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)

2011

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.

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

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 the “**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 President)*
SUN Yueying *(Non-executive Director)***
SUN Jiakang *(Non-executive Director)*
XU Minjie *(Non-executive Director)*
TEO Siong Seng *(Independent non-executive Director)***
FAN SHU Lai Tai, Rita *(Independent non-executive Director)*
KWONG Che Keung, Gordon *(Independent non-executive Director)**
BOWIE Peter Guy *(Independent non-executive Director)*

* Chairman of Audit Committee
** Member of Audit Committee

COMPANY SECRETARY
ZHANG Yongjian

H-SHARES AUDITOR
PricewaterhouseCoopers

A-SHARES AUDITOR
RSM China Public Certified Accountants, LLP

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

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

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

A-Shares
Shanghai Stock Exchange
Stock Code: 601919

HONG KONG H-SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1806-1807
18th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong

WEBSITE
http://www.chinacosco.com

Financial Summary

INTERIM RESULTS AS AT 30 JUNE 2011 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Six months ended 30 June 2011 ***(RMB'000)***	Six months ended 30 June 2010 *(RMB'000)* (Restated)	Change
Revenues	**42,007,265**	45,570,667	-7.8%
Operating (loss)/profit	**(2,693,793)**	4,613,013	-158.4%
(Loss)/profit before income tax	**(1,429,978)**	4,849,840	-129.5%
(Loss)/profit attributable to equity holders of the Company	**(2,757,578)**	3,413,436	-180.8%
Basic (loss)/earnings per share	**RMB(0.2699)**	RMB0.3341	-180.8%

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.

In the first half of 2011, the Group recorded revenue of RMB42,007,265,000, representing a decrease of 7.8% as compared with the same period last year. Profit attributable to equity holders of the Company amounted to RMB-2,757,578,000, representing a decrease of 180.8% as compared with the same period last year.

In the first half of the year, the Group's operations were significantly affected by another downturn of the international shipping market with excessive shipment capacity, high costs, low freight rates and fierce competition under complicated global economic situation.

During the period under review, the shipping volume of the container shipping and related business of the Group amounted to 3,239,634 TEUs, representing an increase of approximately 9.8% as compared to the same period in 2010. Revenues amounted to RMB20,249,024,000, representing a decrease of 3.4% as compared to the same period in 2010. In the first half of the year, the Group optimized shipping routes by adjusting shipping capacity in a timely manner and enhancing cooperation in line with the market changes. It endeavored to revise the freight rates and collect fuel surcharges to control costs and increase income. In addition, the Group balanced the import and export operations as well as foreign and domestic trade markets by developing coastal domestic trade markets. The Group maximized the use of internal resources in order to control the increase in costs. Without reducing the number of operating containers, the Group minimized the ratio of containers to slots to a record low.

As at 30 June 2011, the fleet operated by the Group comprised 153 container vessels with a total capacity of 634,835 TEUs, representing an increase of 6.3% as compared to the corresponding period of 2010, and an increase of 3.4% as compared with that of the end of 2010. At present, the Group has 34 container vessel orders with a total capacity of 270,352 TEUs.

For the period under review, the shipping volume of the dry bulk shipping business of the Group amounted to 136,250,000 tons, representing a decrease of 2.62% when compared to the same period last year. Turnover of the shipping business amounted to 687,600 million ton nautical miles, representing an increase of 0.37% when compared to the same period last year. Revenues amounted to RMB12,219,319,000, representing a decrease of 27.1% when compared to the same period last year. In the first half of the year, the dry bulk shipping market tumbled again to a record low in the recent two years. The average Baltic Exchange Dry Index ("BDI") was 1,372 points, representing a decrease of 56.7% as compared to the corresponding period last year. Facing such severe market situation, the Group continued to strengthen its cooperation with major customers and strived to extend coverage to customers with high contribution. The Group also increased the proportion of basic cargos to consolidate its market presence. The Group exerted its effort to reduce costs and improve efficiency. The Group customized 8 specified vessels of China Ocean Shipping (Group) Company ("COSCO") for coastal areas. As a result, the competitiveness of dry bulk export business of the Group was significantly enhanced.

As at 30 June 2011, a total of 435 dry bulk vessels of 37,871,000 deadweight tons ("DWT") were operated by the Group, of which 234 vessels of 18,867,000 DWT were self-owned vessels and 201 vessels of 19,004,000 DWT were chartered-in vessels. The Group had an order book of 22 dry bulk vessels of 2,314,000 DWT.

As for the logistics business, the Group exerted its efforts in developing new projecs and maintaining its relationship with high-end customers. In the first half of the year, revenue from the logistics business of the Group amounted to RMB8,297,505,000, representing an increase of 22.5% as compared to the corresponding period last year. The Group maintained its competitiveness and leading position in the logistics market. In respect of product logistics, the Group focused on various market segments, including electronic products logistics, chemical logistics and air freight logistics, and endeavored to increase its profitability. In respect of project logistics, the Group adhered to its intensive development model and internationalized operation so as to develop new markets. The Group further set up resources platform for heavy land transportation and deployed the development of the heavy transportation market in central regions. The Group enhanced its overseas operation network and developed strategic customer base to expand its overseas market for long-term business development.

As for the terminal business, the throughput of the container terminals owned by the Group in the first half of the year amounted to 24.25 million TEUs, representing an increase of 19.7% as compared with the corresponding period last year. As at 30 June 2011, COSCO Pacific Limited, a subsidiary of the Group, had 88 berths in operation with a total annual throughput of 52,367,500 TEUs and 8 berths for dry bulk terminals with a total annual throughput of 9,050,000 tons.

As for the container leasing, management and sales business, Florens Container Holdings Limited, a subsidiary of the Group, adhered to its operation model with the combination of owned containers, managed containers and sale and leaseback containers to flexibly control the size of its container fleet. It continued to be the third largest container leasing company in the world. As at 30 June 2011, the size of the Group's container fleet amounted to 1,714,000 TEUs, representing an increase of 7.3% as compared to the corresponding period last year and accounting for 13% of the global container leasing market.

Looking forward to the second half of the year, despite the slowdown in the global economic recovery and various uncertainties, the overall global economy and the general shipping market can be summarized as "recovering and developing amid market fluctuations". In the face of such severe situation, China COSCO has a thorough grasp of the challenges and opportunities ahead. The Company will capitalize on the opportunities arising from these challenges to strive for favorable returns. It will also consolidate and develop its advantages in container shipping, dry bulk shipping, logistics, terminal and container leasing businesses. The Group will also integrate its internal resources and strengthen its synergy effects. Furthermore, China COSCO will endeavor to implement a comprehensive strategy in accordance with the principle of "overall planning and implementing in phases".

Wei Jiafu
Chairman

25 August 2011

(I) APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Appointment of directors and changes

On 29 March 2011, the Company convened the 23rd meeting of the second Board of Directors, whereby a resolution regarding the nomination of Wei Jiafu, Zhang Fusheng, Xu Lirong, Zhang Liang, Sun Yueying, Sun Jiakang and Xu Minjie as the director candidates of the third Board of Directors of the Company and nomination of Teo Siong Seng, Fan Hsu Lai Tai, Rita, Kwong Che Keung, Gordon and Peter Guy Bowie as the independent director candidates of the third Board of Directors of the Company was proposed for approval at the general meeting.

On 17 May 2011, the Company convened the annual general meeting for 2010, whereby Wei Jiafu, Zhang Fusheng, Xu Lirong, Zhang Liang, Sun Yueying, Sun Jiakang and Xu Minjie were elected as the directors of the third Board of Directors of the Company and Teo Siong Seng, Fan Hsu Lai Tai, Rita, Kwong Che Keung, Gordon and Peter Guy Bowie were appointed as the independent directors of the third Board of Directors of the Company.

On 17 May 2011, the Company convened the first meeting of the third Board of Directors, whereby Wei Jiafu was elected the chairman of the third Board of Directors of the Company and Zhang Fusheng was elected as the vice chairman of the third Board of Directors of the Company.

On 25 August 2011, the Company convened the second meeting of the third Board of Directors, whereby the resignation of Zhang Fusheng and Xu Lirong was accepted. Zhang Fusheng no longer served as Vice Chairman and non-executive director of the Company, while Xu Lirong no longer served as non-executive director of the Company. The nomination of Ma Zehua as the director of the third Board of Directors was proposed for approval at the general meeting.

2. Appointment of supervisors and changes

On 29 March 2011, the Company convened the 15th meeting of the second Board of Supervisors, whereby a resolution regarding the nomination of Li Yunpeng, Wu Shuxiong, Ma Jianhua, Luo Jiulian, Yu Shicheng and Meng Yan as the supervisor candidates of the third Board of Supervisors of the Company and re-election of Li Yunpeng, Luo Jiulian, Yu Shicheng and Meng Yan as the members of the third Board of Supervisors of China COSCO was proposed for approval at the general meeting.

On 17 May 2011, the Company convened the annual general meeting for 2010, whereby Li Yunpeng, Luo Jiulian, Yu Shicheng and Meng Yan were elected as the supervisors of the third Board of Supervisors of the Company.

Wu Shuxiong and Ma Jianhua were elected as the employee representative supervisors of the third Board of Supervisors of the Company through the employee representatives' meeting.

On 17 May 2011, the Company convened the first meeting of the third Board of Supervisors, whereby Li Yunpeng was elected as the chairman of the Board of Supervisors of the Company.

3. Appointment of senior management and changes

On 17 May 2011, the Company convened the first meeting of the third Board of Directors of the Company, whereby Wei Jiafu was appointed as the CEO; Zhang Liang was appointed as the president; Xu Zunwu and Ye Weilong were appointed as vice presidents; He Jiale was appointed as the chief financial officer; and Zhang Yongjian was appointed as the secretary to the Board of Directors. The term of office of the above senior management is from 17 May 2011 to the date of the first meeting of the fourth Board of Directors.

On 25 August 2011, the Company convened the second meeting of the third Board of Directors, whereby Wan Min and Wang Xingru were appointed as vice presidents. The term of office of the above senior management is from 25 August 2011 to the date of the first meeting of the fourth Board of Directors.

CONTAINER SHIPPING AND RELATED BUSINESS

Market review

In the first half of 2011, the increase in the demand of international container was lower than expected as the recovery of the global economy slowed down. Therefore, the accelerated increase in shipping capacity resulted in excess supply in international container shipping market and the freight rates of major routes declined as compared with the corresponding period of the previous year. Average CCFI for the first half of 2011 was 1,025, representing a decrease of 7.8% as compared with the corresponding period of the previous year. In particular, average CCFI of Trans-Pacific route and Asia-Europe route decreased by approximately 2% and over 25% respectively. The operating costs of shipping companies increased significantly due to the ever-rising international fuel price. The operating environment of the industry has been challenging.

Results performance

In the first half of this year, shipping volume of the container shipping and related business of the Group amounted to 3,239,634 TEUs, representing an increase of approximately 9.8% as compared to the same period in 2010. Revenues amounted to RMB20,249,024,000, representing a decrease of 3.4% as compared to the same period in 2010.

Shipping volume by routes

	For the six months ended 30 June		
	2011	2010	Change
	TEUs	TEUs	%
Trans-Pacific	**747,776**	748,424	-0.1
Asia-Europe (including Mediterranean)	**717,305**	588,288	21.9
Intra-Asia (including Australia)	**810,353**	792,086	2.3
Other international (including Atlantic)	**124,418**	81,739	52.2
PRC	**839,782**	739,583	13.5
Total	**3,239,634**	2,950,120	9.8

Revenue by routes

	For the sixth months ended 30 June		
	2011	2010 (Restated)	Change
	RMB'000	RMB'000	%
Trans-Pacific	**5,913,156**	6,166,382	-4.1
Asia-Europe (including Mediterranean)	**4,889,916**	5,587,190	-12.5
Intra-Asia (including Australia)	**3,047,142**	3,118,171	-2.3
Other international (including Atlantic)	**731,433**	632,830	15.6
PRC	**1,757,328**	1,691,289	3.9
Sub-total	**16,338,975**	17,195,862	-5.0
Chartered out	**180,872**	245,609	-26.4
Related business	**3,729,177**	3,526,602	5.7
Total	**20,249,024**	20,968,073	-3.4

Fleet development

In the first half of 2011, the Group had 4 new container vessels with a total capacity of 43,230 TEUs. As at 30 June 2011, the operating fleet of the Group included 153 container vessels with a total capacity of 634,835 TEUs, representing an increase of 6.3% as compared to the same period in 2010 and an increase of 3.4% as compared to the end of 2010.

In the first half of 2011, the Group had no new orders for container vessels. As at 30 June 2011, the Group had an order book of 34 container vessels with a total shipping capacity of 270,352 TEUs.

Order book of container vessels:

Year	**Owned**		**Chartered-in**		**Total**	
	Number of vessels	**TEUs**	**Number of vessels**	**TEUs**	**Number of vessels**	**TEUs**
2011	—	—	2	26,184	2	26,184
2012	10	42,500	4	52,368	14	94,868
2013	14	95,900	—	—	14	95,900
2014	4	53,400	—	—	4	53,400
Total	28	191,800	6	78,552	34	270,352

Operating strategies

The Company timely adjusted the allocation of shipping capacity in response to the changes in the market. In particular, the Company strengthened its cooperation with CKYH Alliance and optimized the allocation of shipping capacity of Europe and America routes. The Company also strived to expand its businesses in emerging markets and launched Far East- West Coast of South America Route and Europe-East Coast of South America Route.

To cope with the oil price hike and risks of local battles in some of the regions, the Group introduced and launched freight rate adjustment plans. However, due to intensifying market competition and imbalanced supply and demand, the freight rate adjustment plans were not fully implemented. To avoid market risks, the Group strived to optimize its freight rate structure and adopted separate mechanisms for ocean freight rate, bunker surcharge, inland fuel surcharge and peak season surcharge as well as floating surcharge in Trans-Pacific routes.

Grasping the opportunities brought by the state polices to boost domestic demand, the Company strived to develop domestic trading market in coastal areas and achieve balanced development between import and export as well as foreign trading and domestic trading. The Group continued to focus on maintaining relationship with major customers and actively carried out the strategy of global key accounts (GKA) to secure more contracts with domestic high-end customers of traditional car-knock-down business (CKD). Market share in the high-end freight market kept increasing.

The Group initiated negotiations on price rates with suppliers to minimize the increase of costs. In addition, while maintaining sufficient operational containers, the proportion of container leasing business was reduced to achieve effective cost control of containers. A special cost control committee was set up to promote systematic cost control and enhance cost control awareness.

The Group was committed to fulfilling the obligations of the Global Compact for low carbon development. In the first half of the year, outstanding progress was achieved in the speed reduction of 16 major routes (excluding domestic trading routes). The Company introduced, upgraded and promoted the technology of using main fuel injector with slide valve（主機滑閥式噴油器）, which was selected as one of the national demonstrative transportation projects of energy saving in the PRC. In addition, the Development and Application Projects of Dynamic Control Technology for Efficient Use of Energy of Major Shipping Enterprises（大型航運企業能效動能管控技術開發與應用項目）passed the national technological assessment of the Chinese Academy of Science and received high recognition among experts.

Market outlook

In the second half of 2011, the global economic environment is complex and ever-changing. According to the forecast by Drewry in June this year, the global demand for container shipping and shipping capacity will increase by 8.1% and 8.6% respectively in 2011. There is excessive supply in the market. In the second half of the year, it is expected that the delivery of 8000+TEU large vessels will put pressure to the major routes, including Asia-Europe and Trans-Pacific routes as uncertainties on the demands in Europe and the United States increase. However, the conditions of minor routes will be relatively satisfactory. The shipping companies will launch new freight rate adjustment plans and impose peak season surcharge when market opportunities arise.

Operation plans

The Company further strengthened its cooperation and coordinated the development of conventional and emerging market, foreign trading and domestic trading market, and export and import market. By studying the overall shipping chain and the design of routes and products comprehensively, the Company optimized the routes layout. The Company also strived to expand its business in emerging markets and upgraded the structure of overall shipping network.

The Company exerted its effort in strengthening and improving its marketing activities. The Company adhered to its GKA strategy and increased the proportion of cargo of direct customers and FOB cargo. The Company improved its unique services by formulating marketing policies for and identifying targets of GKA customers.

Leveraging on the advantages of one-stop shipping services and targeting to maximize the overall benefits, the Company developed an extended service model focusing on customer-services and establishing related extended services platform, so as to further optimize relevant management flow and improve its efficiency. The Company continued to upgrade its services in respect of shipping capacity, services and marketing for GKA customers and launched professional services, including reefer and specialized container, in order to improve its customer services.

The Company strengthened its cost management and implemented control measures. The Company introduced a competition mechanism and an innovative cost management system. The Company identified appropriate transshipment ports and shipping routes and established relevant auxiliary routes based on the route layout and marketing policies of the Company. The Company maintained reasonable and sufficient equipment at the head office and regional branches based on the cargo flow. Through monitoring the changes in projects with substantial costs, the Company took further measures to control its cost effectively.

DRY BULK SHIPPING BUSINESS

Market review

In the first half of 2011, affected by the unstable global economy, the tightened macroeconomic control policies of China and frequent natural disasters occurred around the world, the demand growth of international dry bulk shipping market slowed down. With the shipping capacity speeding up, the international dry bulk shipping market experienced a decline as a result of the serious imbalance of demand and supply. BDI decreased to 1,043 on 4 February this year from 1,693 as at the beginning of this year, which was the lowest point in these two years. The cargo supply continued to recover afterwards, and BDI returned to approximately 1,500 gradually. However, due to the earthquake in Japan, the market experienced another decline. In the first half of the year, the average BDI was 1,372, representing a decrease of 56.7% as compared to the corresponding period of the previous year. Furthermore, due to the increasing fuel price, the operating environment of shipping companies became severe.

Results performance

The shipping volume of dry bulk shipping business of the Group in the first half of 2011 amounted to 136,249,252 tons, representing a decrease of 2.62% as compared to the same period last year. Dry bulk shipment turnover amounted to 687,600 million ton-nautical miles, representing an increase of 0.37% as compared to the same period last year. Revenue from operations amounted to RMB12,219,319,000, representing a decrease of 27.1% as compared to the same period last year. As at 30 June 2011, the fixed turnover ratio of dry bulk shipping business of the Company in 2011 was 63%. The fixed time chartering level of all vessels decreased by an average of approximately 30% as compared to the average level in 2010.

		January to June 2011	January to June 2010	Change (Increase or decrease) %
Shipping volume by routes (tons)	International shipping	**118,134,559**	124,556,215	-5.16
	PRC coastal shipping	**18,114,693**	15,358,848	17.94
Shipping volume by cargo types (tons)	Coal	**45,975,925**	44,602,675	3.08
	Metal ore	**62,593,614**	64,643,251	-3.17
	Food	**13,460,217**	13,690,465	-1.68
	Other	**14,219,496**	16,978,672	-16.25
Dry bulk shipment turnover (thousand ton nautical miles)		**687,619,094**	685,058,325	0.37

Operating strategies

The Company monitored the market trends closely to formulate more accurate forecasts and improved profitability by grasping opportunities timely in response to the market cycles.

The Company continued to focus on developing business relationship with major customers by securing more cargo sources. The Company strengthened communication and connection with customers, increased cooperation and developed long-term cooperation with major customers and customers with high margin, so as to increase the profit margin of basic cargos. The Company explored new customers and new cargos by grasping the opportunities brought by the rapid growth of emerging market.

The Company exerted its effort to reduce its cost and improve its efficiency. Fuel costs were managed by implementing measures such as speed reduction, strict control on shipping schedule and reasonable fueling points and schedule. The Company also strengthened its arrangement of port capacity to reduce its shipping schedule costs.

The Company achieved a breakthrough in the specialization of operations in standardization of coastal vessels. On 23 June 2011, customization of the first batch of 8 COSCO coastal vessels operating in Yangtze and Southern China was completed. This will facilitate the standardization of coastal vessels in China and enhance the competitive edge of the Group in the coastal dry bulk shipping market.

Fleet development

As at 30 June 2011, the Group operated 435 dry bulk vessels with a total of 37.871 million DWT, representing a decrease of 2.7% as compared to the same period last year and a decrease of 1.8% as compared to the end of last year. Among which, 234 vessels were self-owned vessels with a total of 18.867 million DWT. The average age of the vessels was 13.7 years. 201 vessels were chartered-in vessels with a total of 19.004 million DWT.

Capacity of the dry bulk vessels (as at 30 June 2011)

Existing capacity

Vessel type	Number	Owned DWT (Hundred thousand)	Average age (Years)	Number	Chartered-in DWT (Hundred thousand)	Number	Total DWT (Hundred thousand)
Capesize	39	807.6	6.6	56	984.3	95	1,791.9
Panamax	77	548.7	14.3	88	669.0	165	1,217.7
Handymax	87	427.1	13.1	28	149.8	115	576.9
Handysize	31	103.3	22.8	29	97.3	60	200.6
Total	234	1,886.7	13.7	201	1,900.4	435	3,787.1

As at 30 June 2011, the Group had an order book of 22 dry bulk vessels, with a total of 2,314,000 DWT, including 4 Capesize vessels with a total of 820,000 DWT, 8 Panamax vessels with a total of 920,000 DWT, and 10 Handymax vessels with a total of 574,000 DWT. In the first half of 2011, there were new orders of four 50,000-ton vessels operating in Yangtze and four 65,000-ton coastal vessels for Southern China, with a total capacity of 260,000 DWT.

Orders of the dry bulk vessels (as at 30 June 2011)

	2011		2012		2013		Total	
Vessel type	Number	DWT	Number	DWT	Number	DWT	Number	DWT
Capesize	2	410,000	—	—	2	410,000	4	820,000
Panamax	—	—	5	575,000	3	345,000	8	920,000
Handymax	—	—	2	115,000	8	459,000	10	574,000
Total	2	410,000	7	690,000	13	1,214,000	22	2,314,000

The status of the Company's FFAs

As at 30 June 2011, the balance of liabilities under FFAs amounted to RMB35,531,000.

Market outlook

In the second half of 2011, excessive shipping capacity will remain the primary factors affecting the growth of international dry bulk shipping market. According to the forecast by Clarkson in July this year, the global demand for dry bulk shipping in 2011 is expected to increase by 4% in terms of DWT and 13% in terms of shipping capacity. The development of international dry bulk shipping market will be supported by certain favorable factors in the second half of the year, including the acceleration of the construction of economic affordable housing in the PRC, the global reserve of thermal coal, the peak season of food shipment in North America and the opportunities brought by the post-earthquake reconstructions in Japan. However, market recovery will be restricted by the delivery of substantial shipping capacity.

Operation plans

We insist on operating our business in a prudent but flexible manner by closely monitoring the market trends and conducting more precise market research and analysis to grasp market opportunities. We will also formulate capacity schedule for medium to long term and optimize the allocation of current shipment capacity.

We continue to implement strict cost control in appropriate manners to reduce leasing fees. In addition, we will further control fuel consumption and reduce fuel costs by arranging reasonable routes, speed reduction, arranging appropriate fueling schedule and points and avoiding terminals with complicated conditions.

We will continue to develop business relationship with major customers through cooperation to secure more cargo sources and expand our market share.

We will reallocate the resources for dry bulk shipping to enlarge synergistic effects. We will push forward the reform on dry bulk shipping system and centralize the distribution of resources to maximize the overall effectiveness of the bulk carrier fleet.

We continue to strengthen the development of costal bulk carrier fleet to further enhance its market competitiveness in the dry bulk shipping market in coastal areas.

LOGISTICS BUSINESS

Market Review

In the first half of 2011, the logistics industry in the PRC maintained a steady increasing growth. In particular, the demand for social logistics continued to increase with a total volume of RMB74,700 billion, representing an increase of 13.7% over the corresponding period last year based on comparable pricing. The added-value in logistics business increased steadily with a total of RMB1,436 billion in the first half of the year, representing an increase of 14.2% over the corresponding period of last year based on comparable pricing, and accounting for 7% of the GDP and 16.6% of the added-value of the service sector. Its contribution to the development of economy and society continues to increase.

Results performance

During the first half of 2011, revenue of the logistics business of the Group amounted to RMB8,297,505,000 representing an increase of 22.5% as compared to the same period in 2010. The expanding business scale of supply chain logistics business was one of the main reasons leading to the increase in revenue.

The business volumes of major segments of COSCO Logistics are set out in the table below.

	For the six months ended 30 June		
	2011	2010	Change %
Third party logistics			
Product logistics			
Home appliance logistics ('000 pcs)	**45,938**	44,884	2.3
Chemical logistics (RMB ten thousands)	**6,731**	5,081	32.5
Project logistics (RMB million)	**820**	543	51.0
Shipping agency business (vessels)	**68,087**	67,453	0.9
Freight forwarding business			
Marine shipping			
Bulk cargoes (tons)	**93,910**	97,974	-4.2
Containers (TEUs)	**1,186,405**	1,104,033	7.5
Air-freight (tons)	**59,234**	55,646	6.4

Third party logistics

The development of product logistics business remained stable in the first half of 2011:

The business volume of home appliance logistics increased by 2% as compared with the same period of 2010. The income of chemical logistics business amounted to RMB67.31 million, representing an increase of 32% as compared to the same period in 2010, primarily because we enhanced the sales and marketing efforts on leading industry players and consolidated the business relationship with current customers by offering more diversified range of services.

The Company achieved breakthroughs for its electronic products and chemical logistics businesses. We developed new projects with (among others) Acer, Asus, Dow Chemical and Eastman, which helped to further consolidate our market position. We cooperated with Taobao.com(淘寶網)to effectively promote the logistics system for online sales business of home appliances and electronic products. Cooperation between COSCO Logistics and Luzhou Laojiao achieved remarkable results, marking our first step in the new logistics business.

In the first half of the year, the turnover of project logistics reached RMB820 million, representing an increase of 51% as compared with the same period of 2010. Major projects include Nuclear Energy Projects, Air Bus 320 Project, and Shenzhen Huaxing Project(深圳華興). In the first half of the year, the contract value of new project logistics business amounted to RMB630 million, representing an increase of 34% as compared with the same period of 2010, and the major projects included the Stung Russei Chrum hydro power station project in Cambodia with Huadian, transportation of the first batch of nuclear fuel for Sanmen nuclear power station, Anqing petrochemical project with Sinopec, and the Wassit power plant project in Iraq.

Shipping agency business

In the first half of 2011, our market share in the public shipping agency business, new shipping routes market and general cargo market amounted to 52%, 63% and 32% respectively. The number of vessels, net tonnage, transportation volume and number of containers of the integrated shipping agency business increased as compared with the same period last year. In the first half of the year, we provided shipping agency services to 68,087 vessels, representing an increase of 0.9% as compared with the same period last year, which further enhanced our dominant position in domestic shipping agency market.

Freight forwarding business

In the first half of 2011, the maritime logistics business of COSCO Logistics handled container cargoes totaling 1,186,405 TEUs, representing an increase of 7.46% as compared with the corresponding period of last year, and bulk cargoes totaling 93,910,000 tons, representing a decrease of 4.15% as compared with the corresponding period last year.

The air freight forwarding operations realized satisfactory performances and the business volume increased by 6.4% as compared with the same period last year.

Market outlook

The logistics market in China will remain its rapid growth in the second half of 2011, and it is expected that the overall logistics business volume will increase by approximately 14%. In terms of market segments, due to the further development of industrial transformation in China, electronic products logistics business will shift to inland from coastal areas and the chemical logistics market will continue to grow steadily. In addition, the "12th Five-Year" Plan of China and the strategy of "going out" of enterprises in China will continue to bring significant development opportunities to project logistics.

Operation plans

For product logistics, the Group will focus on the development of market segments, including electronic product logistics, chemical logistics and air freight logistics, and strive to increase its profitability. Electronic product logistics business will be expanded to central and northeast regions, so as to enhance the coverage of electronic businesses. In respect of chemical logistics, the Group will focus on improving the services quality to further consolidate and explore relationship with major customers.

For project logistics, in order to explore new markets, the Group will adhere to its intensive development model and endeavor to internationalize its operation. The Group will also further exert its effort to set up resources platform for land transportation of bulk cargo, formulate plan for expansion to the bulk transportation markets in central regions, develop its overseas operating network and explore strategic customers to further strengthen its development of overseas markets and long-term businesses.

For shipping agencies business, the Group will expand its business chain and push forward the transformation and upgrade of the business. The Group will focus on the management of service quality to maintain the leading position of its brand. The Group aims to achieve steady growth by enhancing its marketing.

For freight forwarding business, the Group will continue to focus on the principles of "integration, focus and enhancement" and improve the services provided to direct customers, so to develop a new stream of profit growth. The Group will strengthen its project development capability to increase the profitability of its businesses.

For air freight forwarding, the Group will increase its efforts in marketing and continue to explore direct customers and optimize its customer structure, so that the Group is able to reduce its reliance on the profit from operational customers and further increase the profit from self-operating businesses. The development of the coastal companies in the major ports of Shanghai and Beijing will also be boosted so that the competitiveness of the local markets will be strengthened and that the market share of the Company in these areas will be enhanced.

TERMINAL AND RELATED BUSINESS

Market review

In the first half of 2011, the global containers ports industry remained its growth. According to the forecast of Drewry in June this year, it is expected that the global container port throughput will increase by 8.3% in the first half of the year. The Asian market will increase by over 10% and will continue to be the main growth driver of the global port industry.

In the first half of 2011, the throughput of ports in China reached 77.696 million TEUs, representing an increase of 12.9% as compared to the corresponding period of the previous year. In terms of regions, the performance of ports in Bohai Rim was more remarkable. The growth in throughput of ports in Shenzhen and Shanghai were lower than the national average growth rate as a result of the sluggish recovery of economy in Europe and the United States.

Results performance

In the first half of 2011, the throughput of the container terminals of COSCO Pacific amounted to 24,249,265 TEUs, representing an increase of 19.7% as compared to the corresponding period of the previous year. The throughput of container terminals in China amounted to 21,126,861 TEUs, representing an increase of 20.1% as compared to the corresponding period of the previous year, and the increment was higher than the increase of 12.9% in the general market in China. The throughput of overseas terminals increased to 3,122,404 TEUs, representing an increase of 17.1% as compared to the corresponding period of the previous year. In 2010, COSCO Pacific acquired approximately 10% additional equity interests of Yantian Terminal, and the equity throughput of the Group increased by 31.0% to 6,537,509 TEUs.

The total throughput of terminals in Bohai Rim amounted to 9,522,797 TEUs, representing an increase of 31.8% as compared to the same period of the previous year. The total throughput of terminals in Yangtze River Delta increased by 22.1% as compared to the corresponding period of the previous year to 3,634,691 TEUs while the total throughput of terminals in Pearl River Delta and Southeast Coastal areas increased by 8.0% as compared to the corresponding period of the previous year to 7,969,373 TEUs.

Throughput of terminals

	For the six months ended 30 June		
	2011 (TEUs)	2010 (TEUs)	Change (%)
Bohai Rim	**9,522,797**	7,224,112 Note1	31.8
Qingdao Qianwan Container Terminal Co., Ltd.Note 2	**6,269,091**	4,982,054	25.8
Dalian Port Container Terminal Co., Ltd.	**945,716**	787,558	20.1
Tianjin Five Continents International Container Terminals Co., Ltd.	**976,863**	909,696	7.4
Tianjin Port Euroasia International Container Terminal Co., Ltd.	**649,091**	—	—
Yingkou Container Terminals Co., Ltd.	**682,036**	544,804	25.2
Yangtze River Delta	**3,634,691**	2,977,905 Note1	22.1
Shanghai Pudong International Container Terminals Co., Ltd.	**1,167,619**	1,083,764	7.7
Ningbo Yuan Dong Terminals Operation Co., Ltd.	**1,035,691**	780,544	32.7
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**484,687**	397,267	22.0
Yangzhou Yuanyang International Terminals Co., Ltd.	**191,964**	141,492	35.7
Nanjing Port Longtan Container Co., Ltd.	**754,730**	574,838	31.3
Pearl River Delta and Southeast Coastal areas	**7,969,373**	7,382,063	8.0
COSCO-HIT Terminals (Hong Kong) Ltd.	**821,851**	765,177	7.4
Yantian International Container Terminals Ltd.	**4,734,794**	4,597,521	3.0
Guangzhou South China Oceangate Container Terminal Co., Ltd.	**1,685,432**	1,376,392	22.5
Quanzhou Pacific Container Terminal Co., Ltd.	**576,799**	496,404	16.2
Jinjiang Pacific Ports Development Co., Ltd.	**150,497**	146,569	2.7
Overseas	**3,122,404**	2,667,015	17.1
COSCO-PSA Terminal Private Ltd.	**513,758**	550,437	-6.7
Antwerp Gateway NV	**607,633**	360,970	68.3
Suez Canal Container Terminal S.A.E.	**1,516,733**	1,378,881	10.0
Piraeus Container Terminal S.A.	**484,280**	376,727	28.5
Total container throughput	**24,249,265**	20,251,095 Note1	19.7

Note 1: The throughput of containers in 2010 excluded the throughput of Qingdao Cosport Terminal and Shanghai Container Terminals Co., Ltd. (Shanghai Terminal, which COSCO Pacific of the Group held 10% equity interests). COSCO Pacific, a subsidiary of the Group, disposed of its 50% equity in Qingdao Cosport Terminal in April 2011 and Shanghai Terminal transformed its operations in January 2011 and ceased to handle containers. The throughput of these two terminal companies in the first half of 2010 amounted to 628,811 TEUs and 1,548,142 TEUs respectively.

Note 2: Qingdao Qianwan United Container Terminal Co., Ltd. ("Qingdao Qianwan United Terminal") is a jointly controlled entity of Qingdao Qianwan Terminal. The throughput of Qingdao Qianwan Terminal included the throughput of Qingdao Qianwan United Terminal. The throughput of Qingdao Qianwan United Terminal amounted to 933,291 TEUs in the first half of 2011.

Note 3: In the first half of 2011, the total bulk cargo throughput amounted to 12,945,477 tons (11,747,101 tons in the same period in 2010), representing an increase of 10.2%; the throughput of Dalian Automobile Terminal Co., Ltd. amounted to 79,302 units (64,097 units in the same period of 2010), representing an increase of 23.7%.

Market outlook

Overall speaking, though the global economic recovery path is full of risks and challenges, as the global economy will remain its growth momentum and the China economy will develop steadily, it is expected that the growth of terminal industry will continue in 2011.

Operation plans

In the second half of 2011, the Group will closely monitor the market changes, optimize and improve the operating mechanism and management of terminals by formulating and adjusting investments and operating strategies of terminals in a timely manner, so as to expand the global terminal network, thereby maintaining sustainable growth of terminal business. In addition, the Group will strive to enhance the handling capacity and operational efficiency of terminals in order to provide more value-added services for customers and increase competitiveness of terminals.

It is expected that 8 new berths will commence operation in the second half of the year. Among which, Xiamen Ocean Gate Container Terminal Co., Ltd. will commence trial operation in the fourth quarter this year, where 2 berths will commence operation in that terminal with an annual throughput of 1,400,000 TEUs.

The Group will further accelerate the renovation of Pier 2 of the Piraeus Terminal in Greece, a wholly-owned terminal of the Group. 3 new super panamax container crane hoists and 8 rail-mounted gantries for yard container were installed at the end of September 2010 and in April 2011 respectively and 3 new super panamax container crane hoists will be installed in October 2011. The renovation is expected to complete by the end of the year. The handling capacity of Piraeus Terminal will be further enhanced with the installation of new equipments.

CONTAINER LEASING, MANAGEMENT AND SALES BUSINESS

Market review

In the first half of 2011, the container leasing market maintained the momentum in 2010 to develop steadily. There were thriving demands for container leasing service as most of the shipping companies have formulated the annual container leasing plans for 2011.

Results performance

Florens Container Holdings Limited, a subsidiary of the Group, continued to rank the third largest container leasing company in the world. As at 30 June 2011, the size of the container fleet of Florens was 1,713,872 TEUs, representing an increase of 7.3% as compared to the same period last year and accounting for approximately 13.0% of the container leasing market in the world. Its average leasing rate was 96.8%, representing an increase of 1.4 percentage points as compared to the same period last year, which was higher than the average level of the industry. The containers purchased by the Group in 2010 contributed to full-year rental income in the year 2011 and led to an increase in rental income in the first half of 2011.

The Group continued to operate under the business model with light asset base to reduce its operating risks and balance the proportion of self-owned containers, managed containers and sale and leaseback containers. As at 30 June 2011, the fleet size of self-owned containers increased to 798,638 TEUs, representing an increase of 3.3% as compared to the corresponding period of the previous year and accounting for 46.6% of the total number of containers. The fleet size of managed containers was 685,951 TEUs, representing a decrease of 2.9% as compared to the corresponding period of the previous year and accounting for 40.0% to the total number of containers. The fleet size of sale and leaseback containers was 229,283 TEUs, representing an increase of 94.2% and accounting for 13.4% to the total number of containers.

Market outlook

The overall recovery trend will not be affected by the uncertainties in the future development of the world economy. It is expected that the overall average leasing rate of global containers will remain relatively high in the second half of the year.

Operation plans

In the second half of 2011, the Group will continue to follow the trend of the market closely, implement its operation strategies and formulate prudent plans for procurement of new containers. The Group purchased new containers of 118,000 TEU in the first half of the year, of which 90% were rented by shipping companies. The Group will continue to deliver new containers to the shipping companies in the second half of the year to generate rental income.

CONTAINER MANUFACTURING

In the first half of 2011, COSCO Pacific, a subsidiary of the Group, held a 21.8% equity interest in CIMC, the world's largest container manufacturer. Following the global economic recovery in the second half of 2010, container market remained growth in the first half of 2011.

PRODUCTION SAFETY

In the first half of 2011, the Group 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 2011:

1. Marine accident: three accidents. According to the requirements of the Maritime Transport Accidents Statistics Reputation issued by the Ministry of Transport, all three accidents were minor accidents.
2. No engine accident.
3. No pollution accident.
4. Loading port inspections of 463 voyages, with no-defect confirmations issued for 316 voyages, representing a passing rate of 68.3% and two demurraged vessels, accounted for 0.43% of the total number of vessels.
5. Death and serious injuries: one serious industrial injury and death accident causing one death, thirteen minor accidents causing thirteen minor injuries.

ENERGY SAVING AND ENVIRONMENTAL PROTECTION

In the first half of 2011, 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 2011, fuel consumption was 3.96 kg/thousand ton nautical miles, representing a decrease of 2.22% as compared to the same period last year.

TECHNOLOGY INNOVATION

In the first half of 2011, with respect to the establishment of innovative trial enterprises facilities, the Group continued to put efforts in technology innovation to further strengthen its core competitive edge.

In terms of technology development, 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), in which the Group had been participating, passed the inspection, 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) was completed as planned. The Group proactively conducted research on the application of green vessels with engines of low-carbon emission and environmental-friendly and energy-saving technology, as well as demonstrative integration of supply chain, and proactively lodged applications for participating in national projects. The technological research and application project of "Dynamic Control and Management of Effectiveness and Efficiency for Large-scale Shipping Enterprises"(大型航運企業能效動態管控技術開發與應用) has passed the authentication by Shanghai Technology Commission (上海市科委). Its findings have generally met the international advanced standard with some achievements meeting the international leading standards.

As for informationalization, the Group pushed forward the second phase of the construction of application system. Establishment of the "New Container Management System"(新箱管系統) of COSCON as well as the first phase of Financial and Operation Statements Analysis System of COSCO Bulk were under progress. COSCO Logistics has prepared to establish a new international logistics operation system on the foundation of its core business system to further enhance the horizontal synergism of its business segments and the information management of logistics services.

In respect of vessel development, in the first half of 2011, new development progress was achieved in terms of green standardized vessels. The Group has entered into contracts for the first 8 vessels of COSCO coastal vessels operating in Yangtze and Southern China. These vessels are developed and designed by the Group according to the specific needs of our customers, and are specially designed to be the two largest vessel models for dry bulk logistics, with characteristics of shallow-drafted, heavy-loaded, fast-speeded and low energy-consumed. These vessels are the most advanced, environment-friendly and energy-reserved vessel models in China fulfilling the national requirement on green and environment-friendly vessels during the course of strategic transformation in the future, which also mark the trend of development for future standardized vessels in coastal areas of China.

FINANCIAL REVIEW

During the first half of 2011, the operational revenues of the Group amounted to RMB42,007,265,000, representing a decrease of RMB3,563,402,000, or 7.8%, as compared with RMB45,570,667,000 in the first half of 2010. The profit attributable to the equity holders amounted to RMB-2,757,578,000, representing a decrease of RMB6,171,014,000, or 180.8%, as compared with RMB3,413,436,000 in the first half of 2010. During the period, due to the global economic downturn and excessive shipping capacity, revenue from dry bulk shipping and container shipping and related business decreased by 27.1% and 3.4% respectively as compared to the same period last year. Together with the increase of costs resulting from the increase of expenses such as bunker cost, the Group's profit recorded a significant decrease as compared to the same period last year.

Operational revenues

In the first half of 2011, the operational revenues of the Group amounted to RMB42,007,265,000, representing a decrease of RMB3,563,402,000, or 7.8%, as compared to RMB45,570,667,000 in the first half of 2010, of which:

Revenue from container shipping and related business decreased by 3.4% to RMB20,249,024,000. In the first half of 2011, container shipping volume of the Group amounted to 3,239,634 TEUs, representing an increase of 9.8% as compared to that of first half of 2010. Average container freight rate was RMB5,043/TEU, representing a decrease of 13.5% as compared to that of first half of 2010. Average container freight rate of all routes decreased in the first half of 2011 as compared to the same period last year, among which, the revenue from Asia-Europe routes recorded the most significant decrease of 28.2%.

Revenue from the dry bulk shipping and related business decreased by 27.1% to RMB12,219,319,000. In the first half of 2011, the average level of BDI was merely 1,372 points, representing a decrease of 56.7% as compared with 3,165 points for the first half of 2010. Revenue from the dry bulk shipping business recorded a relatively large decrease due to the declining market.

As compared with the revenues in the first half of 2010, revenue from logistics operations increased by 22.5% to RMB8,297,505,000. Continuous growth of logistics business volume was recorded in the first half of 2011. In addition, the Group has expanded its supply chain logistics business, which led to an increase in revenue.

Revenue from the terminal and related business recorded an increase of 17.5% to RMB798,707,000. It was mainly attributable to the increase of RMB270,516,000 in revenue resulting from the consolidation of Guangzhou South China Oceangate Terminal. Besides, the throughput of Piraeus Terminal in Greece increased to 484,280 TEUs in the first half of 2011, representing an increase of 28.5% as compared to the same period in 2010.

Revenue from the container leasing business increased by 10.6% to RMB442,710,000. In the first half of 2011, revenue from container leasing business increased due to strong market demands.

Operational cost

In the first half of 2011, the operational cost of the Group increased by 9.4% to RMB42,737,779,000 as compared with the same period last year, of which:

The operational cost of container shipping and related business amounted to RMB19,480,551,000, representing an increase of RMB987,511,000, or 5.3%, as compared to the first half of 2010. During the period, due to the increase in both containers shipping volume and oil price, bunker costs increased to RMB4,936,753,000, representing an increase of RMB1,034,835,000, or 26.5%, as compared to the same period last year. During the first half of 2011, bunker costs accounted for 25.3% of the operational cost of container shipping and related business.

Total operational cost of dry bulk shipping and related business amounted to RMB14,534,115,000, representing an increase of RMB1,176,459,000, or 8.8%, as compared to the same period last year. Among which, bunker costs increased by RMB601,980,000, or 27.0%, to RMB2,832,070,000 and bunker costs accounted for 19.5% of the operational cost of the dry bulk shipping business. The total charter cost decreased by RMB1,001,791,000 or 11.9%. The reversal of provisions for onerous contracts in previous years amounted to RMB986,923,000, representing a decrease of RMB82,588,000 as compared to the same period last year. In addition, a provision of RMB1,391,224,000 was made for the onerous contracts for charter-in vessels held by the Group at the end of the period, representing an increase of RMB841,609,000 as compared to the same period last year.

The operational cost of the logistics business amounted to RMB7,467,510,000, representing an increase of 24.4%, as compared to the same period last year. Such increase was mainly attributable to the development and continuous expansion of supply chain logistics business.

The operational cost of terminal and related business amounted to RMB674,675,000, representing an increase of 7.0%, as compared to the same period last year. Such increase was primarily attributable to the operational cost of the consolidation of Guangzhou South China Oceangate Terminal from 1 January 2011, which was partly offset by the significant decrease of cost after the taking over of Piraeus Terminal in Greece on June 2010.

The operational cost of container leasing business amounted to RMB374,172,000, representing a decrease of 10.3% as compared to the same period last year. Such decrease was mainly due to the reduced number of returned containers sold upon expiry of lease.

Other expenses/income, net

The net amount of other income/(expenses) of the Group in the first half of 2011 amounted to RMB501,387,000, as compared to RMB424,586,000 in the first half of 2010. Regarding FFAs held by the dry bulk shipping companies of the Group, a loss of RMB7,331,000 was incurred during the period, as compared with a gain of RMB36,691,000 in the same period last year.

Selling, administrative and general expenses

In the first half of 2011, the administrative expenses of the Group amounted to RMB2,464,666,000, representing an increase of 6.6% as compared to the same period last year, which was mainly attributable to increases in expenses such as staff costs and travelling expenses.

Finance income

Finance income of the Group was mainly interest income from bank deposits. In the first half of 2011, finance income of the Group amounted to RMB818,052,000, representing an increase of RMB544,524,000, or 199.1% as compared to the first half of 2010. Such increase was primarily attributed to the foreign exchange gain from borrowings denominated in foreign currencies of approximately RMB431,904,000.

Finance cost

In the first half of 2011, the finance cost of the Group amounted to RMB777,686,000, representing an increase of RMB171,549,000, or 28.3% as compared to the same period last year, which was primarily due to the increase of interest expenses resulting from the issue of mid-term notes of RMB5 billion by the Company in the second half of 2010.

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 RMB1,223,449,000 during the first half of 2011, representing an increase of RMB654,013,000 as compared to RMB569,436,000 for the same period in 2010. During the period, investment income from CIMC amounted to RMB597,270,000, representing an increase of RMB413,466,000 as compared with the same period last year, and investment income from Yantian Terminal amounted to RMB152,981,000 (in the first half of 2010: nil).

Income tax expenses

In the first half of 2011, income tax expenses of the Group were RMB360,657,000, representing a decrease of RMB608,424,000 as compared to RMB969,081,000 in the same period last year. During the period, income tax expenses decreased as a result of a decline of operational results.

Working capital, financial resources and capital structure

As at 30 June 2011, cash and cash equivalents of the Group decreased by RMB2,885,582,000, or 6.2%, to RMB43,797,638,000 as compared to 31 December 2010. During the period, operational costs of the Group increased, which was primary due to the cash used in product purchasing and crew service increased.

As at 30 June 2011, total outstanding borrowings of the Group were RMB65,778,001,000. After netting of cash and cash equivalents of RMB43,797,638,000, the net debt was RMB21,980,363,000. The gearing ratio (net debt divided by total equity) was 37.4%.

The working capital and capital resources of the Group have always 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 utilized for uses such as payment of operational cost, purchases of container vessels, dry bulk vessels and containers, investment in terminals, logistics projects and repayment of loans.

Debt analysis

By Category	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Short-term borrowings	**1,656,492**	1,669,381
Long-term borrowings and bonds payable		
Within one year	**13,043,814**	4,200,211
In the second year	**17,284,987**	21,234,030
In the third to fifth years	**21,961,140**	22,044,757
After the fifth year	**11,831,568**	11,648,695
Subtotal	**64,121,509**	59,127,693
Total	**65,778,001**	60,797,074

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB12,712,312,000, while unsecured borrowings amounted to RMB53,065,689,000, representing 19.3% and 80.7% of the total borrowings, respectively.

Breakdown of borrowings by currency:

The Group had borrowings denominated in U.S. dollars equivalent to RMB41,775,221,000 and borrowings denominated in RMB amounting to RMB22,989,572,000, representing 63.5% and 35.0% of the total borrowings, respectively.

Corporate guarantee and contingent liabilities

As at 30 June 2011, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB199,552,000, where such guarantee was RMB195,403,000 as at 31 December 2010. As at 30 June 2011, the liabilities regarding outstanding litigation or arbitration amounted to approximately RMB6 million. Except for the information disclosed above, the Group had no other significant contingent liabilities.

Foreign exchange and interest rate risk management

In the first half of 2011, as the Group closely monitored the trends in financial market and changes in monetary policy, and maintained the existing USD 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 4 November 2010, Freightworld Ptd Ltd (富華貨運有限公司), an indirect wholly-owned subsidiary of the Company through COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司) entered into two separate agreements with COSCO Corporation (Singapore) Limited, pursuant to which Freightworld Ptd Ltd (富華貨運有限公司) has conditionally agreed to purchase (1) approximately 70% of the issued capital of Costar Shipping Ptd Ltd for a total cash consideration of S$10,600,000; and (2) approximately 70% of the issued capital of Coslink (M) Sdn Bhd for a total cash consideration of S$1,050,000. Such acquisitions constitutes connected transactions of the Company, which are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Such acquisitions have been completed during the six months ended 30 June 2011.

For further information relating to the above transactions, please refer to the announcement of the Company dated 4 November 2010.

On 29 March 2011, Shanghai Ocean Shipping Co., Ltd. (上海遠洋運輸有限公司), an indirect wholly-owned subsidiary of the Company through COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司), entered into an agreement with COSCO International Trading Company Limited (中遠國際貿易有限公司), an indirect non-wholly owned subsidiary of the controlling shareholder of the Company, to acquire 50% of the equity interest in Shanghai Ocean International Trading Co., Ltd. (上海遠洋國際貿易有限公司), for a total cash consideration of RMB7,264,372.39. Such acquisition constitutes connected transaction of the Company, which is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Such acquisition has been completed during the six months ended 30 June 2011.

For further information relating to the above transaction, please refer to the announcement of the Company dated 29 March 2011.

Save as disclosed above, the Company has not carried out any other material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, there was no material change in the number of employees of the Group as compared with the information disclosed in the 2010 Annual Report most recently published by the Company. During the six months ended 30 June 2011, there was no material change in the total staff cost, including directors' remuneration, and the remuneration policies as compared with the information disclosed in the 2010 Annual Report most recently published by the Company.

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 2011, 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 2011 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 2011	Granted during the period	Exercised during the period	Transfer (to)/ from other category during the period	Outstanding as at 30 June 2011	Approximate % of issued share capital of the H shares of the Company ("H Shares") as at 30 June 2011	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)
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)
SUN Jiakang	Beneficial owner	Personal	HK$3.195	—	—	—	375,000	375,000	0.01%	(1),(5)
			HK$3.588	—	—	—	500,000	500,000	0.02%	(2),(5)
			HK$9.540	—	—	—	480,000	480,000	0.02%	(3),(5)
XU Minjie	Beneficial owner	Personal	HK$3.195	—	—	—	75,000	75,000	0.003%	(1),(5)
			HK$3.588	—	—	—	90,000	90,000	0.003%	(2),(5)
CHEN Hongsheng	Beneficial owner	Personal	HK$3.195	525,000	—	—	(525,000)	—	0.00%	(1), (4)
			HK$3.588	700,000	—	—	(700,000)	—	0.00%	(2), (4)
			HK$9.540	680,000	—	—	(680,000)	—	0.00%	(3), (4)
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. During the period, 50,000 of such share appreciation rights lapsed.

(4) Chen Hongsheng ceased to be a Director with effect from 17 May 2011. His share appreciation rights, which accounted for 0.07% of the total H-Shares in issue, were reclassified from the category of "Directors" to "Others".

(5) Sun Jiakang and Xu Minjie became Directors with effect from 17 May 2011. Their rights under the Share Appreciation Rights Plan were reclassified from the category of "Senior Management" to "Directors".

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 2011	Transferred (to)/ from other categories during the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2011	Approximate percentage of total issued share capital of COSCO Pacific as at 30 June 2011	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)	—	—	—	—	0.00%	03.12.2004-02.12.2014	(2), (4), (6)
SUN Yueying	13.75	1,000,000	—	—	—	—	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
SUN Jiakang	13.75	—	700,000	—	—	—	700,000	0.03%	01.12.2004-30.11.2014	(2), (4), (7)
XU Mingjie	19.30	—	800,000	—	—	—	800,000	0.03%	19.04.2007-18.04.2017	(3), (4), (7)

SHARE OPTION SCHEME OF COSCO PACIFIC *(Continued)*

Category	Exercise price HK$	Number of share options: Outstanding as at 1 January 2011	Transferred (to)/ from other categories during the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2011	Approximate percentage of total issued share capital of COSCO Pacific as at 30 June 2011	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	—	—	(8,000)	—	2,361,000	0.09%	(refer to note 1)	(1), (5)
	13.75	16,812,000	300,000	—	(250,000)	(500,000)	16,362,000	0.60%	(refer to note 2)	(2), (5)
	19.30	15,260,000	(800,000)	—	—	(400,000)	14,060,000	0.52%	(refer to note 3)	(3), (5)
		39,441,000	0	—	(258,000)	(900,000)	38,283,000			

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.

(6) Chen Hongsheng ceased to be a Director with effect from 17 May 2011. His rights under the 2003 Share Option Scheme were reclassified from the category of "Directors" to "Others".

(7) Sun Jiakang and Xu Minjie became Directors with effect from 17 May 2011. Their rights under the 2003 Share Option Scheme were reclassified from the category of "Others" to "Directors".

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

As at 30 June 2011, 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 SFO 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 A Share capital
LI Yunpeng	Beneficial owner	Family	3,000	0.00004%
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	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 2011 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

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 2011 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 2011	Transferred (to)/from other categories during the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2011	Percentage of total issued share capital of associated corporation as at 30 June 2011	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)	–	–	–	–	0.00%	(1), (4)
	SUN Yueying	Beneficial owner	Personal	HK$13.75	1,000,000	–	–	–	–	1,000,000	0.04%	(1)
	SUN Jiakang	Beneficial owner	Personal	HK$13.75	–	700,000	–	–	–	700,000	0.03%	(1), (5)
	XU Mingjie	Beneficial owner	Personal	HK$19.30	–	800,000	–	–	–	800,000	0.03%	(5),(6)
	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)
	SUN Jiakang	Beneficial owner	Personal	HK$1.37	–	800,000	–	–	–	800,000	0.03%	(2), (7)
COSCO Singapore	SUN Yueying	Beneficial owner	Personal	S$1.23	700,000	–	–	–	(700,000)	–	0.00%	(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.

(4) Chen Hongsheng ceased to be a Director with effect from 17 May 2011. His rights under the 2003 Share Option Scheme were reclassified from the category of "Directors" to "Others".

(5) Sun Jiakang and Xu Minjie became Directors with effect from 17 May 2011. Their rights under the 2003 Share Option Scheme were reclassified from the category of "Others" to "Directors".

(6) 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.

(7) Sun Jiakang became a Director with effect from 17 May 2011. His rights in the share options granted by COSCO International were reclassified to "Directors".

Except as disclosed above, as at 30 June 2011, 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 2011, 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 H Share capital						
Name	**Capacity and nature of interest**	**Long position**	**(approx) %**	**Short position**	**(approx) %**	**Lending pool**	**(approx) %**	***Note***
Blackrock, Inc.	Interest of controlled corporation	183,672,977	7.12	29,624,297	1.15	—	—	(1)

Note:

(1) The 183,672,977 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 (Institutional) Canada Ltd, BlackRock Holdings Canada Limited, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty Ltd, BlackRock Asset Management Australia Limited, BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Group Limited, BlackRock Advisors UK Ltd., BlackRock Luxembourg Holdco S.a.r.l., BlackRock Investment Management Ireland Holdings Ltd, BlackRock Asset Management Ireland Ltd, BlackRock Investment Management (UK) Ltd, BlackRock Holdings Deutschland GmbH, BlackRock Asset Management Deutschland AG, BlackRock Fund Managers Ltd and BlackRock International Ltd. The short position of 29,624,297 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 2011, so far as was known to the Directors, 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 (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 2011, so far as was known to the Directors, 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 2011 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	46,193,964
Current assets	13,003,599
Current liabilities	(27,886,080)
Non-current liabilities	(8,885,112)
Net assets	22,426,371
Share capital	3,226,759
Reserves	9,301,695
Minority interests	9,897,917
Capital and reserves	22,426,371

As at 30 June 2011, the attributable interests of the Group in these affiliated companies amounted to approximately RMB5,932,529,000.

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, the implementation of internal control initiatives, the internal auditing report 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. Kwong Che Keung, Gordon (chairman of the audit committee) and Mr. Teo Siong Seng, and one non-executive director, Ms. Sun Yueying, who will meet regularly with management of the Company and the Company's external auditors, review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2011, and recommended the adoption by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintaining relatively high standards of corporate governance by the Group. The Board of the Company 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 as set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules 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.

Code provision A.2.1 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, while assuming both roles has a positive significance on 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 2011.

INTERIM DIVIDEND

The Board does not recommend distribution of interim dividend for the six months ended 30 June 2011.

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 Supervisors 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 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries have purchased or sold any of its listed shares during the six months ended 30 June 2011.

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 4 road shows with a total of 666 investors participated and held 153 personal or group meetings. 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 2011

The unaudited condensed consolidated interim financial information of the Company prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as set out on pages 43 to 99 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 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 2011, the text of which is set out on page 100.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2011

	Note	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000* (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**71,788,976**	67,095,749
Investment properties	6	**483,871**	489,901
Leasehold land and land use rights	6	**2,668,273**	2,201,301
Intangible assets	6	**210,747**	210,495
Jointly controlled entities		**4,788,603**	4,572,020
Associates		**10,945,330**	10,910,150
Available-for-sale financial assets		**567,261**	634,607
Derivative financial assets	7	**114,447**	129,357
Deferred income tax assets		**2,094,932**	2,064,189
Restricted bank deposits		**420,588**	449,188
Loans to jointly controlled entities and associates		**453,502**	1,073,318
Other non-current assets		**636,643**	541,137
Total non-current assets		**95,173,173**	90,371,412
Current assets			
Inventories		**3,376,022**	2,116,866
Trade and other receivables	8	**13,307,655**	10,960,647
Tax recoverable		**6,302**	5,693
Restricted bank deposits		**632,030**	697,838
Cash and cash equivalents		**43,797,638**	46,683,220
		61,119,647	60,464,264
Assets held for sale	9	**—**	146,216
Total current assets		**61,119,647**	60,610,480
Total assets		**156,292,820**	150,981,892

The notes on pages 50 to 99 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2011

	Note	**As at 30 June 2011** ***RMB'000***	As at 31 December 2010 *RMB'000* (Restated)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10(a)	**10,216,274**	10,216,274
Reserves		**33,150,361**	36,693,220
Proposed final dividend		**—**	919,465
		43,366,635	47,828,959
Non-controlling interests		**15,429,588**	14,471,896
Total equity		**58,796,223**	62,300,855
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	**51,077,695**	54,927,482
Provisions and other liabilities	12	**1,283,491**	1,302,883
Deferred income tax liabilities		**3,676,463**	3,530,789
Other non-current liabilities	13	**92,003**	377,073
Total non-current liabilities		**56,129,652**	60,138,227
Current liabilities			
Trade and other payables	14	**24,165,088**	20,392,291
Derivative financial liabilities	7	**35,531**	61,024
Short-term borrowings	15	**1,656,492**	1,669,381
Current portion of long-term borrowings	11	**13,043,814**	4,200,211
Current portion of provisions and other liabilities	12	**1,643,934**	1,264,313
Tax payable		**822,086**	955,590
Total current liabilities		**41,366,945**	28,542,810
Total liabilities		**97,496,597**	88,681,037
Total equity and liabilities		**156,292,820**	150,981,892
Net current assets		**19,752,702**	32,067,670
Total assets less current liabilities		**114,925,875**	122,439,082

The notes on pages 50 to 99 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 2011

	Note	Six months ended 30 June 2011 RMB'000	2010 RMB'000 (Restated)
Revenues	5	**42,007,265**	45,570,667
Cost of services and inventories sold		**(42,737,779)**	(39,069,724)
Gross (loss)/profit		**(730,514)**	6,500,943
Other income, net		**501,387**	424,586
Selling, administrative and general expenses		**(2,464,666)**	(2,312,516)
Operating (loss)/profit	16	**(2,693,793)**	4,613,013
Finance income	17	**818,052**	273,528
Finance costs	17	**(777,686)**	(606,137)
		(2,653,427)	4,280,404
Share of profits less losses of			
– jointly controlled entities		**346,055**	291,327
– associates		**877,394**	278,109
(Loss)/profit before income tax		**(1,429,978)**	4,849,840
Income tax expenses	18	**(360,657)**	(969,081)
(Loss)/profit for the period		**(1,790,635)**	3,880,759
(Loss)/profit attributable to:			
Equity holders of the Company		**(2,757,578)**	3,413,436
Non-controlling interests		**966,943**	467,323
		(1,790,635)	3,880,759
		RMB	*RMB*
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company	20		
– basic		**(0.2699)**	0.3341
– diluted		**(0.2700)**	0.3341

The notes on pages 50 to 99 form an integral part of this unaudited condensed consolidated interim financial information.

	Note	Six months ended 30 June 2011 RMB'000	2010 RMB'000 (Restated)
Distribution	19(a)	**92,687**	14,627

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2011

	Note	Six months ended 30 June **2011** ***RMB'000***	 2010 *RMB'000* (Restated)
(Loss)/profit for the period		**(1,790,635)**	3,880,759
Other comprehensive income/(loss)			
Available-for-sale financial assets			
– fair value losses, net of tax		**(64,859)**	(123,967)
– transferred to consolidated income statement upon sale		**—**	(47,890)
Cash flow hedges			
– transferred to consolidated income statement		**—**	(1,816)
Share of other comprehensive income/(loss) of jointly controlled entities and associates		**27,173**	(120,069)
Reclassification of an available-for-sale financial asset to an associate			
– release of investment revaluation reserve		**—**	(1,616,947)
– share of reserves		**—**	330,078
Release of reserves upon disposal of a jointly controlled entity	9	**(44,738)**	—
Release of exchange reserve upon reclassification of a jointly controlled entity to a subsidiary	26(a)	**(77,471)**	—
Currency translation differences		**(685,983)**	(261,448)
Other comprehensive loss for the period, net of tax		**(845,878)**	(1,842,059)
Total comprehensive (loss)/income for the period		**(2,636,513)**	2,038,700
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		**(3,427,607)**	2,481,249
Non-controlling interests		**791,094**	(442,549)
Total comprehensive (loss)/income for the period		**(2,636,513)**	2,038,700

The notes on pages 50 to 99 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 2011

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2011, as previously reported	46,508,553	14,467,284	60,975,837
Adoption of merger accounting (note 24)	27,140	4,612	31,752
Adjustment for adoption of HKFRS 1 (Amendment) (note 2(a))	1,293,266	—	1,293,266
Balance at 1 January 2011, as restated	47,828,959	14,471,896	62,300,855
Comprehensive income/(loss)			
(Loss)/profit for the period	(2,757,578)	966,943	(1,790,635)
Other comprehensive income/(loss):			
Available-for-sale financial assets – fair value losses, net of tax	(39,574)	(25,285)	(64,859)
Share of reserves of jointly controlled entities and associates	4,358	22,815	27,173
Release of reserves upon disposal of a jointly controlled entities (note 9)	(19,112)	(25,626)	(44,738)
Release of exchange reserve upon reclassification of a jointly controlled entity to a subsidiary (note 26(a))	(33,095)	(44,376)	(77,471)
Currency translation differences	(582,606)	(103,377)	(685,983)
Total other comprehensive loss	(670,029)	(175,849)	(845,878)
Total comprehensive (loss)/ income for the period ended 30 June 2011	(3,427,607)	791,094	(2,636,513)
Transactions with owners :			
Issue of shares on exercising of share options of a subsidiary	359	2,589	2,948
Contribution from non-controlling shareholders of subsidiaries	—	19,409	19,409
Dividends paid to non-controlling shareholders of subsidiaries	—	(324,431)	(324,431)
2010 final dividend (note 19(b))	(919,465)	—	(919,465)
Distributions (note 19(a))	(90,800)	(1,887)	(92,687)
Reclassification of jointly controlled entities to subsidiaries (note 26)	—	478,386	478,386
Acquisition of additional interest in a subsidiary (note 25(a))	(20,999)	(2,600)	(23,599)
Other	(3,812)	(4,868)	(8,680)
Total transactions with owners	(1,034,717)	166,598	(868,119)
As at 30 June 2011	43,366,635	15,429,588	58,796,223

The notes on pages 50 to 99 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 2011

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2010, as previously reported	41,992,343	10,592,472	52,584,815
Adoption of merger accounting (note 1)	30,912	6,773	37,685
Adjustment for adoption of HKFRS 1 (Amendment) (note 2(a))	913,053	—	913,053
Balance at 1 January 2010, as restated	42,936,308	10,599,245	53,535,553
Comprehensive income/(loss):			
Profit for the period	3,413,436	467,323	3,880,759
Other comprehensive income/(loss):			
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 reserve	169,000	161,078	330,078
Currency translation differences	(67,114)	(194,334)	(261,448)
Total other comprehensive loss	(932,187)	(909,872)	(1,842,059)
Total comprehensive income/(loss) for the period ended 30 June 2010	2,481,249	(442,549)	2,038,700
Transaction with owners:			
Contribution from non-controlling shareholders of subsidiaries	—	156,748	156,748
Dividends paid to non-controlling shareholders of subsidiaries	—	(223,767)	(223,767)
Distributions (note 19(a))	(10,239)	(4,388)	(14,627)
Disposal of a subsidiary	—	(6,171)	(6,171)
Acquisition of additional interest in a subsidiary (note 25(b))	(342,096)	239,567	(102,529)
Placement of shares by a subsidiary (net of issue expense) (note 25(c))	63,798	3,891,588	3,955,386
Total transactions with owners	(288,537)	4,053,577	3,765,040
As at 30 June 2010, as restated	45,129,020	14,210,273	59,339,293

The notes on pages 50 to 99 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 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Net cash (used in)/generated from operating activities	**(886,959)**	4,647,422
Net cash used in investing activities	**(2,081,376)**	(6,823,309)
Net cash generated from financing activities	**387,691**	1,737,414
Net decrease in cash and cash equivalents	**(2,580,644)**	(438,473)
Cash and cash equivalents as at 1 January	**46,683,220**	44,255,856
Exchange losses	**(304,938)**	(187,297)
Cash and cash equivalents as at 30 June	**43,797,638**	43,630,086

The notes on pages 50 to 99 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".

As at 30 June 2011, the Group had completed the acquisitions from COSCO Group the equity interests in 6 entities ("Acquired Entities") for a total consideration of RMB86,363,000 as set out below:

(a) The Group acquired from COSCO Group a 70% equity interest in Costar Shipping Pte Ltd. for a cash consideration of SGD10,600,000 (equivalent to approximately RMB55,590,000). At the same time, the Group acquired the remaining 30% equity interest from the other shareholder (note 25(a));

(b) The Group acquired from COSCO Group a 70% equity interest in Coslink (M) Sdn Bhd for a cash consideration of SGD1,050,000 (equivalent to approximately RMB5,507,000);

(c) The Group acquired from COSCO Group a 100% equity interest in COSCO Uruguay S.A. for a cash consideration of US$1,636,000 (equivalent to approximately RMB10,588,000);

(d) The Group acquired from COSCO Group a 98% equity interest in COSCO Argentina Maritime S.A. for a cash consideration of US$2,208,000 (equivalent to approximately RMB14,289,000);

(e) The Group acquired from COSCO Group a 51% equity interest in COSCO Chile S.A. for a cash consideration of US$4,000 (equivalent to approximately RMB27,000); and

(f) The Group acquired from COSCO Group a 99% equity interest in COSCO Peru S.A. for a cash consideration of US$56,000 (equivalent to approximately RMB362,000).

The Acquired Entities' parent company is COSCO and the aforesaid transactions were regarded as business combinations under common control. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been restated as a result of the 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 2010 are set out in note 24.

1 GENERAL INFORMATION *(Continued)*

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 2011 (the "unaudited Condensed Consolidated Interim Financial Information") was approved by the Board of Directors for issue on 25 August 2011.

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 audited financial statements for the year ended 31 December 2010 (the "2010 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below, the significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2010 Annual Financial Statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The new/revised standards, amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2011 are as follows:

HKAS 1 (Amendment)	"Presentation of Financial Statements"
HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"
HKAS 32 (Amendment)	"Classification of Rights Issue"
HKAS 34 (Amendment)	"Interim Financial Reporting"
HKFRS 1 (Amendment)	"First time Adoption of Hong Kong Financial Reporting Standards"
HKFRS 1 (Amendment)	"Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters"
HKFRS 3 (Revised)	"Business Combinations"
HKFRS 7(Amendment)	"Financial Instruments: Disclosures"
HK(IFRIC) - Int 13(Amendment)	"Customer Loyalty Programmes"
HK(IFRIC) - Int 14(Amendment)	"Prepayment of a Minimum Funding Requirement"
HK(IFRIC) - Int 19	"Extinguishing Financial Liabilities with Equity Instruments"

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

(a) New and amended standards adopted by the Group *(Continued)*

Except as described below, the adoption of the above does not have any significant impact to the Group's results for the six months ended 30 June 2011 and the Group's financial position as at 20 June 2011.

Adoption of HKFRS 1 (Amendment) "First time Adoption of Hong Kong Financial Reporting Standards"

HKFRS 1 (Amendment) allows first-time adopters to use an event-driven fair value as deemed cost for assets and liabilities, even if the event occurs after the date of transition to HKFRS. Such revaluation has to take place during the period covered by the first -time adopters' first set of HKFRS financial statements. When such a remeasurement occurs, any adjustment to that event-driven fair value is recognised in equity. The HKFRS 1 (Amendment) provides a limited time frame for reporting entities that have previously applied HKFRS 1 to retrospectively apply this amendment. Consequently, the Group has opted to apply this amendment in the year ending 31 December 2011.

The effect of adopting HKFRS 1 (Amendment) is as follows:

	As at 30 June 2011, before adoption of HKFRS 1 (Amendment) *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	As at 30 June 2011 *RMB'000*
Property, plant and equipment	70,607,969	1,181,007	71,788,976
Investment properties	438,548	45,323	483,871
Leasehold and land use rights	2,560,094	108,179	2,668,273
Jointly controlled entities	4,676,517	112,086	4,788,603
Available-for-sale financial assets	560,404	6,857	567,261
Deferred income tax assets	1,983,165	111,767	2,094,932
Other assets	73,900,904	—	73,900,904
Total assets	154,727,601	1,565,219	156,292,820
Equity attributable to the equity holders of the Company	41,823,175	1,543,460	43,366,635
Non-controlling interests	15,429,588	—	15,429,588
Total equity	57,252,763	1,543,460	58,796,223
Deferred income tax liabilities	3,654,704	21,759	3,676,463
Other liabilities	93,820,134	—	93,820,134
Total liabilities	97,474,838	21,759	97,496,597

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

(a) New and amended standards adopted by the Group *(Continued)*

	As at 31 December 2010, as previously reported *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	Adoption of merger accounting (note 24) *RMB'000*	As at 31 December 2010, as restated *RMB'000*
Property, plant and equipment	66,145,178	931,689	18,882	67,095,749
Investment properties	443,271	46,630	—	489,901
Leasehold and land use rights	2,092,079	109,222	—	2,201,301
Jointly controlled entities	4,459,934	112,086	—	4,572,020
Available-for-sale financial assets	627,750	6,857	—	634,607
Deferred income tax assets	1,956,772	107,417	—	2,064,189
Other assets	73,816,831	—	107,294	73,924,125
Total assets	149,541,815	1,313,901	126,176	150,981,892
Equity attributable to the equity holders of the Company	46,508,553	1,293,266	27,140	47,828,959
Non-controlling interests	14,467,284	—	4,612	14,471,896
Total equity	60,975,837	1,293,266	31,752	62,300,855
Deferred income tax liabilities	3,509,983	20,635	171	3,530,789
Other liabilities	85,055,995	–	94,253	85,150,248
Total liabilities	88,565,978	20,635	94,424	88,681,037

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

(a) New and amended standards adopted by the Group *(Continued)*

	As at 1 January 2010, as previously reported *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	Adoption of merger accounting (note 1) *RMB'000*	As at 1 January 2010, as restated *RMB'000*
Property, plant and equipment	62,464,329	542,266	18,583	63,025,178
Investment properties	465,517	46,670	—	512,187
Leasehold and land use rights	2,058,623	115,825	—	2,174,448
Jointly controlled entities	4,398,655	112,086	—	4,510,741
Available-for-sale financial assets	2,734,777	6,857	—	2,741,634
Deferred income tax assets	2,129,159	107,830	—	2,236,989
Other assets	63,490,243	—	130,804	63,621,047
Total assets	137,741,303	931,534	149,387	138,822,224
Equity attributable to the equity holders of the Company	41,992,343	913,053	30,912	42,936,308
Non-controlling interests	10,592,472	—	6,773	10,599,245
Total equity	52,584,815	913,053	37,685	53,535,553
Deferred income tax liabilities	3,057,369	18,481	174	3,076,024
Other liabilities	82,099,119	—	111,528	82,210,647
Total liabilities	85,156,488	18,481	111,702	85,286,671

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

(a) New and amended standards adopted by the Group *(Continued)*

	For the six months ended 30 June 2011, before adoption of HKFRS 1 (Amendment) *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	For the six months ended 30 June 2011 *RMB'000*
Cost of services and inventories sold	**(42,659,189)**	**(78,590)**	**(42,737,779)**
Selling, administrative and general expenses	**(2,461,340)**	**(3,326)**	**(2,464,666)**
Loss before income tax	**(1,348,062)**	**(81,916)**	**(1,429,978)**
Income tax expenses	**(363,881)**	**3,224**	**(360,657)**
Loss for the period	**(1,711,943)**	**(78,692)**	**(1,790,635)**
Loss attributable to equity holders of the Company	**(2,678,886)**	**(78,692)**	**(2,757,578)**

	For the six months ended 30 June 2010, as previously reported *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	Adoption of merger accounting (note 24) *RMB'000*	For the six months ended 30 June 2010, as restated *RMB'000*
Cost of services and inventories sold	(39,035,367)	(33,892)	(465)	(39,069,724)
Other income, net	419,727	2,461	2,398	424,586
Selling, administrative and general expenses	(2,289,122)	(3,363)	(20,031)	(2,312,516)
Profit before income tax	4,879,575	(34,794)	5,059	4,849,840
Income tax expenses	(966,988)	(717)	(1,376)	(969,081)
Profit for the period	3,912,587	(35,511)	3,683	3,880,759
Profit attributable to equity holders of the Company	3,445,950	(35,511)	2,997	3,413,436

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

(b) New and amended standards not effective for the financial year beginning 1 January 2011 and have not been early adopted by the Group

The HKICPA has issued certain revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2011.

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 2011, 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 practices are consistent with those disclosed in the 2010 Annual Financial Statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months 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 had conducted an assessment of the non-cancellable chartered-in dry bulk vessel contracts and recognised a provision of RMB1,564,715,000 (31 December 2010: RMB1,171,623,000) 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(a) Provision for onerous contracts *(Continued)*

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 2011, 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 provision amounted to approximately RMB29,848,187,000 (31 December 2010: RMB36,003,790,000).

(b) Estimated useful lives and residual value of container vessels, dry bulk vessels and containers

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

Management estimates the residual value for its container vessels, dry bulk vessels and containers by reference to all relevant factors (including the use of the current scrap value of steel in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of container vessels, dry bulk vessels and containers are different from the previous estimate.

During the six months ended 30 June 2011, management re-assessed the residual value of container vessels and dry bulk vessels. The Directors concluded that the residual value should be revised referring to the current scrap value of steel in an active market to reflect more fairly the residual value of these assets. This change in accounting estimates has been accounted for prospectively. The net book value of property, plant and equipment as at 30 June 2011 has been increased and the loss before income tax for the six months ended 30 June 2011 has been decreased by the same amount of approximately RMB83,314,000 by way of a decrease in depreciation charge for the period as a result of such change.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(c) 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 indication as to whether the carrying amounts of the container vessels, dry bulk vessels and containers may be recoverable or not. Whenever there is any impairment indication exists, management performs impairment assessment of the container vessels, dry bulk vessels and containers.

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 judgement/best estimates, there was no impairment loss for container vessels, dry bulk vessels and containers noted during the period.

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

In May 2010, COSCO Pacific, 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%. During the period, COSCO Pacific issued shares on exercising of share options, the Group's equity interest in COSCO Pacific further decreased to 42.71%. 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 42.71% equity interest in COSCO Pacific is accounted for and consolidated into the consolidated financial statements of the Company as a subsidiary.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(e) Income taxes and withholding taxes

The Group is subject to income taxes, business taxes and withholding taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes, business 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

Revenues include 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	
	2011	2010
	RMB'000	*RMB'000*
Revenues		(Restated)
Container shipping	**19,653,911**	20,420,262
Dry bulk shipping	**11,740,488**	16,468,807
Logistics	**8,297,505**	6,770,748
Container terminal operations	**798,707**	679,827
Container leasing	**442,710**	400,209
	40,933,321	44,739,853
Crew service income	**135,541**	81,508
Others	**938,403**	749,306
Total revenues	**42,007,265**	45,570,667

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 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)*

	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
	Six months ended 30 June 2011							
Income statement								
Total revenues	20,264,864	12,226,246	8,327,117	1,001,423	845,061	—	(657,446)	42,007,265
Inter-segment revenues	(15,840)	(6,927)	(29,612)	(202,716)	(402,351)	—	657,446	—
Revenues (from external customers)	20,249,024	12,219,319	8,297,505	798,707	442,710	—	—	42,007,265
Segment (loss)/profit	(946,853)	(2,675,120)	359,251	288,747	390,100	(109,918)	—	(2,693,793)
Finance income								818,052
Finance costs								(777,686)
Share of profits less losses of								
- jointly controlled entities	(11,319)	9,563	25,647	322,164	—	—	—	346,055
- associates	2,539	3,297	40,053	190,108	—	641,397	—	877,394
Loss before income tax								(1,429,978)
Income tax expenses								(360,657)
Loss for the period								(1,790,635)
Depreciation and amortisation	655,916	614,633	77,084	160,889	281,993	7,686	—	1,798,201
Provision/(reversal of provision) for impairment of trade and other receivables, net	8,622	4,075	94	68	(5,152)	(811)	—	6,896
Amortised amount of transaction costs on long-term borrowings	17,715	8,788	—	—	4,004	2,532	—	33,039
Unrealised fair value loss on FFA, net	—	35,531	—	—	—	—	—	35,531
Provision for onerous contracts, net	—	1,501,862	—	—	—	—	—	1,501,862
Addition to non-current assets	887,402	1,157,392	138,222	5,322,446	1,790,487	203	—	9,296,152

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	Six months ended 30 June 2010 (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	20,983,216	16,756,877	6,804,960	716,924	814,480	—	(505,790)	45,570,667
Inter-segment revenues	(15,143)	(5,067)	(34,212)	(37,097)	(414,271)	—	505,790	—
Revenues (from external customers)	20,968,073	16,751,810	6,770,748	679,827	400,209	—	—	45,570,667
Segment profit/(loss)	995,865	3,110,262	327,648	60,930	342,480	(224,172)	—	4,613,013
Finance income								273,528
Finance costs								(606,137)
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								4,849,840
Income tax expenses								(969,081)
Profit for the period								3,880,759
Depreciation and amortization	637,196	613,739	77,118	82,958	277,147	1,426	—	1,689,584
(Reversal of provision)/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 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)*

	As at 30 June 2011							
	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	48,269,086	51,499,677	10,602,822	13,579,726	11,072,317	24,965,489	(22,552,227)	137,436,890
Jointly controlled entities	395,096	710,953	395,415	3,287,139	—	—	—	4,788,603
Associates	30,113	106,483	508,960	4,836,014	—	5,463,760	—	10,945,330
Loans to jointly controlled entities and associates	—	—	—	453,502	—	—	—	453,502
Available-for-sale financial assets	67,401	136,435	233,993	129,432	—	—	—	567,261
Unallocated assets								2,101,234
Total assets								156,292,820
Segment liabilities	38,581,778	30,157,983	6,040,204	8,531,836	5,940,142	26,298,332	(22,552,227)	92,998,048
Unallocated liabilities								4,498,549
Total liabilities								97,496,597

5 REVENUES AND SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	As at 31 December 2010 (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*
Balance sheet								
Segment assets	49,574,550	51,961,204	9,007,440	7,477,924	11,167,131	26,813,663	(24,426,213)	131,575,699
Jointly controlled entities	421,395	710,330	387,907	3,052,388	—	—	—	4,572,020
Associates	30,946	108,256	510,822	5,222,255	—	5,037,871	—	10,910,150
Loans to jointly controlled entities and associates	—	14,731	—	1,058,587	—	—	—	1,073,318
Available-for-sale financial assets	70,876	155,893	242,270	165,568	—	—	—	634,607
Assets held for sale	—	—	—	146,216	—	—	—	146,216
Unallocated assets								2,069,882
Total assets								150,981,892
Segment liabilities	38,695,532	27,141,988	4,858,562	4,247,701	6,026,979	27,650,109	(24,426,213)	84,194,658
Unallocated liabilities								4,486,379
Total liabilities								88,681,037

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, 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	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Container shipping and related business		
– America	**5,938,106**	6,180,935
– Europe	**5,106,689**	5,884,055
– Asia Pacific	**3,193,360**	3,244,323
– China domestic	**5,276,825**	5,024,226
– Other international market	**734,044**	634,534
Dry bulk shipping and related business		
– International shipping	**11,241,957**	15,825,436
– PRC coastal shipping	**977,362**	926,374
Logistics, container terminal and related business, corporate and other operations		
– Europe	**366,570**	366,082
– Asia Pacific	**80,566**	21,377
– China domestic	**8,649,076**	7,063,116
Unallocated	**442,710**	400,209
Total	**42,007,265**	45,570,667

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 (excluding 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 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 2011 *RMB'000*	As at 31 December 2010 *RMB'000* (Restated)
China domestic	**31,691,945**	26,605,382
Non-China domestic	**3,300,697**	2,846,277
Unallocated	**56,424,388**	56,551,271
Total	**91,417,030**	86,002,930

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000 (Restated)
Property, plant and equipment	**71,788,976**	67,095,749
Investment properties	**483,871**	489,901
Leasehold land and land use rights	**2,668,273**	2,201,301
Intangible assets	**210,747**	210,495
Total tangible and intangible assets	**75,151,867**	69,997,446

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

	Six months ended 30 June	
	2011 *RMB'000*	2010 *RMB'000* (Restated)
Opening net book value as at 1 January	**69,997,446**	65,926,134
Currency translation differences	**(919,769)**	(272,409)
Acquisition of a subsidiary (note 27)	**1,029**	—
Reclassification of jointly controlled entities to subsidiaries (note 26)	**4,871,301**	—
Additions	**4,333,659**	4,681,275
Disposals/write-off	**(1,323,777)**	(210,586)
Depreciation/amortisation	**(1,791,613)**	(1,683,106)
Transfer to inventories	**(16,409)**	(67,059)
Closing net book value as at 30 June	**75,151,867**	68,374,249

7 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	As at 30 June 2011		As at 31 December 2010	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Freight Forward Agreement ("FFA")				
– derivatives at fair value through profit or loss (note a)	**—**	**(35,531)**	—	(61,024)
Interest rate swap contracts				
– fair value hedges (note b)	**114,447**	**—**	129,357	—
Total	**114,447**	**(35,531)**	129,357	(61,024)
Less: non-current portion				
Interest rate swap contracts				
– fair value hedges (note b)	**114,447**	**—**	129,357	—
Current portion	**—**	**(35,531)**	—	(61,024)

Notes:

(a) FFA

As at 30 June 2011, the Group had 1 outstanding freight forward agreement to buy approximately 184 (31 December 2010: 365) days of various Baltic Index at various prices which expire through December 2011 (31 December 2010: December 2011).

(b) Interest rate swap contracts

The notional principal amounts of the related interest rate swap contracts amounted to US$200,000,000 (equivalent to approximately RMB1,294,320,000) (31 December 2010: US$200,000,000 (equivalent to approximately RMB1,324,540,000)), which were committed with the interest rates ranging from 1.05% to 1.16% (2010: 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 COSCO Pacific.

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000 (Restated)
Trade receivables (notes a and b)		
– third parties	**6,927,143**	5,610,890
– subsidiaries of COSCO	**196,938**	163,437
– jointly controlled entities	**37,379**	44,835
– associates	**5,219**	11,662
– other related companies	**56,440**	73,339
	7,223,119	5,904,163
Bills receivables (notes a and b)	**308,404**	196,613
	7,531,523	6,100,776
Prepayments, deposits and other receivables		
– third parties	**4,394,449**	3,864,864
– subsidiaries of COSCO (note c)	**365,839**	318,623
– jointly controlled entities (note c)	**381,891**	303,846
– associates (note c)	**366,080**	203,301
– other related companies (note c)	**255,037**	162,392
	5,763,296	4,853,026
Current portion of finance lease receivables	**12,836**	6,845
Total	**13,307,655**	10,960,647

8 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 2011, the ageing analysis of trade and bills receivables was as follows:

	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000* (Restated)
1-3 months	**7,088,190**	5,849,551
4-6 months	**352,575**	148,271
7-12 months	**59,452**	88,758
1-2 years	**57,322**	63,544
2-3 years	**45,862**	36,210
Over 3 years	**100,905**	98,942
	7,704,306	6,285,276
Provision for impairment	**(172,783)**	(184,500)
	7,531,523	6,100,776

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

9 ASSETS HELD FOR SALE

	As at 30 June 2011 ***RMB'000***	As at 31 December 2010 *RMB'000*
A jointly controlled entity	**—**	146,216

As at 31 December 2010, COSCO Pacific intended to dispose of its 50% equity interest in Qingdao Cosport International Container Terminals Co., Ltd. ("Qingdao Cosport Terminal"), a then jointly controlled entity. Accordingly, this investment was reclassified as assets held for sale as at 31 December 2010.

On 10 March 2011, COSCO Pacific entered into an agreement with Qingdao Port (Group) Co., Ltd, the other shareholder of Qingdao Cosport Terminal, to dispose of aforesaid equity interest at a consideration of RMB184,000,000. COSCO Pacific completed the disposal on 28 April 2011 with a profit after tax of approximately RMB82,156,000.

10 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2011		As at 31 December 2010	
	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 2011 Number of units of SARs				
Exercise price	**Outstanding as at 1 January 2011**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2011**
HK$3.195	**15,267,000**	**—**	**—**	**—**	**15,267,000**
HK$3.588	**19,135,000**	**—**	**—**	**—**	**19,135,000**
HK$9.540	**24,400,000**	**—**	**—**	**(50,000)**	**24,350,000**
Total	**58,802,000**	**—**	**—**	**(50,000)**	**58,752,000**

	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

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

(c) Share options of a subsidiary

The Group's 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 2011 Number of share options				
Exercise price	**Outstanding as at 1 January 2011**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2011**
HK$9.54	**2,369,000**	**—**	**(8,000)**	**—**	**2,361,000**
HK$13.75	**21,812,000**	**—**	**(250,000)**	**(500,000)**	**21,062,000**
HK$19.30	**15,260,000**	**—**	**—**	**(400,000)**	**14,860,000**
Total	**39,441,000**	**—**	**(258,000)**	**(900,000)**	**38,283,000**

	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

11 LONG-TERM BORROWINGS

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Bank loans		
– secured (note b)	**12,688,312**	13,220,105
– unsecured	**34,035,436**	28,807,947
Loans from COSCO Finance Co., Limited ("COSCO Finance")		
– secured (note b)	**24,000**	25,559
– unsecured	**129,432**	—
Other loans		
– secured (note b)	**—**	89,155
– unsecured	**118**	314
Finance lease obligations	**106,969**	115,301
Notes (note c)	**16,828,344**	16,869,312
Loan from a non-controlling shareholder of a subsidiary (note d)	**308,898**	—
Total long-term borrowings	**64,121,509**	59,127,693
Current portion of long-term borrowings	**(13,043,814)**	(4,200,211)
	51,077,695	54,927,482

Notes:

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

	RMB'000
Six months ended 30 June 2011	
As at 1 January 2011	**59,127,693**
Repayments of borrowings	**(2,349,303)**
Drawdown of borrowings	**5,095,596**
Reclassification from a jointly controlled entity to a subsidiary (note 26(a))	**3,073,145**
Currency translation differences	**(843,724)**
Amortisation of loan arrangement fee	**34,550**
Effect of fair value hedge	**(16,448)**
As at 30 June 2011	**64,121,509**
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)
Amortisation of loan arrangement fee	27,309
Effect of fair value hedge	31,490
As at 30 June 2010	56,722,129

11 LONG-TERM BORROWINGS *(Continued)*

(b) The secured bank loans, other loans and loans from COSCO Finance as at 30 June 2011 are secured, inter alia, by one or more of the following:

(i) First legal mortgages over certain property, plant and equipment with aggregate net book value of RMB17,917,920,000 (31 December 2010: RMB17,207,793,000);

(ii) Two vessels with aggregative net book value of RMB724,695,000 (31 December 2010: RMB757,176,000) under Vessel Financing Lease Arrangement;

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

(iv) Shares of certain subsidiaries; and

(v) Bank accounts of certain subsidiaries.

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

Notes with principal amount of RMB5,000,000,000 were issued by the Company to investors on 3 September 2010. The notes carry a fixed interest of 4.35% per annum and are issued at a price equal to the principal amount. The notes bear interest from 6 September 2010, payable annually in arrear. The notes will mature on 5 September 2020 at their principal amount.

(ii) Notes issued by COSCO Pacific

Notes with principal amount of US$300,000,000 (equivalent to approximately RMB1,941,480,000) were issued by a subsidiary of COSCO Pacific to investors on 3 October 2003. The notes carry a fixed interest 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 RMB12,290,000). The notes bear interest from 3 October 2003, payable semi-annually in arrear. The notes are guaranteed unconditionally and irrevocably by COSCO Pacific and listed on the Singapore Exchange 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.

(d) The balance is unsecured, interest bearing at 0.6% above US dollar London Interbank Offered Rate (“LIBOR”) and is wholly repayable on or before 30 June 2013.

12 PROVISIONS AND OTHER LIABILITIES

	Provision for one-off housing subsidies	Retirement benefit obligations	Provision for onerous contracts	Deferred income and others	Total
	RMB'000	*RMB'000*	*RMB'000* (note 4(a))	*RMB'000*	*RMB'000*
Six months ended 30 June 2011					
As at 1 January 2011	**191,487**	**1,161,867**	**1,171,623**	**42,219**	**2,567,196**
Utilised during the period	**(7,246)**	**(72,634)**	**(1,097,561)**	**(5,111)**	**(1,182,552)**
(Unused amount reversed)/under provision in prior period	**—**	**—**	**110,638**	**(50)**	**110,588**
Provisions for the period	**1,260**	**44,962**	**1,391,224**	**6,654**	**1,444,100**
Currency translation differences	**—**	**(686)**	**(11,209)**	**(12)**	**(11,907)**
As at 30 June 2011	**185,501**	**1,133,509**	**1,564,715**	**43,700**	**2,927,425**
Less: current portion of provisions and other liabilities	**—**	**(78,424)**	**(1,564,715)**	**(795)**	**(1,643,934)**
Non-current portion of provisions and other liabilities	**185,501**	**1,055,085**	**—**	**42,905**	**1,283,491**
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	—	—	(175,167)	—	(175,167)
Provisions for the period	535	75,080	549,615	—	625,230
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 other 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

13 OTHER NON-CURRENT LIABILITIES

The balances represent the outstanding payable to COSCO (Zhoushan) Shipyard Co., Ltd. ("COSCO Zhoushan"), COSCO (Dalian) Shipyard Co., Ltd. ("COSCO Dalian") and Nantong COSCO KHI Ship Engineering Co., Ltd. ("NACKS") in relation to the construction costs payable for four dry bulk vessels (31 December 2010: five dry bulk vessels). The balances are unsecured, interest fee and payable within two to three years after the delivery of vessels. As at 30 June 2011, amount of RMB366,034,000 (31 December 2010: RMB192,919,000) was repayable within one year and was included in trade and other payables as current liabilities.

14 TRADE AND OTHER PAYABLES

	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000* (Restated)
Trade payables (note a)		
– third parties	**6,543,123**	5,679,828
– subsidiaries of COSCO	**1,986,229**	882,182
– jointly controlled entities	**192,941**	135,498
– associates	**297,456**	52,129
– other related companies	**47,752**	54,073
	9,067,501	6,803,710
Bills payables (note a)	**1,099,701**	831,341
	10,167,202	7,635,051
Advance from customers	**3,264,707**	2,871,071
Other payables and accruals	**9,800,275**	9,350,582
Consideration payable to COSCO	**—**	92,699
Construction costs payable to (note 13)		
– a subsidiary of COSCO	**366,034**	91,658
– a related company	**—**	101,261
	366,034	192,919
Due to related parties (note b)		
– COSCO	**17,497**	—
– subsidiaries of COSCO	**63,439**	72,350
– jointly controlled entities	**178,674**	63,535
– associates	**7,378**	5,799
– other related companies	**299,882**	108,285
	566,870	249,969
Total	**24,165,088**	20,392,291

14 TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(a) As at 30 June 2011, the ageing analysis of trade and bills payables was as follows:

	As at 30 June 2011 ***RMB'000***	As at 31 December 2010 *RMB'000* (Restated)
1-6 months	**9,613,866**	7,052,973
7-12 months	**213,285**	243,497
1-2 years	**181,759**	228,648
2-3 years	**128,576**	71,373
Over 3 years	**29,716**	38,560
	10,167,202	7,635,051

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

(b) The other payables due to related parties are unsecured, interest free and have no fixed terms of repayment, except for an amount due to a jointly controlled entity of RMB150,000,000 (31 December 2010: Nil), which bears interest at 3% per annum and is repayable in September 2011, and an amount due to a non-controlling shareholder of a subsidiary of RMB200,000,000 (31 December 2010: Nil), which bears interest at 4.074% per annum and is repayable in September 2011.

15 SHORT-TERM BORROWINGS

	As at 30 June 2011 ***RMB'000***	As at 31 December 2010 *RMB'000*
Bank loans - unsecured	**1,592,972**	1,330,052
- secured (note)	**—**	325,757
Other loans - unsecured	**520**	572
COSCO Finance - unsecured	**63,000**	13,000
	1,656,492	1,669,381

Notes:

The secured bank loan as at 31 December 2010 was secured by a bank account of a subsidiary.

16 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposal of property, plant and equipment		
– containers	**—**	7,136
– container vessels	**—**	26,751
– dry bulk vessels	**—**	243,075
– others	**2,359**	21,050
Reversal of provision for impairment of trade and other receivables	**8,431**	31,812
Government subsidy	**156,355**	48,166
Dividend income from listed and unlisted investments	**16,241**	13,704
Gain on disposal of available-for-sale financial assets	**—**	47,890
Net gain on derivatives at fair value through profit or loss		
– Foreign exchange forward contracts	**—**	2,688
– FFA	**—**	36,691
Gain on disposal of jointly controlled entities	**82,156**	767
Gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary	**77,471**	—

16 OPERATING (LOSS)/PROFIT *(Continued)*

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Charging:		
Loss on disposal of property, plant and equipment		
– containers	**17,723**	—
Depreciation		
– property, plant and equipment	**1,718,086**	1,615,709
– investment properties	**12,602**	12,159
Amortisation		
– leasehold land and land use rights	**34,815**	28,289
– intangible assets	**26,110**	26,949
– concessions	**6,588**	6,478
Cost of bunkers consumed	**7,768,823**	6,132,008
Operating lease rentals:		
– container vessels	**1,752,049**	1,755,566
– dry bulk vessels	**7,420,733**	8,422,524
– containers	**521,051**	351,959
– land and buildings	**75,533**	75,970
– other property, plant and equipment	**160,470**	136,905
Provision for impairment of trade and other receivables	**15,327**	15,194
Provision for onerous contracts	**1,501,862**	374,448
Cost of inventories sold		
– resaleable containers	**37,057**	91,680
– marine supplies and others	**28,821**	25,729
– merchandises	**1,523,469**	369,243
Net loss on derivatives at fair value through profit or loss		
– FFA	**7,331**	—

17 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Finance income		
Interest income from:		
– deposits with COSCO Finance	**(47,506)**	(54,008)
– loans to jointly controlled entities and associates	**(5,686)**	(11,481)
– banks	**(332,956)**	(208,039)
Net exchange gain	**(431,904)**	—
	(818,052)	(273,528)
Finance costs		
Interest expenses on:		
– bank loans	**420,547**	376,844
– other loans wholly repayable within five years	**10,425**	1,060
– loans with COSCO Finance	**1,978**	14,606
– finance lease obligations	**4,730**	5,396
– notes	**324,785**	219,095
Fair value loss/(gain) on derivative financial instruments	**12,091**	(28,752)
Fair value adjustment of notes attributable to interest rate risk	**(16,448)**	31,490
	(4,357)	2,738
	758,108	619,739
Amortised amount of transaction costs on long-term borrowings	**33,039**	22,861
Amortised amount of discount on issue of notes	**1,511**	4,448
Other incidental borrowing costs and charges	**28,085**	30,508
Less: amount capitalised in construction in progress	**(43,057)**	(71,419)
	777,686	606,137
Net finance (income)/costs	**(40,366)**	332,609

18 INCOME TAX EXPENSES

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC enterprise income tax (note a)	**186,373**	160,656
– Hong Kong profits tax (note b)	**1,093**	974
– Overseas taxation (note c)	**43,539**	96,675
Over provision in prior periods	**(219)**	(819)
	230,786	257,486
Deferred income tax (note d)	**129,871**	711,595
	360,657	969,081

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 10% to 24% (2010: 11% to 22%) 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% (2010: 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% (2010: 13% to 46%) during the period.

(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 2011, the unrecognised deferred income tax liabilities were RMB1,690,586,000 (31 December 2010: RMB1,644,535,000), 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 2011 amounted to RMB7,348,847,000 (31 December 2010: RMB6,991,097,000).

As at 30 June 2011, the Group had tax losses of RMB13,167,793,000 (31 December 2010: RMB9,140,675,000), which were not recognised for deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable.

19 DISTRIBUTION AND DIVIDENDS

(a) Distribution

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Consideration in connection with the purchase of Acquired Entities (note i)	**86,363**	—
Distribution to former shareholder (note ii)	**6,324**	14,627
	92,687	14,627

(i) The amount represented consideration paid by the Group for acquisition of Acquired Entities from COSCO Group during the period (note 1). These acquisitions were regarded as business combinations under common control.

(ii) The amounts represented distribution to former shareholders of the entities acquired from COSCO Group.

(b) Dividends

(i) At the meeting held on 29 March 2011, the Directors proposed a final cash dividend of RMB0.09 per share, totalling RMB919,465,000 for the year ended 31 December 2010. The final cash dividend, which was approved at the annual general meeting of the Company held on 17 May 2011, was paid in June 2011 and had been reflected as an appropriation of retained profits for the year ending 31 December 2011.

(ii) The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

20 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010 (Restated)
(Loss)/profit attributable to equity holders of the Company (RMB)	**(2,757,578,000)**	3,413,436,000
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic (loss)/earnings per share (RMB)	**(0.2699)**	0.3341

(b) Diluted

Diluted (loss)/earnings per share is calculated based on the (loss)/profit attributable to equity holders of the Company after adjusting the effect for assumed issuance of shares on exercise of share options of a subsidiary and the number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010 (Restated)
(Loss)/profit attributable to equity holders of the Company (RMB)	**(2,757,578,000)**	3,413,436,000
Adjustment on the effect of dilution	**(578,812)**	—
	(2,758,156,812)	3,413,436,000
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Diluted (loss)/earnings per share (RMB)	**(0.2700)**	0.3341

21 CONTINGENT LIABILITIES

	As at 30 June 2011 ***RMB'000***	As at 31 December 2010 *RMB'000*
Pending lawsuits	**5,709**	10,507

(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) A statement of claim was issued on 19 October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") 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 of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately RMB52,152,440) in total. COSCO Pacific and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens issued (pronounced) judgment on the case and dismissed the aforementioned statement of claim in its entirety both as regards COSCO Pacific and as regards Piraeus Terminal, and awarded to COSCO Pacific and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens before the Court of Appeals of Athens according to Greek procedural law. The hearing of this appeal has been set to take place before the Court of Appeals of Athens on 13 November 2012. The directors and management of COSCO Pacific, having taken legal advice, are of the view that COSCO Pacific and Piraeus Terminal have good rebuttal to the arguments set forth in the appeal document. Nonetheless, it is still not possible to predict the final outcome of this litigation with certainty. Hence, no provision has been made for the claims.

(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 2011, 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.

(d)

	As at 30 June 2011 ***RMB'000***	As at 31 December 2010 *RMB'000*
Bank guarantee to an associate at face value	**199,552**	195,403

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 been recognised at the balance sheet date.

22 COMMITMENTS

(a) Capital commitments

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000 (Restated)
Authorised but not contracted for		
Containers	**489,311**	1,653,165
Terminal equipment	**1,281,215**	935,774
Buildings	**2,585,900**	2,359,457
Other property, plant and equipment	**155,767**	26,675
Intangible assets	**16,519**	7,586
Others	**1,624**	16,568
	4,530,336	4,999,225
Contracted but not provided for		
Containers	**248,289**	917,045
Container vessels and dry bulk vessels	**18,394,204**	19,026,134
Terminal equipment	**1,775,412**	1,904,039
Buildings	**193,923**	268,255
Other property, plant and equipment	**46,399**	45,657
Investments in terminals	**2,675,864**	3,955,427
Intangible assets	**35,057**	32,756
	23,369,148	26,149,313

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 2011 RMB'000	As at 31 December 2010 RMB'000
Authorised but not contracted for	**92,757**	79,049
Contracted but not provided for	**25,233**	21,736
	117,990	100,785

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 2011 ***RMB'000***	As at 31 December 2010 *RMB'000* (Restated)
Containers vessels and dry bulk vessels		
– not later than one year	**15,045,174**	16,309,817
– later than one year and not later than five years	**30,198,394**	35,252,261
– later than five years	**19,838,027**	22,594,991
	65,081,595	74,157,069
Concession of Piraeus Port		
– not later than one year	**258,817**	233,954
– later than one year and not later than five years	**2,286,782**	1,115,223
– later than five years	**28,653,696**	27,965,092
	31,199,295	29,314,269
Containers		
– not later than one year	**622,211**	419,100
– later than one year and not later than five years	**1,551,630**	667,174
– later than five years	**80**	732
	2,173,921	1,087,006
Land and buildings		
– not later than one year	**127,809**	113,566
– later than one year and not later than five years	**142,858**	190,570
– later than five years	**156,393**	169,126
	427,060	473,262
Other property, plant and equipment		
– not later than one year	**158,742**	102,810
– later than one year and not later than five years	**281,467**	109,458
– later than five years	**2,095**	5,663
	442,304	217,931
	99,324,175	105,249,537

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 the users of the financial statements, although certain of those transactions, which are individually or collectively not 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	
	2011 ***RMB'000***	2010 *RMB'000* (Restated)
Transactions with COSCO		
Expenses		
Sub-charter expenses (note a)	**62,282**	64,875
Rental expenses (note b)	**17,204**	17,204
Others		
Purchase of equity interests in Acquired Entities (note c)	**86,620**	—

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Transactions with subsidiaries of COSCO and its related entities (including jointly controlled entities and associates of COSCO)		
Revenues		
Container shipping income (note b)	**82,030**	160,980
Freight forwarding and shipping agency income (note b)	**10,856**	3,666
Vessel services income (note b)	**10,840**	14,362
Crew service income (note b)	**21,883**	29,753
Vessel management income (note b)	**6,203**	1,707
Expenses		
Vessel costs		
Charterhire expenses (note b)	**16,016**	—
Sub-charter expenses (note a)	**178,542**	204,510
Vessel services expenses (note b)	**186,927**	173,098
Crew expenses (note b)	**21,967**	18,362
Voyage costs		
Bunker costs (note b)	**6,594,379**	4,658,848
Port charges (note b)	**339,244**	334,412
Equipment and cargo transportation costs		
Commission and rebates (note b)	**73,597**	41,265
Cargo and transhipment and equipment and repositioning expenses (note b)	**53,223**	53,252
Freight forwarding expenses (note b)	**3,713**	33,330
Logistics related expenses (note b)	**26,949**	1,103
General services expenses (note b)	**15,984**	25,138
Management fee expenses (note b)	**3,138**	4,938
Rental expenses (note b)	**33,457**	20,523
Others		
Instalments paid for ship building contracts (note d)	**1,007,168**	1,142,258

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Transactions with jointly controlled entities of the Group		
Revenues		
Freight forwarding and shipping agency income (note b)	**—**	11,901
Charterhire income (note b)	**97,504**	87,407
Management fee and service fee income (note b)	**14,270**	14,435
Handling, storage and transportation income (note b)	**19**	5,055
Vessel service income (note b)	**533**	49
Crew service income (note b)	**9,074**	87
Expenses		
Vessel costs		
Charterhire expenses (note b)	**17,190**	—
Vessel service expenses (note b)	**916**	—
Voyage costs		
Port charges (note b)	**308,064**	337,016
General services expenses (note b)	**10,820**	4,640
Rental expenses (note b)	**2,633**	2,090
Transactions with associates of the Group		
Revenues		
Crew service income (note b)	**5,000**	328
Management fee and service fee income (note b)	**399**	362
Handling storage and transportation income (note b)	**4,168**	3,459
Expenses		
Port charges (note b)	**156,475**	3,305
Commission and rebates (note b)	**89**	139

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Transactions with associates of the Group *(Continued)*		
Others		
Purchase of containers (note e)	**1,244,036**	496,382
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Logistics related income (note b)	**4,686**	127,901
Terminal handling and storage income (note b)	**32,314**	—
Refund of port construction fee (note b)	**6,693**	—
Expenses		
Commission and rebates (note b)	**46**	—
Container handling and logistics services fee (note b)	**26,190**	16,147
Electricity and fuel expenses (note b)	**24,502**	5,321
Others		
Port construction fee and high-frequency communication fee (note f)	**24,535**	8,207

(a) COSCO and its subsidiaries leased 13 vessels to COSCO Container Lines Company Limited and Shanghai Pan Asia Shipping Company Limited by way of sub-time charter arrangement. 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 nine 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) On 30 June 2011, the Group completed the acquisitions from COSCO Group the equity interests in Acquired Entities for a total consideration of RMB86,620,000 (note 1).

(d) During 2006 to 2009, the Group entered into ship building contracts with NACKS (a related company), COSCO Zhoushan and COSCO Dalian (subsidiaries of COSCO) (collectively the "Shipyards"), pursuant to which the Shipyards will construct certain bulk carriers for the Group. Instalments are paid in accordance with the payment schedules with reference to the construction progress or mutually agreed between the Group and the Shipyards.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(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) Port construction fee and high-frequency communication fee paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(g) The transactions of revenues (mainly including container shipping income and charterhire income) and expense (mainly including port charges) in nature conducted with government related entities were based on terms as set out in the underlying agreements, based on statutory rates or market price or actual cost incurred, or as mutually agreed.

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 2011	As at 31 December 2010
	RMB'000	*RMB'000*
Bank deposits		
- state-owned banks (note)	**22,449,739**	24,413,816
Loans		
- state-owned banks (note)	**30,752,561**	29,261,092

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 RMB157,817,000 (Six months ended 30 June 2010: RMB141,370,000), and interest expense on loans from state-owned banks was RMB154,013,000 (Six months ended 30 June 2010: RMB238,139,000).

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Key management compensation

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Salaries, bonuses and other allowances	**(28,571)**	(21,896)
Contribution to retirement benefit scheme	**124**	94
	(28,447)	(21,802)

24 BUSINESS COMBINATIONS UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the acquisition of acquired entities 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 2010 are summarised as follows:

			Adoption of merger accounting			
	As previously reported	Adoption of HKFRS 1 (Amendment)	Acquired entities	*Note*	Adjustments	As restated
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
Six months ended 30 June 2010						
Revenues	45,547,579	—	43,007	(i)	(19,919)	45,570,667
Profit before income tax	4,879,575	(34,794)	5,059		—	4,849,840
Income tax expenses	(966,988)	(717)	(1,376)		—	(969,081)
Profit for the period	3,912,587	(35,511)	3,683		—	3,880,759

24 BUSINESS COMBINATIONS UNDER COMMON CONTROL *(Continued)*

			Adoption of merger accounting			
	As previously reported *RMB'000*	Adoption of HKFRS 1 (Amendment) *RMB'000*	Acquired entities *RMB'000*	Note	Adjustments *RMB'000*	As restated *RMB'000*
As at 31 December 2010						
Assets						
Non-current assets	89,037,051	1,313,901	21,293	(ii)	(833)	90,371,412
Current assets	60,504,764	—	233,856	(iii)	(128,140)	60,610,480
Total assets	149,541,815	1,313,901	255,149		(128,973)	150,981,892
Equity						
Share capital	10,216,274	—	14,742	(ii)	(14,742)	10,216,274
Reserves	35,372,814	1,293,266	17,729	(ii)	9,411	36,693,220
Proposed final dividend	919,465	—	—		—	919,465
	46,508,553	1,293,266	32,471		(5,331)	47,828,959
Non-controlling interests	14,467,284	—	114	(ii)	4,498	14,471,896
Total equity	60,975,837	1,293,266	32,585		(833)	62,300,855
Liabilities						
Non-current liabilities	60,117,421	20,635	171		—	60,138,227
Current liabilities	28,448,557	—	222,393	(iii)	(128,140)	28,542,810
Total liabilities	88,565,978	20,635	222,564		(128,140)	88,681,037
Total equity and liabilities	149,541,815	1,313,901	255,149		(128,973)	150,981,892

Note:

(i) Adjustments to eliminate the inter-group transactions for the six months ended 30 June 2010.

(ii) Adjustments to eliminate the investment costs and share capital of the Acquired Entities against reserves and non-controlling interests.

(iii) Adjustments to eliminate the inter-group balances as at 31 December 2010.

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

25 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) In June 2011, the Group completed the acquisition of 30% equity interest in Costar Shipping Pte Ltd. at a cash consideration of SGD4,500,000 (equivalent to approximately RMB23,599,000). Costar Shipping Pte Ltd. has become a wholly owned subsidiary of the Group. As a result of the transaction, there was a decrease in non-controlling interests of RMB2,600,000 and a decrease in equity attributable to equity holders of the Company of RMB20,999,000 for the six months ended 30 June 2011.

(b) 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 RMB239,567,000 and a decrease in equity attributable to equity holders of the Company of RMB342,096,000 for the six months ended 30 June 2010.

(c) 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 RMB3,955,386,000). 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% (before the placement) to 42.72%. As a result of the transaction, there was an increase in non-controlling interests of RMB3,891,588,000 and an increase in equity attributable to equity holders of the Company of RMB63,798,000 for the six months ended 30 June 2010.

26 RECLASSIFICATION OF JOINTLY CONTROLLED ENTITIES TO SUBSIDIARIES

(a) COSCO Port (Nansha) Limited ("CP Nansha") was a jointly controlled entity of COSCO Pacific. By virtue of the clause in an agreement entered into by COSCO Pacific and the other shareholder of CP Nansha, the joint control of CP Nansha expired on 31 December 2010 and COSCO Pacific has the power to govern the financial and operating and operating policies of CP Nansha and its subsidiary, Guangzhou South China Oceangate Container Terminal Company Limited, from then onwards. Accordingly, the Group has accounted for CP Nansha as a subsidiary from 1 January 2011 onwards. During the period, the Group recorded a gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary of RMB77,471,000.

The assets and liabilities arising from the reclassification were as follows:

Fair value at date of business combination	2011 *RMB'000*
Property, plant and equipment	**4,417,480**
Investment properties	**18,967**
Leasehold land and land use rights	**424,952**
Intangible assets	**8,894**
Trade and other receivables	**140,878**
Cash and cash equivalents	**63,028**
Long term borrowings	**(2,873,146)**
Trade and other payables	**(183,237)**
Short term borrowings	**(835,003)**
Current portion of long term borrowings	**(199,999)**
Tax payable	**(2,152)**
	980,662
Non-controlling interests	**(472,761)**
Reclassification of interest originally held by the Group as a jointly controlled entity	**507,901**

CP Nansha contributed revenues of RMB270,516,000 and net profit of RMB355,000 to the Group for the six months ended 30 June 2011.

26 RECLASSIFICATION OF JOINTLY CONTROLLED ENTITIES TO SUBSIDIARIES *(Continued)*

(b) On 1 January 2011, the Memorandum and Articles of Association of Tianjin Tianrong International Cargo Transportation Development Co., Ltd ("Tianrong") were revised to effect the Group's power to govern the financial and operating policies of Tianrong. Tianrong was previously a jointly controlled entity of the Group and since then, the Group has accounted for Tianrong as a subsidiary.

The assets and liabilities arising from the reclassification were as follows:

Fair value at date of business combination	**2011** ***RMB'000***
Property, plant and equipment	**1,008**
Deferred income tax assets	**306**
Trade and other receivables	**34,995**
Cash and cash equivalents	**20,385**
Trade and other payables	**(45,248)**
Tax payable	**(196)**
	11,250
Non-controlling interests	**(5,625)**
Reclassification of interest originally held by the Group as a jointly controlled entity	**5,625**

Tianrong contributed revenues of RMB7,828,000 and net loss of RMB152,000 to the Group for the six months ended 30 June 2011.

27 ACQUISITION OF A SUBSIDIARY

On 27 March 2011, Tianjing Ocean Shipping Co., Ltd entered into an agreement to purchase additional 49% equity interests in COSCO Tianjin International Forwarding Agency Co., Ltd, a then jointly controlled entity, at a cash consideration of RMB5,589,000. The transaction was completed on 25 April 2011. Since then, the company became a wholly owned subsidiary of the Group.

The assets and liabilities arising from the acquisition were as follows:

Fair value at date of business combination	2011 RMB'000
Property, plant and equipment	**917**
Intangible assets	**112**
Deferred income tax assets	**23**
Inventories	**605**
Trade and other receivables	**7,509**
Cash and cash equivalents	**3,025**
Trade and other payables	**(749)**
Tax payable	**(36)**
Fair value of net assets	**11,406**
Less: share of net assets held by the Group before acquisition	**(5,817)**
	5,589

COSCO Tianjin International Forwarding Agency Co., Ltd contributed revenues of RMB2,105,000 and net profit of RMB 50,000 to the Group for the period from 26 April 2011 to 30 June 2011. If the acquisition had occurred on 1 January 2011, revenues and profit for the six months ended 30 June 2011 contributed to the Group would have been RMB4,680,000 and RMB 66,000 respectively.

28 COMPARATIVES

Certain comparative figures have been restated as a result of the adoption of merger accounting and the adoption of HKFRS 1 (Amendment) 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 43 to 99, which comprises the condensed interim consolidated balance sheet of China COSCO Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") as at 30 June 2011 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the"HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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 2011

China COSCO Holdings Company Limited

12th Floor, Ocean Plaza, 158 Fuxingmennei Street, Beijing,
the People's Republic of China
http://www.chinacosco.com