	**1,571,918**	1,713,867
- dry bulk vessels	**10,660,702**	15,561,558
- containers	**339,986**	361,245
- land and buildings	**89,759**	34,404
- other property, plant and equipment	**1,233**	52,079
	12,663,598	17,723,153
Less: amount previously provided and included in provision for onerous contracts	**(4,684,836)**	—
	7,978,762	17,723,153
Provision for impairment of trade and other receivables	**18,497**	4,215
Provision for onerous contracts	**911,738**	—
Net loss on derivatives at fair value through profit or loss		
- bunker forward contracts	**—**	5,659
Cost of inventories sold		
- resalable containers	**63,697**	127,931
- marine suppliers and others	**49,850**	35,538
Loss on deemed disposal of a subsidiary	**—**	10

5 **Finance income and costs**

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Interest expenses from		
- bank loans	**408,515**	348,127
- other loans wholly repayable within five years	**2,355**	4,211
- loans from COSCO Finance Co., Limited ("COSCO Finance")	**21,452**	22,414
- amounts due to a fellow subsidiary	**—**	9,249
- finance lease obligations	**5,829**	6,432
- notes	**128,044**	62,222
Fair value loss on derivative financial instruments	**55,216**	1,228
Fair value adjustment of notes attributable to interest rate risk	**(52,203)**	(3,008)
	569,208	450,875
Amortised amount of transaction costs on long-term borrowings	**6,815**	3,493
Amortised amount of discount on issue of notes	**7,774**	678
Other incidental borrowing costs and charges	**15,637**	21,230
Less: amount capitalised in construction in progress	**(15,182)**	(2,055)
Finance costs	**584,252**	474,221
Interest income from		
- deposits with COSCO Finance	**(61,384)**	(97,255)
- loans to jointly controlled entities and associates	**(17,715)**	(4,773)
- banks	**(139,949)**	(372,905)
Finance income	**(219,048)**	(474,933)
Net finance cost/(income)	**365,204**	(712)

6 Income tax

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
- PRC enterprise income tax (note a)	**131,759**	2,096,461
- Hong Kong profits tax (note b)	**3,195**	3,039
- Overseas taxation (note c)	**11,688**	143,826
Over provision in prior periods	**(35,772)**	—
	110,870	2,243,326
Deferred income tax, net (note d)	**(130,276)**	1,653,739
	(19,406)	3,897,065

Notes:

(a) PRC enterprise income tax ("EIT") is calculated based on the statutory rate of 25% 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 15% to 20% (2008: 12.5% to 18%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) Hong Kong profits tax has been provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

(c) Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 13% to 46% during the period (2008: 13% to 46%).

(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 2009, the unrecognised deferred income tax liabilities were RMB1,381,328,000 (31 December 2008: RMB1,256,681,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2009 amounted to RMB5,137,372,000 (31 December 2008: RMB4,592,738,000).

7 Distribution and dividends

(a) *Distribution*

	Six months ended 30 June	
	2009	**2008**
	RMB'000	*RMB'000*
Consideration in connection with the purchase of:		
- COSCO Panama Maritime S.A. and COSCO Brazil S/A	**—**	9,940
- China Ocean Shipping Agency Qinzhou Company Limited	**850**	—
	850	9,940

The amount represented consideration paid by the Group for acquisition of equity interests in subsidiaries from COSCO Group. These acquisitions were regarded as business combination under common control.

(b) *Dividends*

(i) On 22 April 2009, the Board proposed a final cash dividend of RMB0.29 per share, totalling RMB2,962,720,000 for the year ended 31 December 2008. The dividend was approved by the shareholders and the amount was accounted for as the appropriations of retained profits for the six months ended 30 June 2009.

(ii) The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

8 (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is calculated based on the (loss)/profit attributable to equity holders of the Company divided by the weighted average number of shares in issue during the period.

	Six months ended 30 June	
	2009	**2008**
		(Restated)
(Loss)/profit attributable to equity holders of the Company (RMB)	**(4,594,102,000)**	15,123,824,000
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic and diluted (loss)/earnings per share (RMB)	**(0.4497)**	1.4804

There is an anti-dilutive effect on the (loss)/profit attributable to equity holders of the Company if all the outstanding share options granted by COSCO Pacific, a subsidiary, had been exercised. Accordingly, there is no adjustment on the (loss)/profit attributable to equity holders of the Company used for calculating the diluted (loss)/earnings per share.

9 **Trade and other receivables**

	As at 30 June 2009 *RMB'000*	As at 31 December 2008 *RMB'000* *(Restated)*
Trade receivables (notes a and b)		
- third parties	**4,502,983**	5,100,087
- subsidiaries of COSCO	**144,774**	281,216
- jointly controlled entities	**40,548**	9,233
- associates	**6,957**	8,237
- other related companies	**64,202**	136,388
	4,759,464	5,535,161
Bills receivables (notes a and b)	**73,427**	114,160
	4,832,891	5,649,321
Current portion of financial lease receivables	**6,335**	6,447
Prepayments, deposits and other receivables		
- third parties	**3,342,780**	3,281,390
- COSCO (note c)	**35**	100
- subsidiaries of COSCO (note c)	**417,650**	289,845
- jointly controlled entities (note c)	**670,223**	343,014
- associates (note c)	**150,084**	34,215
- other related companies (note c)	**344,320**	292,233
	4,925,092	4,240,797
Total	**9,764,318**	9,896,565

Notes:

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

(b) The normal credit period granted to trade receivables of the Group is generally within 90 days. As at 30 June 2009, the ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2009 *RMB'000*	**As at 31 December 2008** *RMB'000* *(Restated)*
1-3 months	**4,372,286**	5,289,472
4-6 months	**338,965**	322,124
7-12 months	**130,098**	105,812
1-2 years	**62,062**	105,715
2-3 years	**21,145**	20,301
Over 3 years	**116,014**	133,327
	5,040,570	5,976,751
Provision for impairment	**(207,679)**	(327,430)
	4,832,891	5,649,321

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

10 Trade and other payables

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)
Trade payables (notes a and b)		
- third parties	**4,685,647**	5,196,481
- subsidiaries of COSCO	**797,870**	554,415
- jointly controlled entities	**148,612**	42,231
- associates	**86,115**	12,935
- other related companies	**24,506**	101,275
	5,742,750	5,907,337
Bills payables (notes a and b)	**82,039**	19,416
	5,824,789	5,926,753
Advance from customers	**2,352,352**	1,407,537
Other payables and accruals	**7,104,182**	6,989,241
Dividend payable	**2,962,720**	—
Due to related parties (note c)		
- COSCO	**9,151**	—
- subsidiaries of COSCO	**151,148**	167,594
- jointly controlled entities	**62,785**	51,056
- associates	**10,421**	6,866
- other related companies	**643,843**	223,926
	877,348	449,442
Total	**19,121,391**	14,772,973

Notes:

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

(b) As at 30 June 2009, the ageing analysis of trade and bills payables is as follows:

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)
1-6 months	**5,431,880**	5,587,460
7-12 months	**260,635**	166,157
1-2 years	**51,271**	81,094
2-3 years	**29,171**	40,302
Above 3 years	**51,832**	51,740
	5,824,789	5,926,753

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

11 Events occurring after the balance sheet date

The events occurring after the balance sheet date were as follows:

(i) On 15 July 2009, the Group entered into six cancellation agreements with COSCO Shipyard Group Co., Ltd. and two cancellation agreements with COSCO (Zhoushan) Shipyard Co., Ltd., fellow subsidiaries of the Group, to cancel the construction of eight 57,000 DWT dry bulk vessels. As at 30 June 2009, the total deposits paid by the Group for construction of the eight dry bulk vessels amounted to US$122,794,000 (approximately equivalent to RMB838,916,000). As of the date of this report, US$107,154,000 (approximately equivalent to RMB732,065,000 was refunded to the Group.

(ii) On 31 July 2009, a dry bulk vessel run aground with fuel leakage near Langesund on the Norwegian coast in a stormy. Based on the information available to the Group at this stage, the Directors are of the opinion that the insurance coverage will be adequate to cover any claims and loss of vessel in relation to this accident.

(iii) On 27 August 2009, the Company entered into an equity transfer agreement with COSCO Pacific Logistics Company Limited ("CP Logistics"), a wholly owned subsidiary of COSCO Pacific, pursuant to which conditionally agreed to purchase and CP Logistics conditionally agreed to sell CP Logistics' entire 49% interest in COSCO Logistics Co., Ltd. ("COSCO Logistics"). COSCO Pacific is a non-wholly owned subsidiary of the Company. Currently, the Company holds directly and indirectly approximately 76% equity interest in COSCO Logistics and upon the completion of the transaction, the Company's equity interest in COSCO Logistics will be increased to 100%. The completion of the transaction will be subject to the relevant approvals.

(iv) On 27 August 2009, a subsidiary of the Company entered into an agreement to purchase the entire interest of Shanghai Ocean Shipping Company, Limited from COSCO.

Section B. Difference between interim financial information reported under A- and H-Shares

The Group's significant accounting policies, which conform to the HKFRSs, differ in certain respect from Corporate Accounting Standards ("CAS") issued by the Ministry of Finance of the PRC. Differences between HKFRSs and CAS which have significant effects on the unaudited consolidated net profit and unaudited consolidated net assets attributable to equity holders of the Company are summarised as follows. The table below is extracted from the interim financial statements prepared under the CAS, as reviewed by the PRC auditor, Zhongruiyuehua Certified Public Accountants Co., Ltd.

Unaudited consolidated profit and unaudited consolidated equity attributable to equity holders of the Company

	Unaudited consolidated profit attributable to equity holders of the Company For six months ended 30 June		Unaudited consolidated equity attributable to equity holders of the Company	
			As at 30 June	As at 31 December
	2009	2008	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As prepared under A-Shares interim financial information	**(4,617,069)**	14,157,522	**45,272,128**	52,092,408
1. Difference recognistion of cost basis of fixed assets	**(21,254)**	(57,124)	**647,604**	669,454
2. Difference in valuation of available-for-sale financial assets	**—**	—	**—**	924,912
3. Difference in recognition and treatment on functional currency	**44,221**	989,324	**(1,110,458)**	(1,158,625)
4. Difference in recognition of goodwill for transactions not under common control	**—**	—	**3,943**	3,944
5. Difference in treatment on employee retirement and medical benefit obligation of an overseas subsidiary	**—**	—	**(39,731)**	(39,731)
6. Others	**—**	34,102	**—**	—
Total differences	**22,967**	966,302	**(498,642)**	399,954
As prepared under H-Shares interim financial information	**(4,594,102)**	15,123,824	**44,773,486**	52,492,362

Notes:

1. In the H-Shares financial information, fixed assets are stated at historical costs less accumulated depreciation and impairment losses, while under A-Shares financial information, fixed assets are carried at revaluated amount less amortisation.

2. In the H-Shares financial statements, available-for-sale financial assets are carried in the balance sheet at their fair values in accordance with HKAS 32 and 39. In the A-Shares financial statements, such investments are classified as long-term equity investments, and were carried at cost.

3. In the H-Shares financial information, US Dollar is determined as the functional currency of China COSCO, and RMB is the presentation currency for presentation of financial information, whereas there is no such differentiation between the functional currency and the financial statement presentation currency in the A-Shares financial information.

4. In the H-Shares financial information, the new HKFRSs were being applied commencing from 1 January 2005, and based on HKFRS 3, amortisation is no longer made on goodwill (equity investment difference), and impairments are being tested annually and when there are indications of impairment. In the A-Shares financial information, implementation of the new CAS commenced since 1 January 2007, and according to the Article 5(2) of the "Corporate Accounting Standards 38 — Initial implementation of Corporate Accounting Standards", long-term equity investments of enterprises not under common control should adopt equity accounting to account for the debit differences relating to the equity investments, this balance should be recognised as the cost of the investment at the initial implementation date and not to be amortised, but should be assessed for impairment every year. Such difference has been arisen due to the difference in the execution time point in ceasing the amortisation on the difference of the equity investment and making impairment testing in the A- and H-Shares financial information.

5. The A- and H-Shares financial information have difference in recognising the employee retirement and medical benefit obligation of an overseas subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2009, our Group recorded revenues of RMB28,923,470,000, realizing an operating loss of RMB4,279,558,000. Loss attributable to the equity holders of the Company amounted to RMB4,594,102,000.

CONTAINER SHIPPING AND RELATED BUSINESSES

Market review

Global economy was further ravaged by the worsening global economic crisis during the first half of this year. With the dramatic decline in trade demands from major economies, the imbalance between supply and demand in the container shipping market was very apparent, as evidenced by the continued decline in shipping volumes and freight rates. Close to 10% of the shipping services suspended in order to overcome the crisis and operations of liner companies were under unprecedented pressure, in particular, shipping volumes and freight rates of Trans-pacific routes continued to decline. As for Asia-Europe routes, although the proposed increase of freight rates was implemented in April, freight rates plummeted again due to weak demand. For emerging markets such as the Middle East and Africa, despite of the slight growth in shipping volumes, revenues declined due to severe competition resulted from excessive shipping capacity.

Results performance

In the first half of the year, the shipping volume of the container shipping and related business of our Group amounted to 2,354,343 TEUs, representing a decrease of approximately 21.9% as compared to the same period in 2008. Revenues amounted to RMB11,376,656,000, representing a decrease of 51.6% as compared to the same period in 2008.

Shipping volume by routes

	For the six months ended 30 June		
	2009	2008	Change
	TEUs	*TEUs*	%
Trans-Pacific	**490,989**	660,175	-25.6
Asia-Europe (including Mediterranean)	**535,059**	766,344	-30.2
Intra-Asia (including Australia)	**634,931**	780,207	-18.6
Other international (including Trans-Atlantic)	**96,934**	114,529	-15.4
PRC coastal	**596,430**	693,415	-14.0
Total	**2,354,343**	3,014,670	-21.9

Revenues by routes

	For the six months ended 30 June		
	2009	2008	Change
	RMB'000	*RMB'000*	*%*
Trans-Pacific	**3,280,716**	6,336,179	-48.2
Asia-Europe (including Mediterranean)	**2,289,866**	7,578,525	-69.8
Intra-Asia (including Australia)	**1,713,130**	2,955,519	-42.0
Other international (including Trans-Atlantic)	**408,680**	1,058,580	-61.4
PRC coastal	**1,102,340**	1,847,089	-40.3
Sub-total	**8,794,732**	19,775,892	-55.5
Chartered out	**240,382**	200,834	19.7
Related business	**2,341,542**	3,520,765	-33.5
Total	**11,376,656**	23,497,491	-51.6

Fleet development

In the first half of 2009, our Group had 2 new container vessels with a total capacity of 14,526 TEUs delivered and put into operation. As at 30 June 2009, the operating fleet of our Group included 149 container vessels with a capacity of 554,000 TEUs, representing an increase of 20.9% as compared to the same period in 2008 and an increase of 11.7% as compared to the year end of 2008. However, excluding the chartered-out capacity, the actual capacity of our fleets maintained at about the same level as at the end of 2008.

In the first half of the year, our Group had no new orders for container vessels. As at 30 June 2009, our Group had an order book of 57 container vessels with a total shipping capacity of 430,000 TEUs. Our Group had postponed the part of the delivery of container vessels after negotiations with the ship builders.

	Owned		**Chartered**		**Total**	
Year	*Number of vessels*	*TEUs*	*Number of vessels*	*TEUs*	*Number of vessels*	*TEUs*
2009	4	20,400	—	—	4	20,400
2010	4	20,400	10	67,405	14	87,805
2011	7	29,750	7	77,853	14	107,603
2012	16	95,300	4	52,368	20	147,668
2013	5	66,750	—	—	5	66,750
Total	36	232,600	21	197,626	57	430,226

Operational strategies

Our Group managed our shipping capacity by various measures including leasing and exchanging vessels among alliances, chartering-out vessels, rescheduling delivery of vessels and terminating leases. As at 30 June 2009, net shipping capacity of our fleets increased by 7% as compared to the same period in 2008 and remained at about the same level as at 31 December 2008.

Our Group adopted various measures to optimize our route structure. Through alliance arrangements, our Group chartered-out vessels with a capacity of 10,000 TEUs each to our alliance partners in exchange for vessels with a capacity of 5,500 TEUs each and jointly operated new Far South-East Asia-Europe routes with such partners. As such, our Group utilized some of our excess capacity, obtained rents due to differences between the rents of the vessels exchanged and reduced cost of slots by using larger vessels. Through cross leasing of vessels with alliance partners, by exchanging vessels with a capacity of 3,000 TEUs with vessels with a capacity of 7,500 TEUs, the cost per container for the Persian Gulf route was significantly reduced. Furthermore, after the consolidation of three New Zealand routes into one route and the use of larger vessels through alliance arrangements with the partners, not only reduced the cost per container by 12% but also effectively lowered the supply in the market, which would be beneficial for the recovery of the freight rates.

Our Group valued the development and maintenance of our relationships with major and direct clients to secure fundamental demand, attract valuable goods and cargoes, and strengthen its extended and value-added services. With the implementation of the "Rules on Freight Rate Filing System for International Container Liners" by the Ministry of Transport of the PRC, grasping the opportunities from such implementation and benefiting from home country advantage, our Group began to adjust its freight rates upward and to re-impose surcharges in June 2009. Freight rates and surcharges of Europe-Mediterranean route, Persian Gulf route, Red Sea route, South Africa route and South America route generally increased.

As for cost control, our Group proactively bargained with suppliers for better preferential prices and waiver of charges. Our Group also significantly reduced our operating cost by streamlining the operation of its shipping routes, the storage and distribution of unused containers, the repair of containers and the use of chassis. Furthermore, port and terminal charges decreased in general. As compared to the beginning of the year, number of containers maintained reduced by 4.6%, maintenance cost of containers reduced by 3.5%, transhipment expenses reduced by 37% and fuel cost decreased by 49.9%.

Market outlook and operation plans

In light of the continuous decline of economy and trade, major shipping consultants had repeatedly lowered their forecasts on the growth of global container volume. According to the latest report of Drewry published in June, global container volume was estimated to fall notably by 10.3% in 2009. Despite the fact that the delivery of some vessels was postponed to post-2010, it is expected that aggregate capacity of global container fleet will still grow by more than 10% in 2009. In face of the significant over-supply and re-surging oil prices, it is expected that the operational conditions for the second half of the year will remain difficult.

Under this unprecedented difficult situation, liner companies increased cooperation to reduce shipping capacity in order to survive through this difficult time. Various cost control measures were also implemented. Cargo volume slightly grew in June when the market entered its traditional peak season and thus increased the confidence and determination in increasing freight rates. It is therefore believed that freight rates will increase and margins will improve in the second half of this year. Nevertheless, the general revival of global economy remains the key to the recovery of the container shipping market.

Our Group will continue to control the growth of our shipping capacity by cancelling or postponing some ship building orders, terminating vessel charters earlier, chartering-out vessels and disposing vessels that are obsolete to deal with the challenging environment and opportunity. Our Group will strengthen cooperation with members of CKYH Alliance to establish vessel pools for Asia-Europe and Trans-pacific routes. By optimizing the shipping capacity of secondary routes, the competitive advantage of our service quality will be maintained while the operating cost per container will be decreased. Our Group will actively drive the market by promoting a raise in freight rates. Our Group will also seek to separate the pricing of fuel surcharge and net freight rates, and to grasp opportunity to raise ancillary surcharges. Our Group will also focus in developing relationships with major and direct clients, emphasizing in gaining orders with high ancillary surcharges, such as reefers and special containers orders. Furthermore, our Group will pay attention to overseas purchase activities by the PRC Government and grasp the opportunities of return-trip shipping.

In order to enhance the quality and results of cost control measures, our Group will improve its accountability system by shifting the management focus from result evaluation to procedural control and risk alert. Our Group and its alliance partners will re-negotiate with its suppliers to fix or lower their charges, particularly on Europe and America regions. Depository expenses of containers will be further reduced by terminating container leases, optimizing shipping routes and improving the rate of utilisation of containers. Measures will be implemented to reduce fuel cost by improving fuel efficiency, shortening the berthing time of vessels, and by hedging fuel prices. Administration expenses will also be strictly controlled to ensure a year-on-year cost cutback of over 10%.

DRY BULK SHIPPING BUSINESS

Market review

China was one of the first to recover from the financial crisis. The import demands of China mainland for iron ores, coal and soya beans promoted the international dry bulk shipping market since mid-April. BDI index surpassed 4,000 points on 3 June 2009 and reached its record high of 4,291 points since October 2008. On 30 June 2009, the BDI index stabilized at 3,757 points, representing an increase of 386% as compared to 773 points in the beginning of the year. Average BDI index for the first half of the year was 2,128 points.

Results performance

In the first half of the year, the shipping volume of the dry bulk shipping business of our Group amounted to 129,272,900 tons, representing a period-on-period decrease of 4.8%. Dry bulk shipment turnover amounted to 660,248,000,000 ton-nantical miles, representing a period-on-period decrease of 2.8%. Of which, coal shipping volume amounted to 37,705,300 tons, representing a period-on-period decrease of 15.8%; ore shipping volume amounted to 57,765,000 tons, representing a period-on-period decrease of 8.8%; shipping volume of food amounted to 14,417,500 tons, representing a period-on-period increase of 16.2%; and shipping volume of other cargoes amounted to 19,385,100 tons, representing a period-on-period increase of 24.2%. Revenue from operations amounted to RMB11,111,572,000, representing a period-on-period decrease of 71.7%.

Operation strategies

Our Group continued the strategy to strengthen our key accounts and adopted a new account management method. In addition, our Group further expanded and maintained new clients with good history and reputation, and further cultivate the collaboration with our clients.

Vessel operations were managed in a balanced and orderly manner. Self-owned and chartered vessels as well as the non-contract cargos, COAs, long-term and short-term leasing and voyage charter businesses were centrally operated. The arrangement would maximize services provided to our clients while striving for higher profit margins.

Our Group further streamlined our management. In view of the prolonged market downturn, it was a key that our Group controlled our operating cost, which was achieved through various measures. It was evident that our Group achieved such results through our efforts on controlling port charges and seizing opportunities in shipping schedules and its execution. Hence, our Group has effectively strengthened our cost control and improved its profitability.

Our Group further strengthened our risk control by taking proactive measures to tackle various risks, including market risks, financial risks and operating risks.

As at 30 June 2009, completed and secured operating days accounted for 61.9% of the total operating days in 2009, and the completed and booked average time charter equivalent revenue per day of all vessel types was lower than the respective annual averages in 2008, representing a decrease of approximately two-thirds.

Fleet development

As at 30 June 2009, our Group operated 431 dry bulk vessels with a total of 33,922,000 DWT, representing an increase of 1.0% as compared to the same period last year and a decrease of 1.3% as compared to the year end of last year. Among which, 214 vessels were self-owned vessels with a total of 14,441,000 DWT. The average age of the vessels was 14.3 years; 217 vessels were chartered-in vessels with a total of 19,481,000 DWT.

Capacity of the dry bulk vessels (as at 30 June 2009)

Existing capacity	**Owned**			**Chartered-in**		**Total**	
Vessel type	**Number**	**DWT ('000 tons)**	**Average age (years)**	**Number**	**DWT ('000 tons)**	**Number**	**DWT ('000 tons)**
Capesize	24	4,288	7.0	52	8,930	76	13,218
Panamax	69	4,881	13.7	94	7,123	163	12,004
Handymax	80	3,839	13.2	46	2,418	126	6,257
Handysize	41	1,433	21.4	25	1,010	66	2,443
Total	214	14,441	14.3	217	19,481	431	33,922

After negotiation with ship builders, our Group cancelled orders of eight vessels and issued an announcement in relation to such cancellation. As at 30 June 2009, our Group had order book of 44 dry bulk vessels, with a total of 6,454,000 DWT, including 8 VLOC with a total of 2,381,000 DWT, 10 Capesize vessels with a total of 1,994,000 DWT, 15 Panamax vessels with a total of 1,452,000 DWT, and 11 Handymax vessels with a total of 627,000 DWT.

Orders of the dry bulk vessels (as at 30 June 2009)

Ordered Vessels	2009		2010		2011		2012		Total	
Vessel type	Number	DWT	Number	DWT	Number	DWT	Number	DWT	Number	DWT
VLO dry bulk vessels	4	1,191,000	4	1,190,000	—	—	—	—	8	2,381,000
Capesize	2	354,000	2	410,000	6	1,230,000	—	—	10	1,994,000
Panamax	3	228,000	9	879,000	3	345,000	—	—	15	1,452,000
Handymax	5	285,000	4	228,000	—	—	2	114,000	11	627,000
Total	14	2,058,000	19	2,707,000	9	1,575,000	2	114,000	44	6,454,000

The status of the Company's holding of FFAs

FFAs (i.e. forward freight agreements) is a type of forward contracts. In an FFA, terms such as voyage routes, prices, quantities, dates, calculation methods of settlement prices are provided, and both parties will also agree to receive or pay the difference in freight rate or charter hire rate between the official Baltic Freight Index and the agreed contract price at a certain future date and time. As such, FFAs play an important role in hedging against the risks from market fluctuations for shipping companies.

In the course of operating the FFAs business, China COSCO emphasized on risk control. China COSCO formulated and strictly implemented the regulations on FFAs operation, which strengthened the management of FFA business through organisational structure, duties segregation and operating procedures. The FFAs risk management policy was implemented to improve the risk management system of such business. For operational procedures, experienced personnel was designated to be in charge of the development of the FFAs business where the authorisation procedures were strictly in line with those for existing cargoes and vessels, and counterparties were stringently reviewed before being qualified for transactions. As a result, it effectively controlled the risk associated with such business.

As at 30 June 2009, the total fair value of FFAs derivative assets held by China COSCO amounted to RMB153,951,000 while the fair value of total FFA derivative liabilities amounted to RMB1,388,353,000, which were accounted as "derivative financial assets" and "derivative financial liabilities" in the balance sheet respectively.

Market Outlook and Operation Plans

In the second half of the year, driven by improving market conditions, such as turnaround in global steel demand, rebound in real estate markets and recovery of automobile sales, it is expected with the increasing positive factors, dry bulk cargo shipping demand will resume its growth. The demand in the China mainland remains a key factor. In the first half of the year, total imports of iron ores by China mainland amounted to 297 million tons, representing an increase of 67.33 million tons or 29.29% as compared to the same period last year. Although imports of iron ores by China mainland in the second half of the year is expected to be lower than that of the first half of the year, imports of iron ores for the whole year certainly will increase. The total coal imports of China mainland in the first half of the year amounted to 47.87 million tons, representing an increase of 122% as compared to the same period last year, and the net imports of coal amounted to 36.25 million tons. Following the turnaround of electricity output in the second half of the year, coal imports by China mainland are likely to continue to grow. Besides, in the second half of the year, with the recovery of the global economy, imports of Japan and South Korea, which are major coal importing countries, are expected to recover together as well as the demand for steel from the United States and Europe will turn around from the bottom of the market.

Overall, as the global economy is expected to recover during the second half of the year, dry bulk shipping demands from countries such as China and India will continue to grow and demands from Japan and the European Union are expected to recover, as the fourth quarter is the traditional peak season for major types of dry bulk cargoes in terms of demand, it is expected that the overall market condition will be better as compared to the first half of the year. However, market trends will be more volatile due to factors such as price negotiations of iron ores, seasonal factors, imbalance of monthly imports of iron ores by China mainland and the FFAs transactions.

In the second half of this year, our Group will continue to adhere to our policy of prudent operation with flexible response to changes to enhance risk control, and implementing arrangements for medium to long-term capacity while optimising current capacity for our operations. The key account strategy will continuously be promoted to enhance collaboration with major clients. Meanwhile, proportion of self-owned and chartered-in vessels will be adjusted reasonably. Structure of the fleet will be optimised according to market conditions. Strategy for coastal transportation will be intensified to increase the market shares of coastal transportation.

Logistics Business

Market review

During the first half of the year, COSCO Logistics continued to focus on reallocating resources and accelerating infrastructure construction so as to enhance the overall competiveness. As for our project logistics business in particular, the completion of the construction of systematic bulk land-transportation platform enabled our COSCO Logistics to integrate resources further. Moreover, with the strengthening of strategic cooperation, COSCO Logistics successfully bid for a number of large scale logistics projects such as nuclear power and petrochemicals projects.

Results performance

During the first half of the year, revenue of the logistics business of our Group amounted to RMB5,834,164,000, representing a decrease of 18.0% as compared to the same period in 2008. The business volumes of major segments of COSCO Logistics are set out in the table below:

	For the six months ended		
	2009	2008	% change
Third party logistics			
Product logistics			
Home appliance logistics (‘000 pcs)	**24,381**	29,439	-17.2
Chemical logistics (RMB million)	**41**	34	20.6
Project logistics (RMB million)	**617**	501	23.2
Shipping agency business (vessels)	**62,956**	65,336	-3.6
Freight forwarding business			
Marine shipping			
Bulk cargoes (tons)	**94,149,000**	76,065,620	23.8
Containers(TEUs)	**887,000**	1,147,911	-22.7
Air-freight (tons)	**38,466**	58,540	-34.3

Third party logistics business

With respect to home appliance logistics, COSCO Logistics maintained its superior market share and leading position. A total of 24,380,000 units were handled during the period, representing a decrease of 17.2% as compared to the same period in 2008.

With respect to chemical logistics, COSCO Logistics has become the leader in the chemical logistics industry in terms of its scale and capability by relying on its shipping capabilities and fully leveraging its shipping network advantages. During the first half of the year, net income amounted to RMB41 million, representing an increase of 20.6% as compared to the same period in 2008.

With respect to the project logistics, COSCO Logistics obtained a number of large scale project logistics projects due to the RMB4 trillion investment stimulus plan of the PRC, which created favourable market environment. Turnover for the first half of the year amounted to RMB617 million, representing an increase of 23.2% as compared to the same period in 2008. Furthermore, COSCO Logistics have secured a number of project logistics contracts, including key projects such as China Guangdong Nuclear Power Group Yangjiang Nuclear Plant Project (中廣核陽江核電場內項目), China National Nuclear Corporation Fangjiashan Nuclear Power Project (中核方家山核電項目), Dongfang Electric Corporation Mettur Power Plant Project in India (東方電氣印度麥拓電廠項目) and Sinopec Corporation Tahe Project in Xinjiang (中石化新疆塔河項目).

Shipping agency business

Facing with the impacts from the economic crisis on the shipping agency business, COSCO Logistics continuously improved the qualify of its services and strived to reduce cost by enhancing its business development. It strengthened marketing effort on its core clients through its comprehensive marketing system. It introduced innovative business model as well as tailor-made services. During the first half of the year, it provided agency service for a total of 62,956 voyages. Despite the slight decline in business volume as compared to the same period last year, COSCO Logistics maintained its leading position in the shipping agency market in the PRC.

Freight forwarding business

COSCO Logistics handled containers cargoes totalling 887,000 TEUs during the first half of the year, representing a decrease of 22.7% as compared to the same period last year, and handled bulk cargoes totaling 94,149,000 tons, representing an increase of 23.7% as compared to the same period last year. The total volume of air cargoes handled by COSCO Logistics amounted to 38,466 tons, representing a decrease of 34.3% as compared to the same period last year.

Market outlook and operation plans

During the year, the stimulus measures implemented by the PRC Government started to be effective. In particular, the restructuring of the logistics industry and the execution of the revival plan boosted the confidence of the overall logistics industry. With the recovery of the PRC economy, the domestic logistics industry showed signs of improvement, including stable and upward market trend, increase in investment and optimistic market sentiments.

Our Group will expedite the development of the logistics business by exploring overseas market and introducing value-added services. We will closely cooperate with the shipping business of COSCO to enhance the value-add for the product logistics projects. Our Group will strengthen the development of project logistics business in overseas market and capitalise on our key technologies to differentiate ourselves from domestic competitors.

For the shipping agency business, we strive to become the general agent for ship owners. We will maintain the market share of 50% in the public shipping agency market and secure a stable profit growth for the shipping agency business. For the freight forwarding business, we adjusted our focus to “direct cargo owners”, strengthened the development of integrated freight forwarding operations and enhanced our business profitability.

Terminal and related business

Market review

During the first half of the year, global terminal industry, which is closely related to the global trade development, decline significantly. For example, during the first half of the year, the decline in throughput of the five largest container ports of the world was around 15% - 20% for the container shipping business. Throughputs of Los Angeles and Long Beach in the United States decreased by 15.6% and 27.4% respectively; throughputs of Rotterdam and Antwerp in Europe decreased by 15% and 18.5% respectively as compared to the same period last year; and throughputs of Singapore, Hong Kong and Busan in Asia declined by 18%, 17% and 17.8% respectively as compared to the same period last year.

The terminal business in China mainland has encountered severe challenges. Container throughput of China mainland from January to June totalled 55.97 million TEUs, representing a period-on-period decrease of 11%. Among the five largest ports in the PRC, the throughputs of the ports in the Pearl River Delta and Yangtze River Delta experienced the most significant decline as compared with the average national throughput, of which, the decline in the Pearl River Delta region reached 20%. In the Bohai Rim region, as there were a high proportion cargoes for domestic trades, the decline in container throughput was relatively lower. As for Qingdao Port, Tianjin Port and Yingkou Port, these ports experienced a slight increase in container throughputs. Since March 2009, the plummeting trend of the container terminal throughputs has begun to slow down to around -10%, indicating that the container terminal throughputs might have reached their bottoms.

Results performance

In the first half of the year, the throughput of container terminals of COSCO Pacific amounted to 20,207,025 TEUs, representing a decrease of 8.5% as compared to the same period last year, among which, the throughput of 18 container terminal joint ventures in the PRC amounted to 18,298,499 TEUs, representing a decrease of 7.3% as compared to the same period last year. The throughput of overseas terminal joint ventures amounted to 1,908,526 TEUs, representing a decrease of 18.8% as compared to the same period last year.

The total throughput of terminals in Bohai Rim region amounted to 8,493,867 TEUs, representing an increase of 1.1% as compared to the same period last year. The total throughput of terminals in Yangtze River Delta amounted to 3,902,197 TEUs, representing a decrease of 14.7% as compared to the same period last year. The total throughput of terminals in Pearl River Delta and Southeast Coastal areas amounted to 5,902,435 TEUs, representing a decrease of 12.7% as compared to the same period last year.

The throughput of overseas terminals amounted to 1,908,526 TEUs. The throughput of COSCO-PSA Terminal in Singapore and Antwerp Gateway NV in Belgium has declined since the end of 2008 and recorded a worsened period-on-period decline in the first half of 2009. The Suez Canal Container Terminal experienced a growth in throughput as the vessels of CKYH Alliance began to utilize such terminal since the beginning of 2009. In the first half of 2009, as compared to the same period last year, the container throughput of COSCO Pacific increased by 13.6%.

Container terminal throughput

Container terminal joint ventures	Six months ended 30 June **2009** **(TEUs)**	**Six months ended 30 June** 2008 (TEUs)	Period-on-period change (%)
Bohai Rim	**8,493,867**	8,400,703	1.1
Qingdao Qianwan Container Terminal Co., Ltd.	**4,427,379**	4,315,000	2.6
Qingdao Cosport International Container Terminals Co., Ltd.	**588,495**	572,260	2.8
Dalian Port Container Co., Ltd.	**1,314,773**	1,272,752	3.3
Dalian Port Container Terminal Co., Ltd.	**697,356**	794,296	-12.2
Tianjin Five Continents International Container Terminals Co., Ltd.	**943,717**	962,681	-2.0
Yingkou Container Terminals Co., Ltd.	**522,147**	483,714	7.9
Yangtze River Delta	**3,902,197**	4,576,107	-14.7
Shanghai Container Terminals Co., Ltd.	**1,430,306**	1,848,826	-22.6
Shanghai Pudong International Container Terminals Co., Ltd.	**1,125,924**	1,314,428	-14.3

Container terminal joint ventures	Six months ended 30 June 2009 (TEUs)	2008 (TEUs)	Period-on-period change (%)
Ningbo Yuan Dong Terminals Operation Co., Ltd.	**494,794**	394,914	25.3
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**301,513**	377,091	-20.0
Yangzhou Yuanyang International Terminals Co., Ltd.	**93,973**	127,285	-26.2
Nanjing Port Longtan Container Co., Ltd.	**455,687**	513,563	-11.3
Pearl River Delta and Southeast Coastal areas	**5,902,435**	6,760,413	-12.7
COSCO-HIT Terminals (Hong Kong) Ltd.	**657,451**	883,700	-25.6
Yantian International Container Terminals Ltd. (Phase I, II & III)	**3,791,260**	4,264,901	-11.1
Guangzhou South China Oceangate Container Terminal Co., Ltd.	**884,220**	1,078,564	-18.0
Quanzhou Pacific Container Terminal Co., Ltd.	**439,734**	469,881	-6.4
Jinjiang Pacific Ports Development Co., Ltd.	**129,770**	63,367	104.8
Overseas	**1,908,526**	2,350,823	-18.8
COSCO-PSA Terminal Private Ltd.	**362,379**	677,308	-46.5
Antwerp Gateway NV	**297,045**	574,087	-48.3
Suez Canal Container Terminal S.A.E.	**1,249,102**	1,099,428	13.6
Total container terminal throughput in PRC	**18,298,499**	19,737,223	-7.3
Total container throughput	**20,207,025**	22,088,046	-8.5
Total bulk cargo throughput (tons)	**7,021,875**	6,568,015	6.9

Expansion projects

To cope with the challenging market environment, COSCO Pacific has strategically adjusted its investment in new terminals and expansion schedule of existing terminals since the second half of 2008. In the first half of 2009, no new berth came into operation and no investment in new terminal projects was executed. As at 30 June 2009, there were 89 container terminal berths and 8 bulk cargo terminal berths in operation with an annual handling capacity of 48,150,000 TEUs and 9,050,000 tons, respectively, which remained unchanged as compared to 2008.

Market outlook and operation plans

Boosted by various economic stimulus plans, the economies of certain countries and regions showed signs of recovery in the first half of the year. However, as the fundamentals of global demand did change, one should not be optimistic regarding the trend of global trades. According to the latest forecast of International Monetary Fund, the global trade will shrink by 12.2% in 2009, which implies that the development of container terminal business will remain very challenging in the second half of 2009.

As a result of the stimulus measures to boost domestic demand and to ease money supply in China mainland, it is expected that the economy of China mainland will recover sooner and stronger as compared to other countries in the second half of the year. However, it is quite uncertain whether the current recovery of the port industry in China mainland could be sustained in the second half of 2009 and domestic trade will be a key factor in such recovery. COSCO Pacific will continue to develop its terminal business at a reasonable pace. In addition, the handover of Pier 2 of the container terminal of Piraeus Port in Greece to COSCO Pacific is scheduled to take place on 1 October 2009. COSCO Pacific will strive to turn Piraeus Port in Greece into a world-class terminal that provides quality services to shipping companies.

CONTAINER LEASING, MANAGEMENT AND SALES BUSINESS

Market review

In the first half of the year, the operating environment of container shipping companies was difficult. Various shipping companies had to reduce their cost by suspending service and returning containers, to further postpone or cancel the delivery of new vessels and to dismantle more vessels. They also returned excess containers to container leasing companies. The return of large number of containers resulted in a decrease of the rate of container leasing and a significant increase in the number of containers in depots.

Results performance

Florens, a subsidiary of our Company, operates through the use of both self-owned containers and managed containers to effectively control the size of its container fleet. Currently, it is the second-largest container leasing company in the world. As at 30 June 2009, the size of the container fleet owned and managed by Florens was 1,605,963 TEUs, representing a slight decrease of 1.6% as compared to the same period last year. It accounted for a market share of approximately 13.6% among container leasing companies in the world. Its average leasing rate was 90.3%, which was higher than the average of the industry.

Our Group continued to adopt a light asset base business model to reduce operational risks and maintains a good balance between our self-owned containers and managed containers. As at 30 June 2009, 547,332 TEUs were leased to COSCON, representing a decrease of 2.3% as compared to the same period last year and accounted for 34.1% of the total number of containers. The number of containers leased to companies other than COSCON amounted to 315,947 TEUs, representing an increase of 3.3% as compared to the same period last year and accounted for 19.7% of the total number of containers. Managed containers amounted to 742,684 TEUs, representing a decrease of 3.0% as compared to the same period last year and accounted for 46.2% of the total number of containers.

Market outlook and operation plans

Despite of the recovery of the global economy and that the operating environment in the second half of the year will be better than that of the first half of the year, our Group is cautious about the general operating environment in the second half of the year. Our Group will continue to pursue the light asset base business concept and model, prudently develop our container fleet and maintain our leading position in container leasing industry in the world.

Container Manufacturing

As at 30 June 2009, COSCO Pacific, a subsidiary of the Group, held 21.8% equity interest in CIMC.

Production Safety

In the first half of the year, the Group strictly complied with the production safety guidelines and policies promulgated by the State Council of the PRC. China COSCO overcame a number of issues such as the global economic crisis and strengthened its scientific development model. To enhance the production services, China COSCO focused on its production safety measures, strengthened its management, introduced "three action projects" in relation to the promotion and education of safety production at all levels, production safety supervision and production safety management, implemented "three establishment projects" regarding the production safety system, safe production capabilities and production safety management team, identified the problems and provided solutions, tackled the prominent problems and weaknesses of safe production, and investigated the hidden dangers imperilling the safety of its production. There was no material or critical accident, and assured the continuous stability of the entire production safety system.

1. Marine accidents: three accidents in the first half of 2009. According to the requirements of the "Maritime Transport Accidents Statistics Reputation" issued by the Ministry of Transport, there were two general accidents and one minor accident, representing a decrease of one accident as compared to the same period last year.

2. Engine accident: no accident in the first half of 2009, which remained unchanged as compared to the same period last year.

3. Pollution accident: no pollution accident, which remained unchanged as compared to the same period last year.

4. Loading port inspections of 373 voyages, with no-defect confirmations issued for 261 voyages, representing a passing rate of 69.97% and two demurraged vessels, accounted for 0.54% of the total number of vessels, representing an increase of two vessels as compared to the same period last year.

5. Deaths and serious injuries: ten minor accidents causing ten minor injuries, and no death or serious injuries in the first half of 2009, which remained unchanged as compared to the same period last year.

6. One pirate attack in the first half of 2009, representing an increase of one incident as compared to the same period last year. There were no crew member deaths or property losses reported.

Energy Saving and Environmental Protection

In the first half of 2009, the Group was devoted to environmental protection and energy saving. With its continuous emphasis on its companies with substantial fuel consumption and emission, the Group strengthened its energy management for container vessels and improved its reporting system for reducing energy consumption and pollutant discharge. It also proactively conducted research on new and clean energy, and the establishment of energy-saving and emission reduction standards. It lowered cost through measures such as applying technological findings, introducing technological inventions, increasing the use of advanced technology and reducing energy consumption.

According to the energy consumption index issued by the Ministry of Transport, in the first half of 2009, the fuel consumption was 4.46 kg/thousand ton nautical miles, representing a decrease of 4.90% as compared to the same period last year.

Technology Innovation

With respect to the development of innovative enterprises by our Group, our project of "Ship and Cargo Online Monitoring System" under the National Key Technology Research and Development Programme was approved by the Ministry of Science and Technology in June 2009. The project was a breakthrough in certain areas of marine transportation monitoring and vessel safety management in the PRC, which was not only significant to the increase in our core competitiveness in the domestic marine transportation industry, but also a reference for the supervision and management of vessel safety for marine authorities. The project obtained 9 key technology proprietary intellectual properties and formulated 4 proposed standardisations. Furthermore, the "Demonstration and Development of Supply Chain Application Systems based on Intelligent Container Public Service System" project and European Union Seventh Framework Programme(FP 7), which aimed to increase the core competitiveness of shipping and logistics industries through information technology, were carried out as planned.

Financial Review

During the first half of 2009, the operational revenue of our Group amounted to RMB28,923,470,000, representing a decrease of RMB41,648,955,000, or 59.0%, as compared with RMB70,572,425,000 in the first half of 2008. In the first half of 2009, the loss attributable to the equity holders of the Company amounted to RMB4,594,102,000, as compared with a profit of RMB15,123,824,000 in the first half of 2008, representing a decrease of RMB19,717,926,000 or 130.4%. During the first half of 2009, the slowdown of the global economy and the decline of growth of the global trade have posted greater challenges for the international shipping market. With more substantial decreases in both shipping volume and freight rate as compared to the same period last year, the operation of the container fleet of our Group recorded greater loss. Despite of the recovery of the dry bulk market, revenue and profit of our dry bulk shipping business recorded significant decline as compared to the historic peak in the first half of 2008.

Operational Revenue

In the first half of 2009, the operational revenue of our Group amounted to RMB28,923,470,000, representing a decrease of RMB41,648,955,000, or 59.0%, as compared to RMB70,572,425,000 in the first half of 2008, of which:

- Revenue from container shipping and related business decreased by 51.6% to RMB11,376,656,000. Container shipping volume amounted to 2,354,343TEUs, representing a drop of 21.9% as compared to the first half in 2008. Average container freight rate amounted to RMB3,735.5/TEU, representing a decrease of 43.1% as compared to the same period last year. All routes recorded a decline in revenue as a result of the decreasing shipping volume and average freight rate. Among which, the revenue from Trans-Pacific and Asia-Europe routes recorded decreases of 48.2% and 69.8% respectively.

- Revenue from the dry bulk shipping and related business decreased by 71.7% to RMB11,111,572,000. In the first half of 2009, the average level of the BDI was 2,128 points, representing a decrease of 75.1% as compared to the average of 8,533 points for the first half of 2008. As a result of the sharp decline in international trade volume and the average charter hire rates, the revenue from the dry bulk shipping and related business recorded a period-on-period decrease of 71.7%, which was less significant than the drop of BDI. Of which, revenue from time chartering decreased by RMB19,077,520,000 or 76.3% and revenue from voyage chartering decreased by RMB9,156,267,000 or 65.9%.

- As compared with the revenues in the first half of 2008, revenue from logistics operations decreased by 18.0% to RMB5,834,164,000. Due to the decline in the growth of the global trade in the first half of 2009, logistics operations of our Group experienced a decline in its containers shipping and freight forwarding volume, which led to a decrease in revenue.

- Revenue derived from the terminal and related operations of COSCO Pacific recorded an increase of 11.0% to RMB278,429,000 as compared to RMB250,880,000 for the first half of 2008. Of which, for the first half of 2009, containers and dry bulk throughputs handled by Jinjiang Pacific Ports Development Co., Ltd. recorded significant increases to 129,770 TEUs and 780,274 tons, respectively, where the same period in 2008 was 63,367 TEUs and 371,491 tons, respectively, which led to a rise in revenue to RMB55,968,000, where the same period in 2008 was RMB21,294,000. Although the containers throughputs handled by Quanzhou Pacific Container Terminal Co., Ltd. decreased, its revenue increased by 6.6% to RMB113,351,000, where the same period in 2008 recorded RMB106,376,000, with an increase of its dry bulk throughputs for the period.

- Revenue derived from the container leasing business operated and managed by COSCO Pacific decreased by 15.0% to RMB322,649,000. During the period, since the number of returned containers sold upon expiry decreased significantly to 10,124 TEUs, where for the first half of 2008 was 20,072 TEUs, the revenue derived from disposal of the returned containers upon expiry during the period decreased to RMB72,410,000, where for the first half of 2008 was RMB157,104,000.

Operational Cost Analysis

In the first half of 2009, the operational cost of China COSCO decreased by 37.0% to RMB32,263,093,000 as compared with the same period last year, of which:

- The operational cost of container shipping and related business amounted to RMB14,285,583,000, representing a decline of RMB6,778,476,000, or 32.2% as compared to the same period last year. During the period, major cost, including cargo and transhipment and port charges, decreased significantly along with the decline in containers shipping volume. During the period, bunker cost decreased by RMB2,474,825,000, or 49.9%, to RMB2,482,588,000, which was due to the decreases in oil consumption and average oil price by 15.3% and 40.9% respectively. During the first half of 2009, bunker cost accounted for 17.4% of the operational cost of container shipping and related business.

- Total operational cost of dry bulk shipping and related business amounted to RMB12,015,071,000, representing a period-on-period decrease of RMB11,107,756,000, or 48.0%. Of which, vessel chartering expenses for the current period amounted to RMB10,660,702,000, representing a decrease of RMB4,900,856,000, or 31.5%, as compared with the first half of 2008. The decrease was mainly attributable to the drop in the price of chartered in vessels, resulting in a fall of the total charter cost. In addition, income and cost were recognized respectively based on the settlement of chartered-in contracts and the provision of RMB4,684,836,000 of the previous year was released accordingly. In respect of the fuel, bunker cost decreased by RMB373,314,000, or 18.4%, to RMB1,655,914,000 as a result of the fall of the international fuel prices. During the first half of 2009, bunker cost accounted for 13.8% of the operational cost of the dry bulk shipping business.

- The operational cost of the logistics business amounted to RMB5,139,466,000, representing a decrease of 20.9%, as compared to the same period last year. The decline of the operational cost during the period was mainly due to the decrease in containers shipping and air-freight forwarding volume.

- The operational cost of terminal and related business amounted to RMB186,264,000, representing an increase of 19.8%, as compared to the same period last year. The commencement of operation of Jinjiang Pacific Ports in April 2008 led to the increase of the total operational cost of the holding terminal company to RMB172,394,000, where for the first half of 2008 was RMB128,658,000.

- The operational cost of container leasing business amounted to RMB401,448,000, representing a decrease of 0.1% as compared to the same period last year.

Other income, net

The net amount of other income and other expenses of our Group in the first half of 2009 amounted to RMB1,207,422,000, representing a decrease of RMB758,679,000 as compared to the first half of 2008. Of which, gains of RMB667,069,000 was derived from FFAs held by the dry bulk shipping companies of our Group in the first half of 2009, representing a decrease of RMB542,296,000 as compared to the first half of 2008. During the first half of 2009, foreign exchange gains amounted to RMB78,387,000, representing a decrease of RMB224,759,000 as compared to the same period last year, which was due to the slowdown of the appreciation of RMB.

Selling, administrative and general expenses

In the first half of 2009, the administrative expenses of the Group amounted to RMB2,147,357,000, representing a period-on-period decrease of 8.7%, which was mainly attributable to decreases in items such as staff cost and travelling expenses.

Finance income

Finance income of the Group was mainly interest income from bank deposits. In the first half of 2009, finance income of the Group amounted to RMB219,048,000, representing a decrease of 53.9% as compared to the first half of 2008.

Finance cost

In the first half of 2009, the finance cost of the Group amounted to RMB584,252,000, representing a period-on-period increase of RMB110,031,000, or 23.2%. During the period, interest expenses increased due to the issue of five-year medium-term notes of RMB10 billion by the Company and the increase in working capital and other funds through bank borrowings by our subsidiaries.

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities to the Group amounted to RMB235,831,000 during the first half of 2009, representing a decrease of 45.3% as compared to RMB431,198,000 for the first half of 2008. Net profit contribution from associates amounted to RMB257,661,000, representing a decrease of 30.8% as compared to RMB372,468,000 for the first half of 2008. As the growth in the global economy and trades slowed down, and there being a recession in the international shipping market, most of the investment income from jointly controlled entities and associates in the first half of 2009 decreased.

Income tax expenses

In the first half of 2009, the income tax expenses of the Group were RMB-19,406,000, representing a decrease of RMB3,916,471,000 as compared to RMB3,897,065,000 in the same period last year. The period-on-period decrease was mainly due to the substantial drop in profit and the recognition of deferred income tax asset in respect of the tax losses recorded for the period by certain subsidiaries.

Working capital, financial resources and capital structure

As at 30 June 2009, the cash and cash equivalents of our Group increased by RMB11,169,978,000, or 35.4%, to RMB42,761,843,000 as compared to 31 December 2008. The increase in the balance of cash and cash equivalents at the end of the period primarily due to the issue of five-year medium-term notes of RMB10 billion by the Company during the period, the increase in working capital and other funds through bank borrowings of our subsidiaries. As at 30 June 2009, the remaining proceeds from the issue of H-Shares by China COSCO in 2005 was RMB304,436,000, and the remaining proceeds from the issue of A-Shares in 2007 was RMB4,659,770,000.

As at 30 June 2009, total outstanding borrowings of our Group were RMB49,323,655,000. After netting of cash and cash equivalents of RMB42,761,843,000, the net amount was RMB6,561,812,000.

The working capital and capital resources of our 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 our Group has been and is expected to be utilised for uses such as payment of operational cost, purchases of container vessels, dry bulk vessels and containers, investment in terminals, logistics project and repayment of loans.

Debt analysis

	As at 30 June 2009 RMB'000	As at 31 December 2008 *RMB'000*
By category		
Short-term borrowings and bonds payable	**6,721,004**	1,354,423
Long-term borrowings		
Within one year	**2,459,969**	2,274,229
In the second year	**4,984,159**	3,282,878
In the third to fifth years	**30,992,237**	14,079,481
After the fifth year	**4,166,286**	5,422,892
Subtotal	**42,602,651**	25,059,480
Total	**49,323,655**	26,413,903

Breakdown of borrowings by category:

The secured borrowings of our Group amounted to RMB9,272,557,000, while unsecured borrowings amounted to RMB40,051,098,000, representing approximately 18.8% and 81.2% of the total borrowings, respectively.

Breakdown of borrowings by currency:

Our Group had borrowings denominated in U.S. dollars equivalent to RMB35,991,102,000 and borrowings denominated in RMB amounting to RMB13,329,510,000, representing approximately 73.0% and 27.0% of the total borrowings, respectively.

Financial guarantee and contingent liabilities

As at 30 June 2009, our Group had provided a guarantee on a bank borrowing granted to an associate in the amount of RMB236,384,000, where such guarantee was RMB253,270,000 as at 31 December 2008. Except for information disclosed in note 19 to the unaudited condensed consolidated interim financial statements, our Group had no other significant contingent liabilities.

Foreign Exchange and interest rate risk management

For the first half of 2009, as our Group adopted stringent control over the use of financial derivatives and maintained the existing loans at floating rates. Our interest cost remained at a lower level under the current record-low interest rate.

With respect to exchange rate, the Group integrated its internal business flow so as to continue adjusting the currency structure between income and cost expenses, and between assets and liabilities. It also controlled foreign exchange risk through natural hedges of different internal currencies. In addition, the Group paid active attention to and conducted studies on the trends of various currencies. With its actual production and operational needs satisfied, the Group exercised control over foreign exchange risk through proper use of financial derivatives.

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 (including the adequacy of resources, qualification and experience of staffs with accounting and financial reporting function, and their training programme and budget), the completeness and accuracy of its accounts and to liaise on behalf of the directors of the Company with external auditors. The audit committee consists of two independent non-executive directors, Mr. Alexander Reid Hamilton (chairman of the audit committee) and Mr. Cheng Mo Chi, and one non-executive director, Ms. Sun Yueying, who will meet regularly with management of the Company and the Company's external auditors, review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2009, and recommended their adoption by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance by our 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 the 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 the Chief Executive Officer 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.

Except 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 2009.

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 set out in Appendix 10 to the Listing Rules as its own code of conduct ("Code of Conduct") regarding securities transactions of the Directors and Supervisor 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 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed Shares during the six months ended 30 June 2009. Neither the Company nor any of its subsidiaries purchased or sold any of the listed Shares during the six months ended 30 June 2009.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkex.com.hk). An interim report for the six months ended 30 June 2009 containing all the information required by Appendix 16 to the

Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share Interim Report prepared under the PRC Accounting Standards on the website of Shanghai Stock Exchange (http://www.sse.com.cn) for the reference by investors.

MEMBERS OF THE BOARD

As at the date of this announcement, the executive Directors are Mr. WEI Jiafu (Chairman and CEO) and Mr. CHEN Hongsheng (President); the non-executive Directors are Mr. ZHANG Fusheng (Vice Chairman), Mr. LI Jianhong, Mr. XU Lirong, Mr. ZHANG Liang and Ms. SUN Yueying; and the independent non-executive Directors are Ms. LI Boxi, Mr. Alexander Reid HAMILTON, Mr. CHENG Mo Chi and Mr. TEO Siong Seng.

DEFINITIONS

In this announcement, the following expressions have the following meaning unless the context requires otherwise:-

“A Shares”	PRC listed domestic shares of the Company, with a nominal value of RMB 1.00 each, which are subscribed and traded in RMB and listed on the Shanghai Stock Exchange
“BDI”	Baltic Exchange Dry Index
“Board”	Board of Directors
“CIMC”	China International Marine Containers (Group) Co., Ltd., a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange, and an associate of the Company
“CKYH Alliance”	the alliance between COSCON, Kawasaki Kisen Kaisha, Ltd., Yang Ming Line and Hanjin Shipping
“COA”	Contract of Affreightment

"Company" or "China COSCO" or "we" or "us"	China COSCO Holdings Company Limited, a joint stock limited company incorporated in the PRC with limited liability, of which its H Shares are listed on the Stock Exchange and its A Shares are listed on the Shanghai Stock Exchange
"Company's Corporate Governance Code"	the code of corporate governance practice of the Company
"COSCO"	(China Ocean Shipping (Group) Company), a Chinese State-owned enterprise, the controlling Shareholder of the Company
"COSCO Bulk"	(COSCO Bulk Carrier Co., Ltd.), a limited company established in the PRC
"COSCO Group"	COSCO and its subsidiaries (excluding our Group)
"COSCO International"	COSCO International Holdings Limited, an associated corporation of the Company
"COSCO Logistics"	(COSCO Logistics Co., Ltd.), a sino-foreign joint venture company established in the PRC and a subsidiary of the Company
"COSCON"	COSCO Container Lines Company Limited, a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
"COSCO Pacific"	COSCO Pacific Limited, a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange and an indirect subsidiary of the Company
"COSCO Singapore"	COSCO Corporation (Singapore) Limited, an associated corporation of the Company and a company listed on the Singapore Exchange Securities Trading Limited
"Drewry"	Drewry Shipping Consultants Limited
"Director(s)"	director(s) of the Company
"DWT"	deadweight tons

"Florens"	Florens Container Holdings Limited, a subsidiary of our Group and a wholly-owned subsidiary of COSCO Pacific
"FFA(s)"	forward freight agreement(s)
"Group"	the Company and its subsidiaries
"H Shares"	Hong Kong listed foreign shares of the Company, with a nominal value of RMB 1.00 each
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for the Securities Transactions by Directors of Listed Issuers
"PRC"	The People's Republic of China
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Senior Management"	senior management of the Company
"Shanghai Stock Exchange"	The Shanghai Stock Exchange
"Share(s)"	A Share(s) and/or H Share(s), being the ordinary share(s) in the registered capital of the Company, with a nominal value of RMB 1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"TEU(s)"	Twenty-foot equivalent unit(s), a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet

"%" per cent.

By Order of the Board
China COSCO Holdings Company Limited
WEI Jiafu
Chairman and CEO

Beijing, the PRC
27 August 2009

* *The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name "中國遠洋控股股份有限公司" and the English name "China COSCO Holdings Company Limited".*