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)

2010 INTERIM REPORT

Contents

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

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

Company Profile

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

ENGLISH NAME
China COSCO Holdings Company Limited
("**China COSCO**" or "**Company**")

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

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

BOARD OF DIRECTORS
WEI Jiafu *(Executive Director, Chairman and CEO)*
ZHANG Liang
(Executive Director and General Manager)
ZHANG Fusheng
(Non-executive Director and Vice Chairman)
LI Jianhong *(Non-executive Director)*
XU Lirong *(Non-executive Director)*
SUN Yueying *(Non-executive Director)***
CHEN Hongsheng *(Non-executive Director)*
LI Boxi *(Independent Non-executive Director)*
HAMILTON Alexander Reid
*(Independent Non-executive Director)**
CHENG Mo Chi
*(Independent Non-executive Director)***
TEO Siong Seng
(Independent Non-executive Director)

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

COMPANY SECRETARY
ZHANG Yongjian

AUTHORISED REPRESENTATIVES
ZHANG Liang
FENG Boming

H-SHARES AUDITOR
PricewaterhouseCoopers

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

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

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

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

A-Shares
Shanghai Stock Exchange
Stock Code: 601919

HONG KONG H-SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
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Financial Summary

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 ARE EXTRACTED FROM THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2010 WHICH HAS BEEN PREPARED UNDER THE HONG KONG ACCOUNTING STANDARD 34

	Six months ended 30 June 2010 ***(RMB'000)***	Six months ended 30 June 2009 *(RMB'000)* (Restated)	Change
Revenues	**45,547,579**	29,295,568	55.5%
Operating profit/(loss)	**4,642,817**	(4,277,993)	208.5%
Profit/(loss) before income tax	**4,879,575**	(4,152,606)	217.5%
Profit/(loss) attributable to equity holders of the Company	**3,445,950**	(4,602,115)	174.9%
Basic earnings/(loss) per share	**RMB0.3373**	RMB(0.4505)	174.9%

Chairman's Statement

Dear shareholders,

First of all, I would like to take this opportunity to express my heartfelt gratitude to all shareholders for your care and support for China COSCO. With the efforts of our staff, China COSCO has expanded its market share and improved its operating performance. It has also put emphasis on market development, customer management and cost control. As a result, the Group recorded a significant growth in operating results for the first half of the year. On behalf of the Board of Directors, I am pleased to present to the shareholders the interim report of China COSCO and its operating results for the first half of 2010.

In the first half of 2010, the Group recorded revenues amounted to RMB45,547,579,000, representing an increase of 55.5% as compared to the same period last year. Profit attributable to equity holders of the Comany amounted to RMB3,445,950,000, representing an increase of 174.9% as compared to the same period last year.

Due to the continuous recovery of the global economy in the first half of the year despite market fluctuation, major economies have gradually bottomed out and their consumer spending has realised a strong growth. As such, international trade, shipping volumes and terminal throughputs have increased significantly, resulting in a favorable effect on the operations of the Group.

During the period under review, the shipping volume of the container shipping and related business of the Group amounted to 2,950,120 TEUs, representing an increase of approximately 25.3% as compared to the same period last year. Revenues amounted to RMB20,944,985,000, representing an increase of 78.3% as compared to the same period in 2009. In the first half of the year, the shipping volume, the freight rates and demands of container shipping increased. The Group proactively grasped opportunities and took measures to revise the freight rates and collect surcharges. In addition, the Group endeavoured to increase the number of vessels and reduce speed and promote the cooperation with the CKYH Alliance in Europe and America to further optimise its cost structure and improve its sales mechanism. The Group also focused on the balance of the sizes and types of containers, and improved its inland collection, distribution and transportation channels such as sea-to-rail transportation network.

As at 30 June 2010, the fleet operated by the Group comprised 150 container vessels with a total capacity of 597,030 TEUs, representing an increase of 7.7% as compared to the corresponding period of 2009, and an increase of 6.4% as compared with that of the end of 2009. In the first half of 2010, the Group took delivery of 11 container vessels with a capacity of 69,627 TEUs. At present, the Group has 43 container vessel orders with a total capacity of 345,206 TEUs.

For the period under review, the shipping volume of the dry bulk shipping business of the Group amounted to 140 million tons, representing an increase of 8.2% when compared to the same period last year. Turnover of the shipping business amounted to 685.058 billion ton nautical miles, representing a period-to-period increase of 3.8%. Revenues amounted to RMB16,751,810,000, representing an increase of 50.8% when compared to the same period last year. The international dry bulk shipping market improved in the first half of the year when compared to last year. However, the market became increasingly volatile. The Group devoted to research on market trend, maintained relationship with major customers, actively explored new customers and secured regular shipping demand. The Group endeavoured to shorten shipment and reduce leasing costs. The Group also strictly controlled its costs and maintained safety of the goods to achieve a sustainable development.

As at 30 June 2010, a total of 449 dry bulk vessels of 38,922,000 DWT were operated by the Group, of which 226 vessels of 17,736,000 DWT were self-owned vessels and 223 vessels of 21,186,000 DWT were chartered-in vessels. The Group had an order book of 22 dry bulk vessels of 3.42 million DWT.

As for the logistics business, the Group endeavored to become the most competitive logistics supplier in China. In the first half of the year, the Group continued to maintain its leading position in the industry. The revenues from the logistics business of the Group amounted to RMB6,770,748,000, representing an increase of 16.1% as compared to the same period last year. Given the promising outlook of the product logistics and project logistics markets, the growth of freight forwarding and shipping agency businesses continued. The Group recorded remarkable results by further enhancing its services, improving the function of its nationwide network, proactively focusing on its major customers and strengthening the development of overseas emerging markets.

As for the terminal business, the container throughput of the Group for the first half of 2010 amounted to 22,430,000 TEUs, representing an increase of 18.7% as compared to the same period last year. The Group endeavored to further consolidate its leading position in the global market by developing terminal business, increasing its controlling interests, expanding its global terminal network, strengthening the diversification of terminal investment and promoting its enterprise value.

With respect to the container leasing business, the Group continued to rank second in the world with a market share of approximately 14.4%. The overall average leasing rate of its container fleet in the first half of 2010 was higher than the average of the market. The Group will continue to control the scale of its container fleet by pursuing the light asset base business model.

Looking forward, the global economy may continue to be subject to a number of risks. It is expected that the outlook of the shipping industry will generally improve as compared with 2009. Though various uncertainties remain, the shipping industry will recover and develop amid market fluctuation. China COSCO will proactively cope with the new changes in the post-financial crisis era and focus on economy of scale. The Group will continue to capitalise on the PRC market to maintain the growth of its businesses including container shipping, dry bulk shipping, logistics, terminals and container leasing operations. It will strive to increase and leverage the synergy effects of various businesses and expand into other shipping businesses.

The Board of Directors of China COSCO and the entire staff will endeavour to actively facilitate the implementation of overall strategy in accordance with the principle of "overall planning and implementing in phases" and maximise value for the shareholders.

Wei Jiafu
Chairman

26 August 2010

CHANGES IN THE SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There were no changes to the shareholdings of the directors ("Directors"), supervisors ("Supervisors") and senior management ("Senior Management") of the Company.

APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there was no appointment or change of Directors, Supervisors and Senior Management.

In the first half of 2010, the Group recorded revenues of RMB45,547,579,000, realising an operating profit of RMB4,642,817,000. The profit attributable to equity holders of the Company amounted to RMB3,445,950,000.

CONTAINER SHIPPING AND RELATED BUSINESS

Market review

As global economic conditions improved in the first half of 2010, major economies were recovering from recession. Under these circumstances, both shipping volume and freight rates in the container shipping market increased significantly. With strong shipping demand, shipping volume had a significant growth and freight rates substantially resumed the normal level. In particular, there was a significant growth in shipping volume of two major routes, namely Trans-Pacific and Asia-Europe routes. Freight rates increased sharply as compared to the same period last year, which was close to or even exceeded the rates during the same period in 2008. Market conditions in Asia and Africa have greatly improved as compared to the same period last year.

Results performance

In the first half of 2010, shipping volume of the container shipping and related business of the Group amounted to 2,950,120 twenty-foot equivalent units ("TEUs"), representing an increase of approximately 25.3% as compared to the same period in 2009. Revenues amounted to RMB20,944,985,000, representing an increase of 78.3% as compared to the same period in 2009.

Shipping volume by routes

	For the six months ended 30 June		
	2010 TEUs	2009 TEUs	Change %
Trans-Pacific	**748,424**	490,989	52.4
Asia-Europe (including Mediterranean)	**588,288**	535,059	9.9
Intra-Asia (including Australia)	**792,086**	634,931	24.8
Other international (including Trans-Atlantic)	**81,739**	96,934	-15.7
PRC	**739,583**	596,430	24.0
Total	**2,950,120**	2,354,343	25.3

Revenues by routes

	For the six months ended 30 June		
	2010	2009	Change
	RMB'000	*RMB'000*	%
		(Restated)	
Trans-Pacific	**6,166,382**	3,280,716	88.0
Asia-Europe (including Mediterranean)	**5,587,190**	2,289,866	144.0
Intra-Asia (including Australia)	**3,118,171**	1,713,130	82.0
Other international (including Trans-Atlantic)	**632,830**	408,680	54.8
PRC	**1,691,289**	1,102,340	53.4
Sub-total	**17,195,862**	8,794,732	95.5
Chartered out	**245,609**	240,382	2.2
Related business	**3,503,514**	2,713,640	29.1
Total	**20,944,985**	11,748,754	78.3

Fleet development

In the first half of 2010, the Group had 11 new container vessels with a total capacity of 69,627 TEUs delivered and put into operation. As at 30 June 2010, the operating fleet of the Group included 150 container vessels with a total capacity of 597,030 TEUs, representing an increase of 7.7% as compared to the same period in 2009 and an increase of 6.4% as compared to the end of 2009.

In the first half of 2010, the Group had no new orders for container vessels. As at 30 June 2010, the Group had an order book of 43 container vessels with a total shipping capacity of 345,206 TEUs.

	Owned		**Chartered-in**		**Total**	
Year	**Number of vessels**	**TEUs**	**Number of vessels**	**TEUs**	**Number of vessels**	**TEUs**
2010	2	10,178	2	13,007	4	23,185
2011	—	—	7	77,853	7	77,853
2012	13	82,550	4	52,368	17	134,918
2013	15	109,250	—	—	15	109,250
Total	30	201,978	13	143,228	43	345,206

Operation strategies

Following the successful implementation of Vessel Pool plan in the low season and a significant loss reduction, the Group capitalised on market recovery to reinforce cooperation with our alliance partners for the resumption of shipping capacity and structural adjustment. For instance, shipping space of Asia-Europe and Trans-Pacific routes increased by 40% and 43% respectively as compared to the low season. The Group added extra vessels to America and Europe routes for higher efficiency in light of the peak season for the major routes shipment.

The Group strived to revise the freight rates and re-impose various surcharges. The contract freight rates of Trans-Pacific routes increased substantially this year while those of Asia-Europe routes were also raised at the beginning of the year. In June, the Group imposed surcharges on containers of cross-straits and Southeast Asia routes. Such surcharges are now applied on other routes.

By enhancing the marketing mechanism and setting up special containers trade areas, the Group focused on developing the cargo sources for reefers, special containers and projects. The Group promoted shipping space pre-allocation mechanism reform. The authority to distribute the FOB shipping spaces was relocated to the local offices based on sales budget and revenues contribution to better suit the market trend and to enhance our customer services.

The Group enhanced inland collection, distribution and transportation channels such as sea-rail transportation and strengthened co-operation with China Railway Group Limited on the inland railway container stations. By strengthening the promotion and application of e-commerce, the Group recorded a significant increase in the usage of online tracking, online electronic container collection and VIP EDI data exchange, etc., as compared to the same period last year.

In view of a shortage of containers in the entire industry in the first half of 2010, the Group established a container management mechanism based on the sales volumes of different routes. By streamlining its internal structure and accelerating the turnover of containers to satisfy customers' needs, the Group recorded an increase of 25.3% in shipping capacity as compared to the same period last year along with an increase of only 4.1% in container fleet, a reduction of 6.6% in the number of turnover days of onshore containers.

The Group joined hands with alliance partners to increase the number of vessels and reduce vessel speed. As at the end of June, the Group increase the number of vessels and reduced vessel speed on 10 independently-operated and jointly-operated routes such as North Western Europe, Mediterranean, America and Asia-Pacific routes. With an increase of 43,000 TEUs in shipping capacity as compared to the same period last year, the fuel reduction in the first half of 2010 amounted to 25,000 tons as compared to the same period last year.

Market outlook and operation plans

As the global economy continued to recover, according to the latest report published by Clarksons in July, global container volume is expected to increase by 10.9% this year. Shipping capacity is expected to increase by 8.4%, which is lower than the increase in shipping volume.

The Company will prudently control the scale and shipping capacity of different routes in low season through measures such as early termination of leases, leasing out and early retirement of old vessels.

The Group will keep track of the market recovery paces of various economies and will pay attention to emerging markets such as the west of South America, Africa, India, Islamic Republic of Pakistan and Middle East. It will seize the new opportunities for related routes brought about by the ECFA agreements entered into between Mainland China and Taiwan and the development of China-ASEAN Free Trade Area.

The Group will strengthen the competitive advantages of its delivery time and improve onward forwarding to further enhance its transhipment services. The Group will also accelerate the establishment of extended value-added services and improve inland transportation channels. Furthermore, the Group will keep upgrading information services such as e-commerce.

The Group will capitalise on opportunities and apply strategies to raise freight rates and impose various surcharges. The Group will accelerate the restructuring of its customer profile and sources of cargoes. It will also adjust the shipping ratio of customers for various routes in phases. The Group will also focus on securing containers with high profit margin such as reefers, consolidated cargoes and important goods.

The Group will negotiate with its suppliers on the charges in 2011 in advance and ensure the availability of containers. In addition, the Group will balance the sales demand on the sizes and types of containers and streamline the distribution of unused containers and relocation of loaded containers to improve turnover rate. The Group will also improve its system for reducing energy consumption by increasing the number of vessels and reducing vessel speed. The application of “zero ballast”(零壓載水)of vessels will be accelerated. It will also enhance the research on new energy saving vessel model and new technology and control the bunker cost through spot prices and bulk purchases. The Group will strengthen the cooperation with COSCO Container Lines Company Limited (“COSCON”), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company, Kawasaki Kisen Kaisha, Ltd., Yang Ming Line and Hanjin Shipping (collectively, “CKYH Alliance”) in Europe and America to further streamline the cost structure.

DRY BULK SHIPPING BUSINESS

Market review

As the global economy continued to recover, the international dry bulk shipping market in the first half of 2010 was generally better than that of last year. However, the market became increasingly volatile. The average Baltic Exchange Dry Index ("BDI") was 3,165 points, representing an increase of 48.7% as compared to the same period last year. The average China Coastal Bulk Freight Index ("CCBFI") amounted to 1,508 points in the first half of the year, representing an increase of 25% as compared to the same period last year. As at 26 May 2010, the BDI was 4,209 points, a record high since December 2009.

Results performance

The dry bulk shipping business of the Group had a stable growth in the first half of 2010 and the shipping volume amounted to nearly 140 million tons, representing an increase of 8.2% as compared to the same period last year. Dry bulk shipment turnover amounted to 685,058 million ton-nautical miles, representing an increase of 3.8% as compared to the same period last year. Revenue from operations amounted to RMB16,751,810,000, representing an increase of 50.8% as compared to the same period last year. As at 30 June 2010, the ratio of committed operating days for dry bulk shipping in 2010 was 70%. Time charter rates of various types of vessels recorded an average increase of approximately 40% as compared to last year.

Operational strategies

The Group continued to develop key accounts and target quality customers. It also strived to secure stable fundamental sources of containers and increase the proportion of contract of affreightment ("COA") so as to maintain a sustainable development of its operation.

The Group was devoted to maximize its profit through continuous expansion and effective hedging measures. It was committed to expansion in phases. This would help increase future profits by leveraging on high market prices.

The Group made long-term and immediate investment decisions for different operations in response to the market conditions. It utilised short and long term chartered-out shipping capacity flexibly to adopt to the higher market end.

The Group endeavored to maintain a low-cost strategy. It seized favourable market opportunities to lower the total cost of fleet by adjusting the proportion of owned and chartered-in shipping. The Group continued to develop the operation of chartered-in shipping by implementing flexible measures and improved the vessel types and age structure of the vessels. It also continued to shorten shipment and reduce costs.

Fleet development

As at 30 June 2010, the Group operated 449 dry bulk vessels with a total of 38,922,048 deadweight tons ("DWT"), representing an increase of 14.7% as compared to the same period last year and an increase of 6.4% as compared to the end of last year. Among which, 226 vessels were self-owned vessels with a total of 17,736,183 DWT. The average age of the vessels was 13.1 years. 223 vessels were chartered-in vessels with a total of 21,185,865 DWT.

Capacity of the dry bulk vessels (as at 30 June 2010)

Existing capacity	Owned		Average age	Chartered-in		Total	
Vessel type	Number	DWT	Years	Number	DWT	Number	DWT
Capesize	35	7,244,880	6.4	66	11,478,282	101	18,723,162
Panamax	73	5,186,381	13.9	86	6,539,041	159	11,725,422
Handymax	85	4,175,427	12.1	39	2,065,291	124	6,240,718
Handysize	33	1,129,495	21.1	32	1,103,251	65	2,232,746
Total	226	17,736,183	13.1	223	21,185,865	449	38,922,048

As at 30 June 2010, the Group had an order book of 22 dry bulk vessels, with a total of 3,420,000 DWT, including 2 VLOC with a total of 594,000 DWT, 8 Capesize vessels with a total of 1,640,000 DWT, 10 Panamax vessels with a total of 1,072,000 DWT, and 2 Handymax vessels with a total of 114,000 DWT.

Orders of the dry bulk vessels (as at 30 June 2010)

	2010		2011		2012		2013		Total	
Vessel type	Number	DWT (1,000 ton)	Number	DWT (1,000 ton)	Number	DWT (1,000 ton)	Number	DWT (1,000 ton)	Number	DWT (1,000 ton)
VLOC	2	594	—	—	—	—	—	—	2	594
Capesize	1	205	5	1,025	—	—	2	410	8	1,640
Panamax	2	152	—	—	5	575	3	345	10	1,072
Handymax	—	—	—	—	—	—	2	114	2	114
Total	5	951	5	1,025	5	575	7	869	22	3,420

The status of the Company's FFAs

As at 30 June 2010, the total balances of liabilities under FFAs amounted to RMB111,184,000 which was accounted for as "derivative financial liabilities" in the balance sheet.

Market outlook and operation plans

In the second half of 2010, driven by the improving global economy, international dry bulk cargo shipping demand will sustain its growth momentum. The demand in China will continue to be the main driver of the dry bulk cargo shipping market. Domestic demand for iron ore will be boosted by the social welfare housing measures promoted by the PRC government whereas the demand for imported iron ore in China will remain blossom. Demand for imported coal and soybean will remain strong. It is expected that the coal and soybean imported by China will reach 160-180 million tons and over 50 million tons respectively in 2010. Besides, in the second half of the year, coal imports of Japan and South Korea, which are major coal importing countries, and emerging countries such as India, are expected to further increase. The demand for iron and steel from the United States and Europe will also grow in the right track. Dry bulk shipping market trend will be more uncertain and volatile due to factors such as progress of global economic recovery, macro-economic control policies of China and quarterly pricing of iron ores.

In the second half of the year, the Group will continue to adhere to its policy of prudent operation with flexibility to changes to enhance risk control, and implement arrangements for medium to long-term capacity while optimising current capacity for its operations. The key accounts will be further developed while collaboration with major customers will be enhanced. Fleet structure will also be optimised in line with market trend. Meanwhile, proportion of self-owned and chartered-in vessels will be adjusted reasonably to increase the market share of coastal transportation.

LOGISTICS BUSINESS

Market review

During the first half of the year, the Chinese economy experienced a significant growth and demand for logistics business grew rapidly. The logistics market rebounded significantly and the total social logistics volume increased by 18.4% as compared to the same period last year.

Results performance

During the first half of 2010, revenue of the logistics business of the Group amounted to RMB6,770,748,000, representing an increase of 16.1% as compared to the same period in 2009. The business volumes of major segments of COSCO Logistics Co., Ltd. ("COSCO Logistics"), a company established in the PRC and a wholly-owned subsidiary of the Company are set out in the table below:

	For the six months ended 30 June		
	2010	2009	change %
Third party logistics			
Product logistics			
Home appliance logistics ('000 pcs)	**44,884**	24,381	84.1
Chemical logistics (RMB ten thousands)	**5,081**	4,116	23.4
Project logistics (RMB million)	**543**	617	-12.0
Shipping agency business (vessels)	**67,453**	62,956	7.1
Freight forwarding business			
Marine shipping			
Bulk cargoes (thousand tons)	**97,974**	94,149	4.1
Containers (TEUs)	**1,104,033**	887,000	24.5
Air-freight (tons)	**55,646**	38,466	44.7

Third party logistics

With respect to home appliance logistics, COSCO Logistics maintained its leading position. The Group capitalised on the implementation of the polices of "Home Appliances to the Countryside Scheme" and "Home Appliances Replacement Scheme" to significantly increase its market share.

With respect to chemical logistics, COSCO Logistics capitalised its shipping network advantages and the income during the first half of 2010 amounted to RMB50.81 million, representing an increase of 23.4% as compared to the same period in 2009.

With respect to project logistics, sales volume amounted to RMB543 million, representing a decrease of 12% as compared to the same period last year. Such decrease was mainly due to the fact that many projects were at their startup phase. The projects in operation in the first half of the year included the Air Bus 320 Project, 818 Nuclear Energy Projects, nuclear projects, projects in India and petrochemicals projects, etc.

Shipping agency business

The number of voyages for which the Company provided agency services increased by 7.1%, as COSCO Logistics gained the trust of customers by marketing efforts and providing supplementary services such as "double field personnel system" for core customers. The competitiveness of shipping agencies of COSCO Logistics was therefore enhanced.

Freight forwarding business

COSCO Logistics handled container cargoes totalling 1,104,033 TEUs during the first half of 2010, representing an increase of 24.5% as compared to the same period last year, and handled bulk cargoes totaling 97,974,000 tons, representing an increase of 4.1% as compared to the same period last year. The air freight system handled 55,646 tons of air cargoes, representing an increase of 44.7% as compared to the same period last year.

Market outlook and operation plans

As the global economy will continue to grow in the second half of 2010, the demand in logistics market will further grow. It is expected that the logistics business will increase by 16.5% and the outlook is encouraging.

The Company will enhance the management of product logistics to secure more business and streamline its business structure. The Company will further extend the scope of service of logistics chain and focus on major customers and projects. For project logistics business, the Company will further increase market share and expand into emerging overseas markets.

Freight forwarding business will focus on “integration, focus and enhancement” and target at “direct cargo owners” and strengthen the development of integrated freight forwarding operations to improve our profitability. By leveraging on its leading position, COSCO Logistics will focus on the development of shipping agencies business so as to shorten shipment and to reduce cost. For air freight forwarding, it will develop direct customers and change its marketing strategies.

TERMINAL AND RELATED BUSINESS

Market review

In the first half of 2010, throughput of containers grew significantly. From January to June, throughput of ports in Asia achieved a better performance. The container throughput in major ports in the PRC was 68.702 million TEUs, representing an increase of 22.3% as compared to the same period last year. Throughput of ports in North America also grew in line with the further recovery of the consumption market in the United States.

Results performance

In the first half of 2010, container throughput of COSCO Pacific Limited (“COSCO Pacific”), a limited liability company incorporated in Bermuda, whose shares are listed on the Stock Exchange and an indirect subsidiary of the Company grew significantly and amounted to 22,428,048 TEUs, representing an increase of 18.7% as compared to the same period last year. The total throughput of terminal companies in the PRC amounted to 19,761,033 TEUs, representing an increase of 16.4% as compared to the same period last year. Throughput of overseas terminals amounted to 2,667,015 TEUs, representing an increase of 39.7% as compared to the same period last year.

COSCO Pacific is dedicated to expanding its terminal operation. It will pursue the strategy of increasing terminal investment with controlling interests, expanding its global terminal network, diversifying terminal investment portfolio and enhancing corporate value to consolidate its leading position in the global market. As such, the Company’s future profit growth will be mainly driven by its terminal business.

Throughput of terminal companies

Terminal company	**In the first half of 2010 (TEUs)**	In the first half of 2009 (TEUs)	Change (%)
Bohai Rim	**7,852,923**	7,179,094	9.4
Qingdao Qianwan Container Terminal Co., Ltd.	**4,982,054**	4,427,379	12.5
Qingdao Cosport International Container Terminals Co., Ltd.	**628,811**	588,495	6.9
Dalian Port Container Terminal Co., Ltd.	**787,558**	697,356	12.9
Tianjin Five Continents International Container Terminals Co., Ltd.	**909,696**	943,717	-3.6
Yingkou Container Terminals Co., Ltd.	**544,804**	522,147	4.3
Yangtze River Delta	**4,526,047**	3,902,197	16.0
Shanghai Pudong International Container Terminals Co., Ltd.	**1,083,764**	1,125,924	-3.7
Shanghai Container Terminals Co., Ltd.	**1,548,142**	1,430,306	8.2
Ningbo Yuan Dong Terminals Operation Co., Ltd.	**780,544**	494,794	57.8
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**397,267**	301,513	31.8
Yangzhou Yuanyang International Terminals Co., Ltd.	**141,492**	93,973	50.6
Nanjing Port Longtan Container Co., Ltd.	**574,838**	455,687	26.1
Pearl River Delta and Southeast Coastal areas	**7,382,063**	5,902,435	25.1
COSCO-HIT Terminals (Hong Kong) Ltd.	**765,177**	657,451	16.4
Yantian International Container Terminals Ltd.	**4,597,521**	3,791,260	21.3
Guangzhou South China Oceangate Container Terminal Co., Ltd.	**1,376,392**	884,220	55.7
Quanzhou Pacific Container Terminal Co., Ltd.	**496,404**	439,734	12.9
Jinjiang Pacific Ports Development Co., Ltd.	**146,569**	129,770	12.9
Overseas	**2,667,015**	1,908,526	39.7
Piraeus Container Terminal S.A.	**376,727**	N/A	N/A
Suez Canal Container Terminal S.A.E.	**1,378,881**	1,249,102	10.4
COSCO-PSA Terminal Private Limited	**550,437**	362,379	51.9
Antwerp Gateway NV	**360,970**	297,045	21.5
Total container throughput	**22,428,048**	18,892,252	18.7
Total bulk cargo throughput (tons)	**11,747,101**	7,142,073	64.5

Market outlook and operation plans

The State Information Center anticipated that the quarterly growth of import and export trade of China will slow down. Under this situation, domestic container terminal business will also be affected. As such, the Group will continue to pay close attention to the developments of global and domestic economies and formulate and adjust its strategies of investment and operation as and when appropriate. The Group will take proactive measures to maximise its operating efficiency by strategically restructuring its operations and optimising its business portfolio and resource allocation.

CONTAINER LEASING, MANAGEMENT AND SALES BUSINESS

Market review

In the first half of 2010, the container demand from shipping companies increased sharply, given most of the shipping companies maintained the policy of speed reduction despite their business growth. However, due to the influence of labour, equipment and purchasing of raw materials, production capacity of container resumed in a slow progress. The supply of containers was far from meeting the shipping business demand.

Results performance

Florens Container Holdings Limited ("Florens"), a subsidiary of the Group and a wholly-owned subsidiary of COSCO Pacific, and its subsidiaries continued to adopt a light asset base business model with the combination of owned containers, managed containers and sale and leaseback containers for the stable development of container leasing. According to the monthly report of World Cargo News in April 2010, Florens remains the second largest container leasing company in the world in terms of container fleet size, accounting for approximately 14.4 % of the container leasing market in the world, representing an increase of 0.8% as compared with the same period last year. As at 30 June 2010, the size of the container fleet of Florens was 1,597,779 TEUs, representing a slight decrease of 0.5% as compared to the same period last year. Its average leasing rate was 95.4% in the first half of the year, which was higher than the average of the industry.

Market outlook and operation plans

The container leasing industry is still expected to maintain its high leasing rate in the second half of 2010. The Group will continue to pursue the light asset base business concept and model to prudently and effectively develop our container fleet.

CONTAINER MANUFACTURING

In the first half of 2010, COSCO Pacific, a subsidiary of the Group, held a 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC"), a joint stock 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.

PRODUCTION SAFETY

In the first half of 2010, 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 impacts brought by the global economic crisis and strengthened its scientific development model. 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 imperiling the safety of its production. There was no material or critical accident, and the continuous stability of the entire production safety system of China COSCO was assured.

Accidents in the first half of 2010:

1. Marine accident: one accident. According to the requirements of the "Maritime Transport Accidents Statistics Reputation" issued by the Ministry of Transport, there was no general accident and one minor accident, which was the same as that of the corresponding period last year.
2. No engine accident.
3. No pollution accident.
4. Loading port inspections of 437 voyages, with no-defect confirmations issued for 348 voyages, representing a passing rate of 77.6% and one demurraged vessel, accounted for 0.23% of the total number of vessels, representing a decrease of one vessel as compared to the same period last year.
5. Death and serious injuries: eleven minor accidents causing eleven minor injuries, and no death or serious injuries.
6. No pirate attack.

ENERGY SAVING AND ENVIRONMENTAL PROTECTION

In the first half of 2010, the Group was devoted to environmental protection and energy saving. With continuous emphasis on its shipping 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 2010, fuel consumption was 4.05 kg/thousand ton nautical miles while fuel consumption in the first half of 2009 was 4.46 kg/thousand ton-nautical miles, representing a decrease of 9.19% as compared to the same period last year.

TECHNOLOGY INNOVATION

With respect to the establishment of innovative trial enterprises facilities for China COSCO, the Group continued to put efforts in technology innovation to further strengthen its core competitive edge. The Group has been participating in the national key technology project of "Demonstration and Development of Supply Chain Application Systems based on Intelligent Container Public Service System" (基於智能集裝箱公共服務系統的供應鏈應用系統開發與示範), and the research and development of the national project of "Information Technology Outsourcing of Large Enterprises"(大型骨幹企業資訊系統外包服務). The Group proactively conducted research on the application of environmental-friendly and energy-saving technology and green vessels, as well as the pre-feasibility research on the application of wind energy and solar energy on vessels, which continued to strengthen the Group´s technology innovation. The technological research project of "Transoceanic Shipping of Aircraft Components"(飛機大部件跨洋運輸技術) has passed the authentication by provincial authorities and was highly recommended. Its findings has met the international advanced standard and plays a significant role in enhancing the technology level of the Group as well as the logistic and shipping enterprises in the PRC and in turn, the competitive edges in the international markets.

FINANCIAL REVIEW

During the first half of 2010, the operational revenues of the Group amounted to RMB45,547,579,000, representing an increase of RMB16,252,011,000, or 55.5%, as compared with RMB29,295,568,000 in the first half of 2009. The profit attributable to the equity holders amounted to RMB3,445,950,000, representing an increase of RMB8,048,065,000, or 174.9%, as compared with RMB-4,602,115,000 in the first half of 2009. During the period, due to the recovery of the global economy and the shipping market, revenue from container shipping and related business increased by 78.3% as compared to the same period last year while revenue from dry bulk shipping and related business increased by 50.8% as compared to the same period last year. Driven by the rising revenue, improvements have been made in the operation and efficiency of the container shipping business and the dry bulk shipping business. As such, the Group's profit recorded significant increase as compared to the same period last year.

Operational revenues

In the first half of 2010, the operational revenues of the Group amounted to RMB45,547,579,000, representing an increase of RMB16,252,011,000, or 55.5%, as compared to RMB29,295,568,000 in the first half of 2009, of which:

- Revenue from container shipping and related business increased by 78.3% to RMB20,944,985,000. In the first half of 2010, container shipping volume of the Group amounted to 2,950,120 TEUs, representing an increase of 25.3% as compared to that of first half of 2009. Average container freight rate was RMB5,829/TEU, representing an increase of 56.0% as compared to that of first half of 2009. All major routes recorded increases in revenue as a result of the rising shipping volume and average container freight rate. Among which, the revenue from Trans-Pacific and Asia-Europe routes recorded increases of 88.0% and 144.0% respectively.

- Revenue from the dry bulk shipping and related business increased by 50.8% to RMB16,751,810,000. In the first half of 2010, the average level of BDI was 3,165, representing an increase of 1,037 points as compared with 2,128 points for the first half of 2009. Due to the recovery of global economy and the shipping market, and the increase of shipping volume and average freight rate, revenue from the dry bulk shipping and related business of the Group increased by 50.8%. Of which, revenue from time chartering and voyage chartering increased by RMB4,101,632,000, or 69.1%, and RMB1,689,628,000, or 35.7%, respectively.

- As compared with the revenues in the first half of 2009, revenue from logistics operations increased by 16.1% to RMB6,770,748,000. As the global economy has bottomed up, continuous growth of logistics business volume has been recorded. In addition, the Group has successfully developed various projects in the first half of 2010, which led to an increase in revenue.

- Revenue from the terminal and related business of COSCO Pacific recorded an increase of 144.2% to RMB679,827,000 as compared to RMB278,429,000 for the first half of 2009. Such increase was primarily attributable to the Piraeus Terminal. On 1 October 2009, the Group took over Pier 2 of the Piraeus Terminal, which generated a throughput of 376,727 TEUs and revenue of RMB318,173,000 for the first half of 2010. The significant increase in throughput of Yangzhou Yuanyang International Ports Co., Ltd. led to an increase in revenue of 55.3% to RMB98,010,000 as compared to the same period last year.

- Revenue from the container leasing business operated and managed by COSCO Pacific increased by 24.0% to RMB400,209,000. The increase was mainly due to the increase in the number of returned containers sold upon lease expiry to 18,288 TEUs during the period (first half of 2009: 10,124 TEUs), resulting in the increase in revenue from the disposal of returned containers upon lease expiry during the period to RMB122,433,000 (first half of 2009: RMB72,410,000).

Operational cost analysis

In the first half of 2010, the operational cost of the Group increased by 20.2% to RMB39,035,367,000 as compared with the same period last year, of which:

- The operational cost of container shipping business amounted to RMB18,470,190,000, representing an increase of RMB3,976,929,000, or 27.4%, as compared to the first half of 2009. During the period, cargo and transhipment expenses increased significantly along with the increase in containers shipping volume. Bunker costs increased to RMB3,901,918,000, representing an increase of RMB1,419,330,000, or 57.2%, as compared to the same period last year. The increase was primarily due to the increase in average oil price by 60.6%. During the first half of 2010, bunker costs accounted for 21.1% of the operational cost of container shipping and related business.

- Total operational cost of dry bulk shipping and related business amounted to RMB13,344,745,000, representing an increase of RMB1,329,674,000, or 11.1%, as compared to the same period last year. Of which, vessel chartering expenses for the current period amounted to RMB8,422,524,000, representing a decrease of RMB2,238,178,000, or 21.0%, as compared with the first half of 2009. The decrease was mainly attributable to the decrease in the leasing price of chartered-in vessels, resulting in a decrease of the total charter cost. In addition, as provision was made for the onerous contracts for charter-in vessels held by dry bulk shipping companies at the end of the period, costs for the period was increased by RMB549,615,000. At the same time income and cost were recognised respectively based on the actual settlement in accordance with the chartered-in contracts and the provisions for onerous contracts of RMB1,069,511,000 in respect of the previous year were realized or reversed during the period. Bunker cost increased by RMB574,176,000, or 34.7%, to RMB2,230,090,000 as a result of the increase of the international fuel prices. During the first half of 2010, bunker cost accounted for 16.7% of the operational cost of the dry bulk shipping business.
- The operational cost of the logistics business amounted to RMB6,000,579,000, representing an increase of 16.8%, as compared to the same period last year. The costs, such as travelling expenses and transportation expenses, arising from the operating activities was in line with the increase in business during the period.
- The operational cost of terminal and related business amounted to RMB630,663,000, representing an increase of 238.6%, as compared to the same period last year. Such increase was primarily attributable to the operational costs of Piraeus Terminal in Greece during the period. Increase in throughputs of container and bulk cargo of the terminals controlled by the Group also led to an increase in related operational costs.
- The operational cost of container leasing business amounted to RMB417,049,000, representing an increase of 3.9% as compared to the same period last year.

Other income/expenses, net

The net amount of other income and other expenses of the Group in the first half of 2010 amounted to RMB419,727,000, representing a decrease of RMB795,109,000 as compared to the first half of 2009. Such decrease was primarily due to the gains of RMB36,691,000 derived from FFAs held by the dry bulk shipping companies of the Group as compared with that of RMB667,069,000 in the same period last year.

Selling, administrative and general expenses

In the first half of 2010, the administrative expenses of the Group amounted to RMB2,289,122,000, representing a decrease of 0.6% as compared to the same period last year, which was mainly attributable to decreases in staff costs.

Finance income

Finance income of the Group was mainly interest income from bank deposits. In the first half of 2010, finance income of the Group amounted to RMB273,425,000, representing an increase of 24.1% as compared to the first half of 2009. During the period, cash held by the Group surpassed that for the same period last year, resulting in an increase of interest income.

Finance cost

In the first half of 2010, the finance cost of the Group amounted to RMB606,103,000, representing an increase of RMB19,575,000, or 3.3% as compared to the same period last year. Though total borrowings of the Group have increased, interest expenses remain at a relatively low level as compared with the same period last year.

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities and associates to the Group amounted to RMB569,436,000 during the first half of 2010, representing an increase of 15.8% as compared to RMB491,569,000 for the same period in 2009. In the first half of 2010, investment income from jointly controlled entities and associates has rebound due to the recovery of the global economy and shipping market.

Income tax expenses

In the first half of 2010, income tax expenses of the Group were RMB966,988,000, representing an increase of RMB979,550,000 as compared to RMB-12,562,000 in the same period last year. During the period, income tax expenses increased as a profit was recorded.

Working Capital, financial resources and capital structure

As at 30 June 2010, cash and cash equivalents of the Group decreased by RMB556,671,000, or 1.3%, to RMB43,541,357,000 as compared to 31 December 2009. During the period, net cash generated from operating activities of the Group increased in line with the significant increase in revenue. Net cash generated from financing activities was attributable to the placement of COSCO Pacific, a subsidiary of the Group. However, net cash generated from operating and financing activities was offset by net cash used in investing, including the acquisition of 10% equity interests of Yantian Terminal and ship construction.

As at 30 June 2010, total outstanding borrowings of the Group were RMB59,092,919,000. After netting of cash and cash equivalents of RMB43,541,357,000, the net amount was RMB15,551,562,000.

The working capital and capital resources of the Group have all along been and will continue to be generated from cash flows of operating activities, proceeds from new share issue and loan facilities from banks. Cash of the 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

By Category	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Short-term borrowings	**2,370,790**	3,703,366
Long-term borrowings		
Within one year	**4,039,242**	3,529,595
In the second year	**14,591,377**	5,583,538
In the third to fifth years	**30,904,138**	40,927,328
After the fifth year	**7,187,372**	6,606,588
Subtotal	**56,722,129**	56,647,049
Total	**59,092,919**	60,350,415

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB12,705,058,000, while unsecured borrowings amounted to RMB46,387,861,000, representing 21.5% and 78.5% of the total borrowings, respectively.

Breakdown of borrowings by currency:

The Group had borrowings denominated in U.S. dollars equivalent to RMB41,356,144,000 and borrowings denominated in RMB amounting to RMB17,454,488,000, representing 70.0% and 29.5% of the total borrowings, respectively.

Financial guarantee and contingent liabilities

As at 30 June 2010, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB184,144,000, where such guarantee was RMB217,055,000 as at 31 December 2009. Except for the information disclosed in Note 21 to the unaudited Condensed Consolidated Interim Financial Information, the Group had no other significant contingent liabilities.

Foreign exchange and interest rate risk management

In the first half of 2010, as the Group closely monitored the trends in financial market and changes in monetary policy, 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 kept track of and conducted studies on the trends of various currencies 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 currencies.

SHARE APPRECIATION RIGHTS PLAN

A share appreciation rights plan (the "Share Appreciation Rights Plan") was adopted by the Company, which was designed to align the interests of Directors, Supervisors and Senior Management with the operating results and the share value of the Company. The issuance of share appreciation rights does not involve any issuance of new shares, nor does it have any dilutive effect on the equity interest in the Company.

On 16 December 2005, the board of directors of the Company (the "Board") granted share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including nine Directors and three Supervisors at an exercise price of HK$3.195 each under the Share Appreciation Rights Plan. On 5 October 2006, the Board granted share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including eight Directors and three Supervisors at an exercise price of HK$3.588 each under the Share Appreciation Rights Plan. On 4 June 2007, the Company granted further share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including seven Directors and four Supervisors at an exercise price of HK$9.540 each under the Share Appreciation Rights Plan. As of 30 June 2010, the Company did not grant any share appreciation rights after the grant on 4 June 2007.

SHARE APPRECIATION RIGHTS PLAN *(Continued)*

Movements of the share appreciation rights which were granted pursuant to the Share Appreciation Rights Plan during the six months ended 30 June 2010 are set out below:

				Number of units of share appreciation rights						
Name of Director/ Supervisor	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed/ cancelled	Outstanding as at 30 June 2010	Approximate % of issued share capital of the H-Shares of the Company ("H-Shares") as at 30 June 2010	Note
WEI Jiafu	Beneficial owner	Personal	HK$3.195	680,000	—	—	—	680,000	0.03%	(1)
			HK$3.588	900,000	—	—	—	900,000	0.03%	(2)
			HK$9.540	880,000	—	—	—	880,000	0.03%	(3)
ZHANG Fusheng	Beneficial owner	Personal	HK$3.195	600,000	—	—	—	600,000	0.02%	(1)
			HK$3.588	800,000	—	—	—	800,000	0.03%	(2)
			HK$9.540	780,000	—	—	—	780,000	0.03%	(3)
ZHANG Liang	Beneficial owner	Personal	HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
LI Jianhong	Beneficial owner	Personal	HK$3.195	450,000	—	—	—	450,000	0.02%	(1)
			HK$3.588	600,000	—	—	—	600,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
XU Lirong	Beneficial owner	Personal	HK$3.195	375,000	—	—	—	375,000	0.01%	(1)
			HK$3.588	500,000	—	—	—	500,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
SUN Yueying	Beneficial owner	Personal	HK$3.195	450,000	—	—	—	450,000	0.02%	(1)
			HK$3.588	600,000	—	—	—	600,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
CHEN Hongsheng	Beneficial owner	Personal	HK$3.195	525,000	—	—	—	525,000	0.02%	(1)
			HK$3.588	700,000	—	—	—	700,000	0.03%	(2)
			HK$9.540	680,000	—	—	—	680,000	0.03%	(3)
LI Yunpeng	Beneficial owner	Personal	HK$3.195	450,000	—	—	—	450,000	0.02%	(1)
			HK$3.588	600,000	—	—	—	600,000	0.02%	(2)
			HK$9.540	580,000	—	—	—	580,000	0.02%	(3)
WU Shuxiong	Beneficial owner	Personal	HK$3.195	375,000	—	—	—	375,000	0.01%	(1)
			HK$3.588	500,000	—	—	—	500,000	0.02%	(2)
			HK$9.540	480,000	—	—	—	480,000	0.02%	(3)
MA Jianhua	Beneficial owner	Personal	HK$9.540	480,000	—	—	—	480,000	0.02%	(3)

SHARE APPRECIATION RIGHTS PLAN *(Continued)*

Notes:

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

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

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

SHARE OPTION SCHEME OF COSCO PACIFIC

At the special general meeting of COSCO Pacific held on 23 May 2003, its shareholders approved the adoption of a share option scheme (the "2003 Share Option Scheme").

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

		Number of share options							
Category	Exercise price HK$	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010	Approximate percentage of total issued share capital as at 30 June 2010	Exercisable period	*Note*
Directors									
WEI Jiafu	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
ZHANG Fusheng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
CHEN Hongsheng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
LI Jianhong	13.75	1,000,000	—	—	—	1,000,000	0.04%	02.12.2004-01.12.2014	(2), (4)
SUN Yueying	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)

SHARE OPTION SCHEME OF COSCO PACIFIC *(Continued)*

Category	Exercise price HK$	Number of share options: Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010	Approximate percentage of total issued share capital as at 30 June 2010	Exercisable period	*Note*
Supervisor									
LI Yunpeng	13.75	1,000,000	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
Others[5]	9.54	2,369,000	—	—	—	2,369,000	0.10%	(refer to note 1)	(1)
	13.75	16,972,000	—	—	(510,000)	16,462,000	0.75%	(refer to note 2)	(2)
	19.30	16,370,000	—	—	(400,000)	15,970,000	0.72%	(refer to note 3)	(3)
		41,711,000	—	—	(910,000)	40,801,000			

Notes:

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

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

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

(4) These options represent personal interests held by the relevant Directors or Supervisor as beneficial owners.

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

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

As at 30 June 2010, the interests of the Directors and Supervisors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFOs or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

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

Name of Supervisor	Capacity	Nature of interests	Number of A-Shares of the Company ("A-Shares")	Approximate percentage of total issued share capital of A-Shares
Mr. LI Yunpeng	Beneficial owner	Family	3,000	0.00004%
Mr. LUO Jiulian	Beneficial owner	Family	1,000	0.00001%

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

Name of associated corporation	Name of Director/ Supervisor	Capacity	Nature of interests	Number of ordinary shares	Percentage of total issued share capital
COSCO Corporation (Singapore) Limited	WEI Jiafu	Beneficial owner	Personal	1,900,000	0.08%
COSCO Corporation (Singapore) Limited	LI Jianhong	Beneficial owner	Personal	1,300,000	0.06%
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	1,400,000	0.06%

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

Movements of the share appreciation rights which were granted pursuant to the Share Appreciation Rights Plan during the six-month period ended 30 June 2010 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section.

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

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

Movements of the share options granted to the Directors or Supervisors by the associated corporations during the six-month period ended 30 June 2010 are set out as below:

					Number of share options						
Name of associated corporation	Name of director/ supervisor	Capacity	Nature of interests	Exercise price	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010	Percentage of total issued share capital of associated corporation as at 30 June 2010	Note
COSCO Pacific	WEI Jiafu	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
	ZHANG Fusheng	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
	CHEN Hongsheng	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
	LI Jianhong	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
	SUN Yueying	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
	LI Yunpeng	Beneficial owner	Personal	HK$13.75	1,000,000	—	—	—	1,000,000	0.04%	(1)
COSCO International	WEI Jiafu	Beneficial owner	Personal	HK$1.37	1,200,000	—	—	—	1,200,000	0.08%	(2)
	LI Jianhong	Beneficial owner	Personal	HK$1.37	1,200,000	—	—	—	1,200,000	0.08%	(2)
COSCO Singapore	LI Jianhong	Beneficial owner	Personal	S$1.23	700,000	—	—	—	700,000	0.03%	(3)
	SUN Yueying	Beneficial owner	Personal	S$1.23	700,000	—	—	—	700,000	0.03%	(3)

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

Notes:

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

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

(3) The share options were granted by COSCO Corporation (Sigapore) Limited ("COSCO Singapore"), an associated corporation of the Company and a company listed on the Singapore Exchange Securities Trading Limited on 21 February 2006 and can be exercised at S$1.23 per share at any time between 21 February 2007 and 20 February 2011.

Except as disclosed above, as at 30 June 2010, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to any Director of the Company, as at 30 June 2010, shareholders who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

		Number of H-Shares/Percentage of total issued share capital of the H-Shares						
Name	Capacity and nature of interest	Long position	(approx) %	Short position	(approx) %	Lending pool	(approx) %	*Note*
UBS AG	Beneficial owner	87,406,692	3.39	32,056,007	1.24	—	—	—
	Security interest	2,857,500	0.11	—	—	—	—	—
	Interest of controlled corporation	40,724,820	1.58	28,573,420	0.11	—	—	(1)
Blackrock, Inc.	Interest of controlled corporation	212,433,415	8.23	16,842,191	0.65	—	—	(2)
JP Morgan Chase & Co	Beneficial owner	35,692,405	1.38	14,912,460	0.58	—	—	—
	Invetment manager	19,797,000	0.77	—	—	—	—	—
	Custodian corporation/ approved lending agent	—	—	—	—	74,034,170	2.87	—
Deutsche Bank, Aktiengesellschaft	Beneficial owner	20,118,031	0.78	17,323,782	0.67	—	—	—
	Investment manager	26,459,065	1.03	—	—	—	—	—
	Security interest	106,440,586	4.12	102,197,996	3.96	—	—	—

Notes:

(1) The 130,989,012 shares relate to the shares directly held by the following related entities of UBS AG: UBS Securities LLC, UBS Global Asset Management (Japan) Ltd. and UBS Fund Management (Switzerland) AG. The short position of 60,629,427 shares relates to the shares directly held by the following related entities of UBS AG: UBS Securities LLC and UBS Global Asset Management (Singapore) Ltd.

(2) The 212,433,415 shares relate to the shares held by the following related entities of Blackrock, Inc.: Trident Merger, LLC, BlackRock Investment Management, LLC., BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC, BlackRock Delaware Holdings, Inc., BlackRock Institutional Trust Company N.A., BlackRock Fund Advisors, BlackRock Advisors Holdings Inc., BlackRock International Holdings Inc., BR Jersey International LP, BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Group Limited, BlackRock Advisors UK Ltd., BlackRock Investment Management (UK) Ltd, BlackRock Fund Managers Ltd and BlackRock International Ltd. The short position of 16,842,191 shares relates to the shares held by the following related entities of Blackrock, Inc.: BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC, BlackRock Delaware Holdings, Inc., BlackRock Institutional Trust Company N.A., BlackRock Advisors Holdings Inc., BlackRock International Holdings Inc., BR Jersey International LP, BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Group Limited and BlackRock Advisors UK Ltd.

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

As at 30 June 2010, so far as was known to the Directors of the Company, shareholders having interests in the A-Shares and H-Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

		Number of shares/Percentage of total issued share capital of the Company					
Name	**Capacity and nature of interest**	**Long position**	**(approx) %**	**Short position**	**(approx) %**	**Lending Pool**	**(approx) %**
China Ocean Shipping (Group) Company ("COSCO") (a Chinese State-owned enterprise and the controlling shareholder of the Company)	Beneficial owner	A Shares: 5,313,082,844 H Shares: 81,179,500 Total: 5,394,262,344	52.80	—	—	—	—

Except as disclosed above, as at 30 June 2010, so far as was known to the Directors of the Company, there was no person (other than a Director, Supervisor or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE ("LISTING RULES")

In relation to the financial assistance granted by COSCO Pacific, a listed subsidiary of the Company, to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2010 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	RMB'000 (approx.)
Non-current assets	52,374,728
Current assets	13,769,582
Current liabilities	(22,365,442)
Non-current liabilities	(20,524,592)
Net assets	23,254,276
Share capital	3,158,183
Reserves	10,383,639
Minority interests	9,712,454
Capital and reserves	23,254,276

As at 30 June 2010, the attributable interests of the Group in these affiliated companies amounted to approximately RMB6,637,161,000.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, qualification and experience of staff with accounting and financial reporting functions, 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 the management and external auditors of the Company, 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 2010, and recommended the adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted a code of corporate governance practice (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 2010.

INTERIM DIVIDEND

The Board does not recommend distribution of 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 have complied with the required standards set out in the Model Code and the Code of Conduct throughout the six months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2010. Save as disclosed below, neither the Company nor any of its subsidiaries have purchased or sold any of its listed securities during the six months ended 30 June 2010.

On 29 April 2010, COSCO Pacific Investment and COSCO Pacific entered into a placing agreement with the Placing Agents pursuant to which COSCO Pacific Investment agreed to sell and the Placing Agents agreed to purchase or procure purchasers to acquire up to an aggregate of 449,000,000 shares in the share capital of COSCO Pacific at a price of HK$10.40 per share. On the same date, COSCO Pacific Investment entered into a subscription agreement with COSCO Pacific pursuant to which COSCO Pacific Investment agreed to subscribe the number of shares sold under the placing agreement at the same price of HK$10.40 per share. On 12 May 2010, 449,000,000 shares in the share capital of COSCO Pacific were issued to COSCO Pacific Investment at HK$10.4 per share by COSCO Pacific.

Further details of the above arrangements have been disclosed in the announcement of COSCO Pacific dated 29 April 2010.

INVESTOR RELATIONS

The Company highly values investor relations at all time and considers the maintenance of investor relations as an on-going strategic work.

In the first half of the year, the Group had extensive communication with the capital market by organizing domestic and overseas road shows, reverse road shows, results press release, domestic and overseas investor meetings, corporate visits and telephone conferences. The Group had also organized and participated in a total of 7 group meetings and 145 personal meetings, with over 773 domestic and overseas institutional investors, strategic investors, analysts, etc. and answered thousands of telephone calls from individual investors. The Company promptly sent emails to investors that it has made contact with the announcements, circulars published by the Company, information about the shipping market and summary of analysts' reports, etc, which were mostly welcomed by investors.

We release the announcements of the Company, regular reports, updates of the Company, highlights of results, recordings of analysts' meetings, etc. and contact of analysts on the website of the Company and update such information in a timely manner. We also try our best to facilitate domestic and overseas media to conduct interviews and obtain public information subject to laws and regulations.

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

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

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

CORPORATE CULTURE

The Company views a positive corporate culture an important foundation for the continuous development of an enterprise. While actively expanding its business, the Group emphasises on building its corporate culture, creating a corporate value of "maximizing operational efficiency and company value and maximizing return for shareholders" among its employees and is committed to building a listed flagship and integrated platform for COSCO and its subsidiaries ("COSCO Group", excluding our Group). Having due regard to its employees, shareholders, customers, other stakeholders and the community as a whole, the Group cultivates corporate culture with "practical and cooperation" as its core and realizes the healthy and sustainable development of the Company.

Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2010

The unaudited condensed consolidated interim financial information of the Company prepared under Hong Kong Financial Reporting Standards as set out on pages 38 to 83 has been reviewed by the Company's independent international auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

PricewaterhouseCoopers has issued an unqualified review conclusion on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2010, the text of which is set out on page 84.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2010

	Note	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**64,864,268**	62,464,329
Investment properties	6	**451,817**	465,517
Leasehold land and land use rights	6	**2,044,758**	2,058,623
Intangible assets	6	**217,152**	214,321
Jointly controlled entities		**4,578,419**	4,398,655
Associates	7	**10,494,604**	6,158,879
Available-for-sale financial assets		**577,461**	2,734,777
Derivative financial assets	8	**141,055**	113,051
Deferred income tax assets		**1,878,915**	2,129,159
Loans to jointly controlled entities and associates		**1,276,243**	1,335,972
Restricted bank deposits		**71,701**	75,293
Other non-current assets		**414,400**	495,469
Total non-current assets		**87,010,793**	82,644,045
Current assets			
Inventories		**2,014,689**	1,782,590
Trade and other receivables	9	**12,433,783**	8,727,581
Available-for-sale financial assets		**—**	140,529
Derivative financial assets	8	**—**	2,829
Tax recoverable		**21,445**	316,435
Financial assets at fair value through profit or loss		**3,482**	4,670
Restricted bank deposits		**135,807**	24,596
Bank deposits and cash and cash equivalents		**43,541,357**	44,098,028
Total current assets		**58,150,563**	55,097,258
Total assets		**145,161,356**	137,741,303

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2010

	Note	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10(a)	**10,216,274**	10,216,274
Reserves		**33,905,981**	31,776,069
		44,122,255	41,992,343
Non-controlling interests		**14,207,371**	10,592,472
Total equity		**58,329,626**	52,584,815
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	**52,682,887**	53,117,454
Provisions and other liabilities	12	**1,467,111**	1,498,338
Derivative financial liabilities	8	**27,740**	55,192
Deferred income tax liabilities		**3,483,678**	3,057,369
Other non-current liabilities	13	**480,635**	—
Total non-current liabilities		**58,142,051**	57,728,353
Current liabilities			
Trade and other payables	14	**20,472,763**	17,691,586
Derivative financial liabilities	8	**83,444**	86,890
Short-term borrowings	15	**2,370,790**	3,703,366
Current portion of long-term borrowings	11	**4,039,242**	3,529,595
Current portion of provisions and other liabilities	12	**995,851**	1,523,134
Tax payable		**727,589**	893,564
Total current liabilities		**28,689,679**	27,428,135
Total liabilities		**86,831,730**	85,156,488
Total equity and liabilities		**145,161,356**	137,741,303
Net current assets		**29,460,884**	27,669,123
Total assets less current liabilities		**116,471,677**	110,313,168

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2010

	Note	Six months ended 30 June **2010** *RMB'000*	2009 *RMB'000* (Restated)
Revenues	5	**45,547,579**	29,295,568
Cost of services and inventories sold		**(39,035,367)**	(32,484,723)
Gross profit/(loss)		**6,512,212**	(3,189,155)
Other income, net		**419,727**	1,214,836
Selling, administrative and general expenses		**(2,289,122)**	(2,303,674)
Operating profit/(loss)	16	**4,642,817**	(4,277,993)
Finance income	17	**273,425**	220,346
Finance costs	17	**(606,103)**	(586,528)
		4,310,139	(4,644,175)
Share of profits less losses of			
- jointly controlled entities		**291,327**	234,030
- associates		**278,109**	257,539
Profit/(loss) before income tax		**4,879,575**	(4,152,606)
Income tax (expenses)/credit	18	**(966,988)**	12,562
Profit/(loss) for the period		**3,912,587**	(4,140,044)
Profit/(loss) attributable to:			
Equity holders of the Company		**3,445,950**	(4,602,115)
Non-controlling interests		**466,637**	462,071
		3,912,587	(4,140,044)
		RMB	*RMB*
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company - basic and diluted	20	**0.3373**	(0.4505)

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

		Six months ended 30 June **2010** *RMB'000*	2009 *RMB'000*
Distribution	19(a)	**—**	850

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) for the period	**3,912,587**	(4,140,044)
Other comprehensive income		
Available-for-sale financial assets		
- fair value losses, net of tax	**(123,967)**	(127,119)
- transferred to consolidated income statement upon sale	**(47,890)**	(581)
Cash flow hedges		
- fair value gains, net of tax	**—**	1,590
- transferred to consolidated income statement	**(1,816)**	—
Share of reserves of jointly controlled entities and associates	**(120,069)**	(94,516)
Reclassification of an available-for-sale financial asset to an associate		
- release of investment revaluation reserve	**(1,616,947)**	—
- share of reserves	**330,078**	—
Currency translation differences	**(395,538)**	45,444
Other comprehensive income for the period, net of tax	**(1,976,149)**	(175,182)
Total comprehensive income for the period	**1,936,438**	(4,315,226)
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**2,317,298**	(4,731,312)
Non-controlling interests	**(380,860)**	416,086
Total comprehensive income for the period	**1,936,438**	(4,315,226)

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2010

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2010	41,992,343	10,592,472	52,584,815
Comprehensive income			
Profit for the period	3,445,950	466,637	3,912,587
Other comprehensive income:			
Available-for-sale financial assets			
- fair value losses, net of tax	(114,876)	(9,091)	(123,967)
- transferred to consolidated income statement upon sale	(24,520)	(23,370)	(47,890)
Cash flow hedges			
- transferred to consolidated income statement	(1,816)	—	(1,816)
Share of reserves of jointly controlled entities and associates	(64,984)	(55,085)	(120,069)
Reclassification of an available-for-sale financial asset to an associate			
- release of investment revaluation reserve	(827,877)	(789,070)	(1,616,947)
- share of reserves	169,000	161,078	330,078
Currency translation differences	(263,579)	(131,959)	(395,538)
Total other comprehensive income	(1,128,652)	(847,497)	(1,976,149)
Total comprehensive income for the period ended 30 June 2010	2,317,298	(380,860)	1,936,438
Transactions with owners in their capacity as owners:			
Contribution from non-controlling shareholders of subsidiaries	—	156,748	156,748
Dividends paid to non-controlling shareholders of subsidiaries	—	(223,744)	(223,744)
Disposal of a subsidiary	—	(6,171)	(6,171)
Acquisition of additional interest in a subsidiary (note 25)	(344,993)	241,702	(103,291)
Placement of shares by a subsidiary (net off issue expense) (note 25)	157,607	3,827,224	3,984,831
Total transactions with owners	(187,386)	3,995,759	3,808,373
As at 30 June 2010	44,122,255	14,207,371	58,329,626

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2010

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2009, as previously reported	52,491,656	9,755,106	62,246,762
Adoption of merger accounting (note 24)	(348,072)	7,709	(340,363)
As at 1 January 2009, as restated	52,143,584	9,762,815	61,906,399
Comprehensive income			
Loss for the period	(4,602,115)	462,071	(4,140,044)
Other comprehensive income:			
Available-for-sale financial assets			
- fair value losses, net of tax	(104,649)	(22,470)	(127,119)
- transferred to consolidated income statement upon sale	(296)	(285)	(581)
Cash flow hedges			
- fair value gains, net of tax	1,590	—	1,590
Share of reserves of jointly controlled entities and associates	(50,732)	(43,784)	(94,516)
Currency translation differences	24,890	20,554	45,444
Total other comprehensive income	(129,197)	(45,985)	(175,182)
Total comprehensive income for the period ended 30 June 2009	(4,731,312)	416,086	(4,315,226)
Transactions with owners in their capacity as owners:			
Contribution from non-controlling shareholders of subsidiaries	—	146,957	146,957
Dividends paid to non-controlling shareholders of subsidiaries	—	(200,592)	(200,592)
Distributions (note 19(a))	(850)	—	(850)
2008 final dividend	(2,962,720)	—	(2,962,720)
Establishment of new subsidiaries	—	7,329	7,329
Reclassification of a jointly controlled entity to a subsidiary (note 26)	—	12,410	12,410
Contribution from then shareholder of a subsidiary	200,000	—	200,000
Disposal of a subsidiary	—	(3,223)	(3,223)
Disposal of shares in a subsidiary by a non-controlling interest	(392)	392	—
Acquisition of a subsidiary	—	7,735	7,735
Total transactions with owners	(2,763,962)	(28,992)	(2,792,954)
As at 30 June 2009, as restated	44,648,310	10,149,909	54,798,219

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from/(used in) operating activities	**4,700,153**	(7,991,084)
Net cash used in investing activities	**(6,822,051)**	(3,945,357)
Net cash generated from financing activities	**1,752,098**	23,075,325
Net (decrease)/increase in cash and cash equivalents	**(369,800)**	11,138,884
Cash and cash equivalents as at 1 January	**44,098,028**	31,826,918
Exchange losses	**(186,871)**	(6,628)
Cash and cash equivalents as at 30 June	**43,541,357**	42,959,174

The notes on pages 45 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

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 have been 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 (the "Group") include the provisions 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".

On 31 December 2009, the Group completed the acquisition from COSCO the entire equity interest in Shanghai Ocean Shipping Company Limited ("COSCO Shanghai") and its subsidiaries ("COSCO Shanghai Group") for a total consideration of RMB232,699,000.

The parent company of COSCO Shanghai Group is COSCO and the aforesaid transactions are regarded as business combinations under common control. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 has been restated as a result of adoption of merger accounting for the above business combinations under common control. Details of relevant statements of adjustments for the common control combinations on the Group's results for the six months ended 30 June 2009 are set out in note 24.

The unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 (the "unaudited Condensed Consolidated Interim Financial Information") was approved by the Board of Directors for issue on 25 August 2010.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This 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 2009 (the "2009 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

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

Adoption of new/revised HKFRSs

The significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2009 Annual Financial Statements except that, the Group has adopted the following amendments to standards and interpretations issued by the HKICPA which are relevant to its operations.

The amendments to standards and interpretations mandatory for the financial year ending 31 December 2010 are as follows:

HKAS 1 (Amendment)	"Presentation of Financial Statements"
HKAS 7 (Amendment)	"Statement of Cash Flows"
HKAS 17 (Amendment)	"Leases"
HKAS 32 (Amendment)	"Classification of Right Issues"
HKAS 36 (Amendment)	"Impairment of Assets"
HKAS 38 (Amendment)	"Intangible Assets"
HKAS 39 (Amendment)	"Financial Instruments: Recognition and Measurement"
HKFRS 2 (Amendment)	"Group Cash-settled Share-based Payment Transactions"
HKFRS 5 (Amendment)	"Measurement of Non-current Assets"
HKFRS 8 (Amendment)	"Operating Segments"
HK(IFRIC)- Int 9	"Reassessment of Embedded Derivatives"
HK(IFRIC)- Int 16	"Hedges of a Net Investment in a Foreign Operation"

Except that the adoption of HKAS 17 (Amendment) had resulted in a change in accounting policies as described below, the adoption of the above 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 17 (Amendment) removed the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of the standard. The change in the accounting policy in respect of the adoption of HKAS 17 (Amendment) had not been applied retrospectively as the effect of the reclassification in prior years was insignificant to the unaudited Condensed Consolidated Interim Financial Information.

The HKICPA has issued certain revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2010.

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 2010, 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 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the 2009 Annual Financial Statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Provision for onerous contracts

Management estimates the provision for onerous contracts being the present obligation of the unavoidable costs less the economic benefits expected to be received under those non-cancellable chartered-in dry bulk vessel contracts. The expected economic benefits are estimated based on contracted freight rates of associated chartered-out dry bulk vessel contracts, and estimated future freight rates by reference to market statistics and information while unavoidable costs are estimated based on charterhire payments that the Group is obligated to make under the non-cancellable chartered-in dry bulk vessel contracts.

Management conducted an assessment of the non-cancellable chartered-in dry bulk vessel contracts and provision amounted to RMB897,995,000 at 30 June 2010. (31 December 2009: RMB1,419,030,000) for onerous contracts (note 12). Those contracts under assessment relate to leases (i) with lease term expiring within 12 months from the balance sheet date; and (ii) with lease term expiring over 12 months from the balance sheet date in respect of the period being covered by the chartered-out dry bulk vessel contracts.

The dry bulk market is currently highly volatile and freight rates longer than 12 months are difficult to predict with a reasonable certainty. Management considers that it cannot reasonably assess as to whether the chartered-in dry bulk vessel contracts with lease terms expiring over 12 months after the balance sheet date and with period not being covered by chartered-out dry bulk vessel contracts are onerous as the economic benefits expected to be received from those contracts cannot be reliably measured.

As at 30 June 2010, the committed charterhire expenses of those non-cancellable chartered-in dry bulk vessel contracts with lease term expiring over 12 months from the balance sheet date of which management cannot reliably assess their onerous amounted to approximately RMB42,218,771,000 (31 December 2009: RMB45,949,946,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

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

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

The recoverable amounts of container vessels, dry bulk vessels and containers have been determined either based on value-in-use or fair value less costs to sell method. The fair values of the assets were determined by independent valuers based on market transactions at the balance sheet date. While the value-in-use calculations require the use of estimates on the projections of cash inflows from the continued use of container vessels, dry bulk vessels and containers (including the amount to be received for the disposal of container vessels, dry bulk vessels and containers) and discount rates. All these items have been historically volatile and may impact the results of the impairment assessment.

Based on management's best estimates, there was no impairment loss for container vessels, dry bulk vessels and containers noted during the period.

(c) Control over COSCO Pacific Limited ("COSCO Pacific")

In May 2010, COSCO Pacific, a subsidiary of the Company, placed its 449,000,000 existing shares to institutional investors at HK$10.4 per share. Upon the completion of the placing, the Group's equity interest in COSCO Pacific decreased from 51.2% to 42.72%. The Group remains as the single largest shareholder of COSCO Pacific.

Management has exercised its critical judgement when determining whether the Group has de facto control over COSCO Pacific by considering the following:

(i) the Group has obtained effective control over majority of the board of COSCO Pacific;

(ii) the Group has consistently and regularly held a majority of the voting rights exercised at COSCO Pacific's shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; and

(iii) the shareholding of other minority shareholders is dispersed and the chance of all other shareholders getting together to vote against the Group is remote.

Based on management's assessment, it is concluded that the Group has obtained de facto control over COSCO Pacific and the Group's 42.72% equity interest in COSCO Pacific is accounted for and consolidated into the unaudited condensed consolidated interim financial information of the Company as a subsidiary.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(d) Income taxes and withholding taxes

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

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

Recognition of deferred tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation or reversal may be different.

5 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	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Container shipping	**20,397,174**	11,376,656
Dry bulk shipping	**16,468,807**	10,677,547
Logistics	**6,770,748**	5,834,164
Container terminal operations	**679,827**	278,429
Container leasing	**400,209**	322,649
Turnover	**44,716,765**	28,489,445
Manning service income	**81,508**	184,230
Others	**749,306**	621,893
Total revenues	**45,547,579**	29,295,568

Operating segments

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, management, sale and related business
- Corporate and other operations that primarily comprise container manufacturing, investment holding, management services and financing.

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, bank deposits and cash and cash equivalents. Segment liabilities consist primarily of long-term borrowings, short-term borrowings, provisions and other liabilities, derivative financial liabilities, other non-current liabilities and payables. Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investments in jointly controlled entities and associates and other non-current assets (excluding finance lease receivables), including additions resulting from acquisitions through business combinations.

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

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	Six months ended 30 June 2010							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing, management, sale and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Income statement								
Total revenues	20,958,724	16,756,877	6,804,960	716,924	814,480	—	(504,386)	45,547,579
Inter-segment revenues	(13,739)	(5,067)	(34,212)	(37,097)	(414,271)	—	504,386	—
Revenues (from external customers)	20,944,985	16,751,810	6,770,748	679,827	400,209	—	—	45,547,579
Segment profit	1,012,758	3,123,173	327,648	60,930	342,480	(224,172)	—	4,642,817
Finance income								273,425
Finance costs								(606,103)
Share of profits less losses of								
– jointly controlled entities	4,531	34,208	21,694	230,894	—	—	—	291,327
– associates	2,394	3,568	36,816	31,592	—	203,739	—	278,109
Profit before income tax								4,879,575
Income tax expenses								(966,988)
Profit for the period								3,912,587
Depreciation and amortisation	636,525	601,336	77,118	76,480	277,147	1,426	—	1,670,032
Provision/(reversal of provision) for impairment of trade and other receivables, net	7,932	(6,645)	(13,826)	89	(4,168)	—	—	(16,618)
Amortised amount of transaction costs on long-term borrowings	10,863	8,638	—	580	—	2,780	—	22,861
Unrealised fair value loss on freight forward agreements ("FFA"), net	—	111,184	—	—	—	—	—	111,184
Provision for onerous contracts, net	—	374,448	—	—	—	—	—	374,448
Addition to non-current assets	1,545,588	1,604,090	505,826	3,661,636	700,459	26,978	—	8,044,577

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	Six months ended 30 June 2009 (Restated)							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing, management, sale and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Income statement								
Total revenues	11,752,144	11,114,835	5,872,326	314,432	781,809	—	(539,978)	29,295,568
Inter-segment revenues	(3,390)	(3,263)	(38,162)	(36,003)	(459,160)	—	539,978	—
Revenues (from external customers)	11,748,754	11,111,572	5,834,164	278,429	322,649	—	—	29,295,568
Segment loss	(4,314,311)	(535,851)	273,361	146,767	310,936	(158,895)	—	(4,277,993)
Finance income								220,346
Finance costs								(586,528)
Share of profits less losses of								
– jointly controlled entities	2,621	31,301	25,070	175,038	—	—	—	234,030
– associates	3,310	2,292	29,014	27,964	—	194,959	—	257,539
Loss before income tax								(4,152,606)
Income tax expenses								12,562
Loss for the period								(4,140,044)
Depreciation and amortisation	572,460	839,623	67,235	55,872	280,972	3,123	—	1,819,285
(Reversal of provision)/provision for impairment of trade and other receivables, net	(14,529)	(181,439)	509	—	—	—	—	(195,459)
Amortised amount of transaction costs on long-term borrowings	5,753	2,500	—	615	—	2,947	—	11,815
Unrealised fair value loss on FFA, net	—	1,200,351	—	—	—	—	—	1,200,351
Provision for onerous contracts, net	—	80,789	—	—	—	—	—	80,789
Addition to non-current assets	2,320,338	2,398,001	124,017	873,763	322,954	680	—	6,039,753

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	As at 30 June 2010							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing, management, sale and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet								
Segment assets	45,286,043	51,447,412	8,985,616	6,701,471	11,834,165	22,988,512	(20,908,950)	126,334,269
Jointly controlled entities	316,617	758,018	421,449	3,082,335	—	—	—	4,578,419
Associates	37,250	94,403	457,729	5,260,734	—	4,644,488	—	10,494,604
Loans to jointly controlled entities and associates	—	17,971	—	1,258,272	—	—	—	1,276,243
Available-for-sale financial assets	60,744	125,470	228,265	162,982	—	—	—	577,461
Unallocated assets								1,900,360
Total assets								145,161,356
Segment liabilities	37,297,738	26,830,243	6,699,771	4,113,017	6,719,168	21,869,476	(20,908,950)	82,620,463
Unallocated liabilities								4,211,267
Total liabilities								86,831,730

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	As at 31 December 2009							
	Container shipping and related business *RMB'000*	Dry bulk shipping and related business *RMB'000*	Logistics *RMB'000*	Container terminal and related business *RMB'000*	Container leasing, management, sale and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet								
Segment assets	42,319,893	49,968,655	7,638,141	6,244,917	11,550,756	22,261,085	(19,456,550)	120,526,897
Jointly controlled entities	324,637	724,947	405,225	2,943,846	—	—	—	4,398,655
Associates	37,526	101,635	495,533	915,706	—	4,608,479	—	6,158,879
Loans to jointly controlled entities and associates	—	20,951	—	1,315,021	—	—	—	1,335,972
Available-for-sale financial assets	113,479	151,016	285,259	2,325,552	—	—	—	2,875,306
Unallocated assets								2,445,594
Total assets								137,741,303
Segment liabilities	35,735,638	27,333,061	5,352,662	4,071,499	6,549,753	21,619,492	(19,456,550)	81,205,555
Unallocated liabilities								3,950,933
Total liabilities								85,156,488

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

Geographical information

(a) Revenues

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	**Trade lanes**
America	Trans-Pacific
Europe	Asia-Europe (including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
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 information, 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, corporate 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 financial information by geographical area and thus the revenues of which are presented as unallocated revenues.

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(a) Revenues *(Continued)*

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Container shipping and related business		
– America	**6,170,526**	3,282,353
– Europe	**5,884,055**	2,425,223
– Asia Pacific	**3,231,644**	1,763,023
– China domestic	**5,024,226**	3,867,116
– Other international market	**634,534**	411,039
Dry bulk shipping and related business		
– International shipping	**15,825,436**	10,435,073
– PRC coastal shipping	**926,374**	676,499
Logistics, container terminal and related business, corporate and other operations		
– Europe	**366,082**	55,466
– Asia Pacific	**21,377**	15,086
– China domestic	**7,063,116**	6,042,041
Unallocated	**400,209**	322,649
Total	**45,547,579**	29,295,568

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

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, jointly controlled entities and associates and other non-current assets (exclude finance lease receivables).

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, containers and vessels/containers under construction are presented as unallocated non-current assets.

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

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
China domestic	**25,887,996**	20,631,670
Non-China domestic	**2,172,452**	2,375,007
Unallocated	**54,998,866**	53,241,938
Total	**83,059,314**	76,248,615

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Property, plant and equipment	**64,864,268**	62,464,329
Investment properties	**451,817**	465,517
Leasehold land and land use rights	**2,044,758**	2,058,623
Intangible assets	**217,152**	214,321
Total tangible and intangible assets	**67,577,995**	65,202,790

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

	Six months ended 30 June	
	2010 *RMB'000*	2009 *RMB'000* (Restated)
Opening net book value as at 1 January	**65,202,790**	57,512,556
Currency translation differences	**(355,077)**	(428)
Acquisition of a business	**—**	1,334
Additions	**4,680,014**	5,511,569
Disposals/write-off	**(212,641)**	(108,317)
Depreciation/amortisation	**(1,670,032)**	(1,819,285)
Reclassification of a jointly controlled entity to a subsidiary (note 26)	**—**	6,966
Transfer to inventories	**(67,059)**	(46,640)
Closing net book value as at 30 June	**67,577,995**	61,057,755

7 ASSOCIATES

In June 2010, the Group's subsidiary, COSCO Pacific completed the acquisition of additional 9.64% equity interest in Sigma Enterprises Limited ("Sigma"), previously an available-for-sale financial asset of the Group, and 5.12% equity interest in Wattrus Limited ("Wattrus"), which holds 79.4% interest in Sigma, for a total consideration of US$520,000,000 (equivalent to approximately RMB3,547,388,000). After the acquisition, COSCO Pacific invested in 16.49% equity interest in Sigma and 5.12% equity interest in Wattrus.

The directors of COSCO Pacific considered that COSCO Pacific has significant influence over Sigma and Wattrus through its representatives on the boards of directors of Sigma and Wattrus and therefore accounted for Sigma and Wattrus as associates as at 30 June 2010.

8 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	As at 30 June 2010		As at 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
FFA (note a)				
– derivatives at fair value through profit or loss	—	111,184	1,011	142,082
Forward foreign exchange contracts				
– cash flow hedges (note b)	—	—	1,818	—
Interest rate swap contracts				
– fair value hedges (note c)	141,055	—	113,051	—
Total	141,055	111,184	115,880	142,082
Less: non-current portion				
FFA (note a)				
– derivatives at fair value through profit or loss	—	(27,740)	—	(55,192)
Interest rate swap contracts				
– fair value hedges (note c)	(141,055)	—	(113,051)	—
Total non-current portion	(141,055)	(27,740)	(113,051)	(55,192)
Current portion	—	83,444	2,829	86,890

8 DERIVATIVE FINANCIAL ASSETS/LIABILITIES *(Continued)*

Notes:

(a) FFA

As at 30 June 2010, the Group had outstanding freight forward agreements to buy approximately 1,285 (31 December 2009: 2,190) days of the various Baltic Index at various prices which expire through December 2011 (31 December 2009: December 2011).

As at 30 June 2010, the Group had no outstanding freight forward agreements to sell. As at 31 December 2009, the Group had outstanding freight forward agreements to sell approximately 45 days of the various Baltic Index at various prices which expired through March 2010.

(b) Forward foreign exchange contracts

As at 30 June 2010, the Group had no outstanding forward foreign exchange contacts.

As at 31 December 2009, the Group had two outstanding forward foreign exchange contracts with a bank to buy Japanese Yen of approximately 6,880,000,000 by United States dollar for settlements of the construction cost of one vessel which was denominated in Japanese Yen. In June 2010, these forward foreign exchange contracts were being knocked out as the Japanese Yen appreciated to a level that triggered the knock-out clause. Compensation of US$394,000 (equivalent to approximately RMB2,688,000) was received from the counterparty and credited to the consolidated income statement.

(c) Interest rate swap contracts

The notional principal amounts of the related interest rate swap contracts amounted to US$200,000,000 (equivalent to approximately RMB1,365,640,000 (31 December 2009: US$200,000,000 (equivalent to approximately RMB1,365,640,000)) which were committed with the interest rates ranging from 1.05% to 1.16% (2009: 1.05% to 1.16%) per annum above the LIBOR. These interest rate swap contracts have been designated as a hedge of the fair value of the notes issued by the Group.

9 TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Trade receivables (notes a and b)		
– third parties	**6,808,335**	4,494,047
– subsidiaries of COSCO	**306,095**	160,163
– jointly controlled entities	**34,386**	38,400
– associates	**5,155**	3,355
– other related companies	**77,355**	135,583
	7,231,326	4,831,548
Bills receivables (notes a and b)	**93,020**	97,339
	7,324,346	4,928,887
Prepayments, deposits and other receivables		
– third parties(note c)	**4,131,379**	3,122,005
– subsidiaries of COSCO (note d)	**440,526**	367,421
– jointly controlled entities (note d)	**85,531**	61,791
– associates (note d)	**141,068**	42,823
– other related companies (note d)	**305,137**	198,293
	5,103,641	3,792,333
Current portion of finance lease receivables	**5,796**	6,361
Total	**12,433,783**	8,727,581

9 TRADE AND OTHER RECEIVABLES *(Continued)*

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. Trade receivables primarily consist of voyage-related and logistics related receivables. As at 30 June 2010, the ageing analysis of trade and bills receivables was as follows:

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
1-3 months	**6,969,141**	4,644,036
4-6 months	**276,206**	227,413
7-12 months	**105,356**	93,302
1-2 years	**62,991**	81,228
2-3 years	**17,588**	24,159
Over 3 years	**97,576**	97,850
	7,528,858	5,167,988
Provision for impairment	**(204,512)**	(239,101)
	7,324,346	4,928,887

(c) Other receivables from third parties include notes receivables of US$70,000,000 (equivalent to approximately RMB475,363,000) (31 December 2009:nil), which are unsecured, interest bearing at variable rates dependent on the credit quality of PRC Government bonds, and repayable within one year.

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

10 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2010		As at 31 December 2009	
	Number of shares ***(thousands)***	**Nominal value** ***RMB'000***	Number of shares *(thousands)*	Nominal value *RMB'000*
Registered, issued and fully paid:				
H-Shares of RMB1.00 each	**2,580,600**	**2,580,600**	2,580,600	2,580,600
A-Shares of RMB1.00 each	**7,635,674**	**7,635,674**	7,635,674	7,635,674
	10,216,274	**10,216,274**	10,216,274	10,216,274

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

(b) Share appreciation rights

The Group has adopted a cash-settled, share-based payment scheme (the "Plan") which was approved on 9 June 2005. The Plan provides for the grant of share appreciation rights ("SARs") to eligible participants as approved by the Company's Board of Directors (collectively the "Grantees"). The Plan will remain in force unless otherwise cancelled or amended.

Movements in the number of SARs granted by the Company during the period are set out below:

	Six months ended 30 June 2010 Number of units of SARs				
Exercise price	**Outstanding as at 1 January 2010**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2010**
HK$3.195	**15,267,000**	**—**	**—**	**—**	**15,267,000**
HK$3.588	**19,230,000**	**—**	**—**	**(65,000)**	**19,165,000**
HK$9.540	**24,485,000**	**—**	**—**	**(60,000)**	**24,425,000**
Total	**58,982,000**	**—**	**—**	**(125,000)**	**58,857,000**

	Six months ended 30 June 2009 Number of units of SARs				
Exercise price	Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2009
HK$3.195	15,367,000	—	—	—	15,367,000
HK$3.588	19,360,000	—	—	(40,000)	19,320,000
HK$9.540	24,520,000	—	—	(35,000)	24,485,000
Total	59,247,000	—	—	(75,000)	59,172,000

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

(c) Share options of a subsidiary

COSCO Pacific operates share option schemes whereby options are granted to eligible employees and directors or any participants of the Group, to subscribe for its shares.

Movements of the share options granted by COSCO Pacific during the period are set out below:

	Six months ended 30 June 2010 Number of share options				
Exercise price	**Outstanding as at 1 January 2010**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2010**
HK$9.54	**2,369,000**	**—**	**—**	**–**	**2,369,000**
HK$13.75	**22,972,000**	**—**	**—**	**(510,000)**	**22,462,000**
HK$19.30	**16,370,000**	**—**	**—**	**(400,000)**	**15,970,000**
Total	**41,711,000**	**—**	**—**	**(910,000)**	**40,801,000**

	Six months ended 30 June 2009 Number of share options				
Exercise price	Outstanding as at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2009
HK$9.54	2,461,000	—	—	(4,000)	2,457,000
HK$13.75	23,442,000	—	—	(250,000)	23,192,000
HK$19.30	16,880,000	—	—	(320,000)	16,560,000
Total	42,783,000	—	—	(574,000)	42,209,000

11 LONG-TERM BORROWINGS

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Bank loans		
– secured (note a)	**12,567,054**	12,044,567
– unsecured	**31,235,165**	31,695,047
Loans from COSCO Finance Co., Limited ("COSCO Finance")		
– secured (note a)	**32,527**	34,084
– unsecured	**600,000**	600,000
Other loans		
– secured (note a)	**105,477**	119,712
– unsecured	**353**	1,567
Finance lease obligations	**123,757**	129,995
Notes (note c)	**12,057,796**	12,022,077
Total long-term borrowings	**56,722,129**	56,647,049
Current portion of long-term borrowings	**(4,039,242)**	(3,529,595)
	52,682,887	53,117,454

Notes:

(a) The secured bank loans, other loans and loans from COSCO Finance as at 30 June 2010 are secured, inter alia, by one or more of the following:

(i) First legal mortgages over certain property, plant and equipment of RMB18,174,792,000 (31 December 2009: RMB17,734,420,000);

(ii) Assignment of the charter, rental income and earnings, requisition compensation, insurance relating to certain container vessels, dry bulk vessels and vessels under construction;

(iii) Shares of certain subsidiaries; and

(iv) Bank accounts of certain subsidiaries.

11 LONG-TERM BORROWINGS *(Continued)*

(b) Movements in long-term borrowings for the period is analysed as follows:

	RMB'000
Six months ended 30 June 2010	
As at 1 January 2010	**56,647,049**
Repayments of borrowings	**(3,649,617)**
Drawdown of borrowings	**3,901,429**
Currency translation differences	**(235,531)**
Loan arrangement fee amortisation	**27,309**
Effect of fair value hedge	**31,490**
As at 30 June 2010	**56,722,129**
Six months ended 30 June 2009 (Restated)	
As at 1 January 2009	25,591,963
Repayments of borrowings	(2,821,434)
Drawdown of borrowings	20,772,303
Currency translation differences	(10,567)
Loan arrangement fee amortisation	14,589
Effect of fair value hedge	(52,203)
As at 30 June 2009	43,494,651

(c) Notes balance comprises notes issued by the Company and by COSCO Pacific.

(i) Notes issued by the Company

Notes with principal amount of RMB10,000,000,000 were issued by the Company to investors on 21 April 2009. The notes carry a fixed interest yield of 3.77% per annum and are issued at a price equal to the principal amount. The notes bear interest from 22 April 2009, payable annually in arrear on 22 April of each year (in case of statutory holiday or day off, payment will be postponed till the first working day after), commencing on 22 April 2010.

The notes will mature on 22 April 2014 at their principal amount.

(ii) Notes issued by COSCO Pacific

Notes with principal amount of US$300,000,000 (equivalent to approximately RMB2,037,270,000) were issued by a subsidiary of COSCO Pacific to investors on 3 October 2003. The notes carry a fixed interest yield of 5.96% per annum and are issued at a price of 99.367 per cent of their principal amount with a fixed coupon rate of 5.875% per annum, resulting in a discount on issue of US$1,899,000 (equivalent to approximately RMB12,896,000). The notes bear interest from 3 October 2003, payable semi-annually in arrear on 3 April and 3 October of each year, commencing on 3 April 2004. The notes are guaranteed unconditionally and irrevocably by COSCO Pacific and listed on Singapore Exchange Securities Trading Limited.

Unless previously redeemed or repurchased by COSCO Pacific, the notes will mature on 3 October 2013 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of COSCO Pacific at any time in the event of certain changes affecting the taxes of certain jurisdictions.

12 PROVISIONS AND OTHER LIABILITIES

	Provision for one-off housing subsidies RMB'000	Retirement benefit obligations RMB'000	Provision for onerous contracts RMB'000 (note 4(a))	Deferred income and others RMB'000	Total RMB'000
Six months ended 30 June 2010					
As at 1 January 2010	**266,194**	**1,304,570**	**1,419,030**	**31,678**	**3,021,472**
Utilised during the period	**(11,955)**	**(92,368)**	**(894,344)**	**(8,509)**	**(1,007,176)**
Unused amount reversed	**—**	**(14,639)**	**(175,167)**	**—**	**(189,806)**
Provisions for the period	**535**	**89,719**	**549,615**	**—**	**639,869**
Currency translation differences	**—**	**(183)**	**(1,139)**	**(75)**	**(1,397)**
As at 30 June 2010	**254,774**	**1,287,099**	**897,995**	**23,094**	**2,462,962**
Less: current portion of provisions and othe liabilities	**—**	**(85,706)**	**(897,995)**	**(12,150)**	**(995,851)**
Non-current portion of provisions and other liabilities	**254,774**	**1,201,393**	**—**	**10,944**	**1,467,111**
Six months ended 30 June 2009 (Restated)					
As at 1 January 2009	323,420	1,435,572	5,235,690	63,797	7,058,479
Utilised during the period	(4,370)	(72,269)	(3,853,887)	(7,759)	(3,938,285)
Unused amount reversed	(1,046)	(9,360)	(830,949)	—	(841,355)
Provisions for the period	—	55,968	911,738	2,000	969,706
As at 30 June 2009	318,004	1,409,911	1,462,592	58,038	3,248,545
Less: current portion of provisions and other liabilities	(72,236)	(81,543)	(1,263,621)	(15,486)	(1,432,886)
Non-current portion of provisions and other liabilities	245,768	1,328,368	198,971	42,552	1,815,659

13 OTHER NON-CURRENT LIABILITIES

The balances represent the outstanding payable to COSCO (Zhoushan) Shipyard Co., Ltd. ("COSCO Zhoushan") and COSCO Dalian Shipyard Co., Ltd., related parties, in relation to the construction payable for five dry bulk vessels. The balances are unsecured, interest fee and payable within 2 to 3 years.

14 TRADE AND OTHER PAYABLES

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Trade payables (notes a and b)		
– third parties	**5,793,492**	5,382,995
– subsidiaries of COSCO	**1,303,253**	1,199,286
– jointly controlled entities	**225,476**	196,762
– associates	**300,339**	104,237
– other related companies	**63,672**	45,746
	7,686,232	6,929,026
Bills payables (notes a and b)	**538,136**	208,075
	8,224,368	7,137,101
Advance from customers	**2,725,779**	2,483,550
Other payables and accruals	**9,066,580**	7,615,940
Consideration payable to COSCO	**92,699**	92,699
Due to related parties (note c)		
– COSCO	**17,361**	163
– subsidiaries of COSCO	**207,307**	217,760
– jointly controlled entities	**23,898**	29,650
– associates	**13,973**	14,087
– other related companies	**100,798**	100,636
	363,337	362,296
Total	**20,472,763**	17,691,586

14 TRADE AND OTHER PAYABLES *(Continued)*

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 2010, the ageing analysis of trade and bills payables was as follows:

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
1-6 months	**7,618,822**	6,761,981
7-12 months	**345,718**	169,162
1-2 years	**181,034**	160,932
2-3 years	**53,368**	20,791
Over 3 years	**25,426**	24,235
	8,224,368	7,137,101

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

15 SHORT-TERM BORROWINGS

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Bank loans - unsecured	**2,369,808**	3,702,529
Other loan - unsecured	**982**	837
	2,370,790	3,703,366

16 OPERATING PROFIT/(LOSS)

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposal of property, plant and equipment		
– containers	**7,136**	2,301
– container vessels	**24,290**	—
– dry bulk vessels	**243,075**	36,283
– others	**20,790**	35,389
Reversal of provision for impairment of trade and other receivables	**31,812**	214,065
Government subsidy	**47,890**	96,055
Dividend income from listed and unlisted investments	**13,704**	92,224
Gain on disposal of available-for-sale financial assets	**47,890**	581
Net gain on derivatives at fair value through profit or loss		
– FFA	**36,691**	667,069
– Forward foreign exchange contracts	**2,688**	—
Gain on disposal of jointly controlled entities	**767**	37,683
Charging:		
Depreciation		
– property, plant and equipment	**1,605,159**	1,768,141
– investment properties	**10,731**	8,715
Amortisation		
– leasehold land and land use rights	**27,193**	15,013
– intangible assets	**26,949**	27,416
Cost of bunkers consumed	**6,132,008**	4,138,502
Operating lease rentals		
– container vessels	**1,755,566**	1,563,587
– dry bulk vessels	**8,422,524**	10,660,702
– containers	**351,959**	339,986
– land and buildings	**100,978**	89,759
– other property, plant and equipment	**111,179**	1,233
Provision for impairment of trade and other receivables	**15,194**	18,606
Provision for onerous contracts	**549,615**	911,738
Cost of inventories sold		
– resalable containers	**91,680**	63,697
– marine supplies and others	**25,729**	49,850

17 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Finance income		
Interest income from:		
– deposits with COSCO Finance	**(54,008)**	(62,049)
– loans to jointly controlled entities and associates	**(11,481)**	(17,715)
– banks	**(207,936)**	(140,582)
	(273,425)	(220,346)
Finance costs		
Interest expenses on:		
– bank loans	**376,844**	410,960
– other loans wholly repayable within five years	**1,060**	2,355
– loans with COSCO Finance	**14,606**	34,711
– finance lease obligations	**5,396**	5,829
– notes	**219,095**	128,044
Fair value (gain)/loss on derivative financial instruments	**(28,752)**	55,216
Fair value adjustment of notes attributable to interest rate risk	**31,490**	(52,203)
	2,738	3,013
	619,739	584,912
Amortised amount of transaction costs on long-term borrowings	**22,861**	11,815
Amortised amount of discount on issue of notes	**4,448**	2,774
Other incidental borrowing costs and charges	**30,474**	15,765
Less: amount capitalised in construction in progress	**(71,419)**	(28,738)
	606,103	586,528
Net finance costs	**332,678**	366,182

18 INCOME TAX EXPENSES/(CREDIT)

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC enterprise income tax (note a)	**160,656**	133,710
– Hong Kong profits tax (note b)	**974**	3,195
– Overseas taxation (note c)	**95,302**	11,688
Over provision in prior periods	**(819)**	(35,772)
	256,113	112,821
Deferred income tax (note d)	**710,875**	(125,383)
	966,988	(12,562)

Notes:

(a) PRC enterprise income tax ("EIT")

The provision for EIT is based on the statutory rate of 25% on the assessable 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 PRC companies, which are taxed at reduced rates ranging from 11% to 22% (2009: 10% to 20%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

(c) Overseas taxation

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 (2009: 13% to 46%).

(d) Deferred income tax

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 2010, the unrecognised deferred income tax liabilities were RMB1,532,458,000 (31 December 2009: RMB1,220,800,000), 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 2010 amounted to RMB6,504,981,000 (31 December 2009: RMB5,248,375,000).

As at 30 June 2010, the Group had tax losses of RMB10,448,246,000 (31 December 2009: RMB10,925,097,000), which were not recognised for deferred tax assets.

19 DISTRIBUTION AND DIVIDENDS

(a) Distribution

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Consideration in connection with the purchase of:		
– China Ocean Shipping Agency Qinzhou Company Limited	**—**	850

The amount represented consideration paid by the Group for acquisition of equity interests in a subsidiary from COSCO Group in 2009. The acquisition was regarded as business combination under common control.

(b) Dividends

(i) At the board meeting of the Company held on 22 April 2010, no dividend was proposed by the board of Directors for the year ended 31 December 2009.

(ii) The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

20 EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2010	2009
		(Restated)
Profit/(loss) attributable to equity holders of the Company (RMB)	**3,445,950,000**	(4,602,115,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic and diluted earnings/(loss) per share (RMB)	**0.3373**	(0.4505)

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

21 CONTINGENT LIABILITIES

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Pending lawsuits (note b)	**12,705**	14,375

Notes:

(a) In 2003, the Group was involved in a personal injury case in which a truck was involved in a traffic accident in Illinois, the United States, resulting in death and injury of a number of individuals. Upon advice of US legal counsel, the Directors consider that the exposure liable to the Group, if any, is fully covered by the Group's insurance policies.

(b) On 19 October 2009, a statement of claim approximately EURO5.8 million (equivalent to approximately RMB47,972,000) in total was issued by Aronis-Drettas-Karlaftis Consultant Engineers S.A. as the plaintiff against COSCO Pacific and Piraeus Container Terminal S.A. ("Piraeus Terminal"), a wholly owned subsidiary of COSCO Pacific, in a civil claim at the Court of First Instance in Greece alleging non-payment of fees for design services and project management services (the "Claims"). Having taken the legal advice, the Directors are of the view that the COSCO Pacific and Piraeus Terminal have good defences on all material claims. However, at this stage, it is not possible to predict the outcome of this litigation with certainty and thus no provision was made for the Claims as at 30 June 2010.

(c) The Group is subject to other claims in respect of a number of litigations currently under way. The litigations are, including but not limited to, claims arising from damage to vessels during transportation, loss of goods, delay in delivery, collision of vessels and early termination of vessel chartering contracts.

As at 30 June 2010, other than the amounts disclosed above, the Group is unable to ascertain the likelihood and amounts of the other claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that, while the claims have not been provided for in the unaudited Condensed Consolidated Interim Financial Information or included in the contingent liabilities as disclosed above, either the Group's insurance coverage is adequate to cover any final claims to be settled or the final claims amounts will be insignificant to the Group.

22 COMMITMENTS

(a) Capital commitments

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Authorised but not contracted for		
Containers	—	887,700
Other property, plant and equipment	2,367,058	1,974,305
Investments	1,200	—
Intangible assets	8,744	8,660
	2,377,002	2,870,665
Contracted but not provided for		
Containers	695,377	12,427
Container vessels and dry bulk vessels	21,882,893	24,793,490
Other property, plant and equipment	2,419,639	1,852,259
Investments	3,843,782	3,963,531
Intangible assets	21,640	25,893
	28,863,331	30,647,600

Amounts of capital commitments relating to the Group's interest in the jointly controlled entities not included in the above are as follows:

	As at 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Authorised but not contracted for	114,393	61,215
Contracted but not provided for	17,887	38,661
	132,280	99,876

22 COMMITMENTS *(Continued)*

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 30 June 2010 ***RMB'000***	As at 31 December 2009 *RMB'000*
Containers vessels and dry bulk vessels		
– not later than one year	**17,852,033**	17,869,468
– later than one year and not later than five years	**40,685,957**	43,633,366
– later than five years	**24,968,218**	27,926,804
	83,506,208	89,429,638
Concession of Piraeus Port		
– not later than one year	**208,637**	234,419
– later than one year and not later than five years	**997,369**	1,148,053
– later than five years	**25,762,826**	30,803,990
	26,968,832	32,186,462
Containers		
– not later than one year	**359,127**	323,282
– later than one year and not later than five years	**495,271**	467,567
	854,398	790,849
Land and buildings		
– not later than one year	**110,396**	118,566
– later than one year and not later than five years	**167,237**	187,549
– later than five years	**153,339**	181,017
	430,972	487,132
Other property, plant and equipment		
– not later than one year	**134,993**	90,807
– later than one year and not later than five years	**135,325**	138,586
– later than five years	**16,709**	6,005
	287,027	235,398
	112,047,437	123,129,479

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO group companies for the interests of financial statements users, although certain of these transactions which are individually or collectively significant, are exempted from disclosure in accordance with HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the unaudited Condensed Consolidated Interim Financial Information.

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Transactions with COSCO		
Expenses		
Sub-charter expenses (note a)	**64,875**	64,939
Rental expenses (note b)	**17,204**	9,138

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Transactions with subsidiaries of COSCO and its related entities (including jointly controlled entities and associates)		
Revenues		
Container shipping income (note b)	**160,980**	80,343
Freight forwarding and shipping agency income (note b)	**3,666**	3,175
Charterhire income (note b)	**—**	31,959
Vessel services income (note b)	**14,362**	8,038
Manning income (note b)	**29,753**	28,466
Vessel management income (note b)	**1,707**	2,764
Expenses		
Vessel costs		
Sub-charter expenses (note a)	**204,510**	202,100
Charterhire expenses (note b)	**—**	88,589
Vessel services expenses (note b)	**173,098**	179,349
Crew expenses (note b)	**18,362**	18,208
Voyage costs		
Bunker costs (note b)	**4,658,848**	3,144,097
Port charges (note b)	**334,412**	225,027
Equipment and cargo transportation costs		
Commission and rebates (note b)	**83,298**	65,042
Cargo and transhipment and equipment and repositioning expenses (note b)	**53,252**	70,223
Freight forwarding expenses (note b)	**33,330**	9,665
Logistics related expenses (note b)	**1,103**	4,240
General services expenses (note b)	**25,138**	9,276
Management fee expenses (note b)	**4,938**	6,957
Rental expenses (note b)	**20,523**	26,243
Others		
Instalments paid for ship building contracts (note c)	**1,142,258**	2,134,286
Purchase of equity interests in Shipping Agency Qinzhou (note d)	**—**	850

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Transactions with jointly controlled entities of the Group		
Revenues		
Freight forwarding and shipping agency income (note b)	**11,901**	2,435
Charterhire income (note b)	**87,407**	100,920
Management fee and service fee income (note b)	**14,435**	13,245
Handling, storage and transportation income (note b)	**5,055**	3,516
Manning income (note b)	**87**	9,463
Expenses		
Voyage costs		
Port charges (note b)	**337,016**	309,916
Freight forwarding expenses (note b)	**982**	1,127
General services expenses (note b)	**4,640**	5,494
Rental expenses (note b)	**2,090**	2,098
Transactions with associates of the Group		
Revenues		
Manning income (note b)	**328**	6,247
Management fee and service fee income (note b)	**362**	360
Expenses		
Port charges (note b)	**3,305**	3,313
Others		
Purchase of containers (note e)	**496,382**	135,678
Bank guarantee to an associate at face value (note f)	**184,144**	236,384
Proceeds on disposal of a jointly controlled entity to an associate (subsidiary of CIMC) (note g)	**—**	112,073
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Logistics related income (note b)	**127,901**	133,883

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(a) COSCO and its subsidiaries leased 13 vessels to COSCON and Shanghai Pan Asia Shipping Company Limited by way of sub-time charter arrangement. In 2008, the sub-time charter agreements of seven vessels were renewed and extended for a term till 30 November 2010. The periods of the remaining sub-time charters are of six to twelve years from the contract date. The daily charterhire rate for each vessel was agreed on a mutual basis.

(b) These transactions of revenues and expenses in nature were conducted either (i) based on terms as governed by the ten master agreements and subsisting agreements entered into between the Group and COSCO Group, or (ii) based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

(c) In 2006, the Group entered into ship building contracts with Nantong COSCO KHI Ship Engineering Co., Ltd ("NACKS") and COSCO Zhoushan, related companies, pursuant to which NACKS and COSCO Zhoushan will construct certain bulk carriers for the Group. Instalments are paid in accordance with the payment schedules with reference to the construction progress.

(d) On 1 January 2009, the Group acquired from COSCO Group a 51% equity interest in Shipping Agency Qinzhou for a consideration of RMB850,000.

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

(f) A subsidiary of COSCO Pacific provided corporate guarantee to an associate in respect of banking facilities of the associate. The directors consider that it is not probable for a claim to be made against the Group and the fair value of the guarantee contract is not significant to the Group, and has not recognised at the balance sheet date.

(g) In 2009, COSCO Pacific, entered into a sale and purchase agreement to dispose of its entire 20% shareholding interest in Shanghai CIMC Reefer Container Co., Ltd., a then jointly controlled entity at a consideration of US$16,400,000 (equivalent to approximately RMB112,073,000 to CIMC, an associate. The transaction was completed in January 2009 and resulted in a profit of US$5,516,000 (equivalent to approximately RMB37,683,000).

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Balances with related parties

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

	As at 30 June 2010 *RMB'000*	As at 31 December 2009 *RMB'000*
Bank deposits		
– state-owned banks (note)	**21,990,163**	23,142,320
Loans		
– state-owned banks (note)	**31,704,363**	30,316,804

Note:

The deposits and loans were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern. The interest rates were set at prevailing market rates. Interest income from deposits with state-owned banks was RMB141,370,000 (Six months ended 30 June 2009: RMB91,354,000), interest expense on loans from state-owned banks was RMB238,139,000 (Six months ended 30 June 2009: RMB216,744,000).

Key management compensation

	Six months ended 30 June	
	2010 *RMB'000*	2009 *RMB'000*
Salaries, bonuses and other allowances	**(21,896)**	48,201
Contribution to retirement benefit scheme	**94**	89
	(21,802)	48,290

24 BUSINESS COMBINATIONS UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the acquisition of COSCO Shanghai Group as mentioned in note 1.

Statements of adjustments for business combinations under common control on the Group's results for the six months ended 30 June 2009 are summarised as follows:

	As previously reported	COSCO Shanghai group	Note	Adjustments	As restated
	RMB'000	*RMB'000*		*RMB'000*	*RMB'000*
Six months ended 30 June 2009					
Revenues	28,923,470	746,019	(i)	(373,921)	29,295,568
Loss before income tax	(4,151,270)	(1,336)		—	(4,152,606)
Income tax credit/(expenses)	19,406	(6,844)		—	12,562
Loss for the period	(4,131,864)	(8,180)		—	(4,140,044)

Note:

(i) Adjustments to eliminate the inter-group transactions for the six months ended 30 June 2009.

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

25 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) In March 2010, the Company completed the acquisition of 49% equity interest in COSCO Logistics from COSCO Pacific Logistics Company Limited, a non-wholly owned subsidiary of the Company, at a cash consideration of RMB2,000,000,000 plus a special distribution by COSCO Logistics of RMB143,200,000. COSCO Logistics has become a wholly owned subsidiary of the Company. As a result of the transaction, there was an increase in non-controlling interests of RMB241,702,000 and a decrease in equity attributable to equity holders of the Company of RMB344,993,000.

(b) In April 2010, COSCO Pacific issued 449,000,000 new shares at HK$10.4 per share through placing of new shares and recorded net proceeds of approximately US$584,100,000 (equivalent to approximately RMB3,984,831,000). The proceeds raised were mainly used for acquisitions and investments such as Sigma and Wattrus, capital expenditure, general corporate purposes, as well as to further strengthen the balance sheet and liquidity position of COSCO Pacific. After the placement, the shareholding of the Group, decreased from 51.20% at 31 December 2009 to 42.72% at 30 June 2010. As a result of the transaction, there was an increase in non-controlling interests of RMB3,827,224,000 and an increase in equity attributable to equity holders of the Company of RMB157,607,000.

26 RECLASSIFICATION OF A JOINTLY CONTROLLED ENTITY TO A SUBSIDIARY

During the six months ended 30 June 2009, the assets and liabilities arising from the reclassification from a jointly controlled entity to a subsidiary were as follows:

Fair value at date of business combination	2009 *RMB '000* (Note)
Tangible and intangible assets	6,966
Trade and other receivables	24,213
Cash and cash equivalents	123,600
Other assets	7,861
Trade and other payables	(142,818)
Tax payable	(2,173)
	17,649
Non-controlling interests	(12,410)
Reclassification of interest originally held by the Group as a jointly controlled entity	5,239

Note: On 1 January 2009, the Memorandum and Articles of Association of China Ocean Shipping Agency Zhoushan Company Limited ("Zhoushan") was revised to effect the Group's power to govern their financial and operating policies. Zhoushan was previously a jointly controlled entity and since then, the Group has accounted for Zhoushan as a subsidiary.

Zhoushan contributed revenues of RMB14,873,000 and net profit of RMB117,000 for the six months ended 30 June 2009.

27 COMPARATIVES

Certain comparative figures have been restated as a result of the adoption of merger accounting to conform to the current period's presentation.

Report on Review of Interim Financial Information

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 83, which comprises the condensed consolidated interim balance sheet of China COSCO Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") as at 30 June 2010 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the"HKICPA") ("HKAS 34"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2010

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