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)

2012

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 terminologies 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**") believe 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**」或「**本公司**」)

ENGLISH NAME

China COSCO Holdings Company Limited

REGISTERED OFFICE

3rd Floor, No. 1 Tongda Square
Tianjin 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 *(Non-executive Director and Chairman)*
MA Zehua *(Executive Director and Vice Chairman)*
SUN Jiakang *(Executive Director)*
XU Minjie *(Executive Director)*
JIANG Lijun *(Executive Director and President)*
LI Yunpeng *(Non-executive Director)*
SUN Yueying *(Non-executive Director)***
TEO Siong Seng *(Independent non-executive Director)***
FAN HSU 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

JOINT COMPANY SECRETARIES

GUO Huawei and HUNG Man, Michelle

H-SHARES AUDITOR

PricewaterhouseCoopers

A-SHARES AUDITOR

RSM China Certified Public 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 2012 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Six months ended 30 June 2012 ***(RMB'000)***	Six months ended 30 June 2011 *(RMB'000)*	Change
Revenues	**42,562,724**	42,007,265	1.3%
Operating loss	**3,677,633**	2,693,793	36.5%
Loss before income tax	**3,720,564**	1,429,978	160.2%
Loss attributable to equity holders of the Company	**4,871,535**	2,757,578	76.7%
Basic loss per share	**RMB0.4768**	RMB0.2699	76.7%

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 continuous care and support for China COSCO.

In the first half of 2012, the Group recorded a revenue of RMB42,562,724,000, representing an increase of 1.3% compared to the same period last year. Loss attributable to equity holders of the Company amounted to RMB4,871,535,000, representing an increase of 76.7% compared to the same period last year.

In the first half of the year, as the global economy remained lackluster, China's economy grew at a slower pace. Due to weaker demand in international trade and excessive shipping capacity, the imbalance between demand and supply still lingered. Even though freight rates in container shipping market rebounded significantly over the same period last year through the main shipping companies' continuous efforts, the whole improvement was unsatisfactory. Dry bulk shipping market remained low as the global dry bulk shipping capacity increased by more than 15% in the first half of the year compared to the same period last year while the demand grew only by 6.2%, reflecting a serious imbalance between supply and demand. In the first half of the year, the average BDI was 943 points, representing a decrease of 31.3% over the same period last year, which was its record low. The terminals and logistics operations were also affected to some extent although the market conditions were comparatively good.

In view of the unfavourable market conditions, the Group adjusted its operation strategies. The overall competitiveness of the Group was enhanced through adjusting its capacity, optimizing the customer structure, strengthening its cooperation with business alliances, expanding its business and improving service quality. On the other hand, the Group further developed the logistics business, the terminal business and the container leasing business which remained major profit sources of our Group. However, due to the weakened shipping market , China COSCO had unfortunately recorded losses again.

During the period under review, the shipping volume of the container shipping and related business of the Group amounted to 3,781,535 TEUs, representing an increase of approximately 16.7% compared to the same period in 2011. Revenues had a record of RMB23,106,520,000, representing an increase of approximately 14.1% compared to the same period in 2011.

The Group promptly reorganized its shipping routes in view of market changes. The Group improved its shipping networks and strengthened cooperation with alliances to develop both inbound and outbound shipping business. Value-added services were offered to support the upward adjustment of freight rates. The Group strengthened the cost control on suppliers and fuel and significantly reduced losses from container shipping business when compared with the second half of last year. In particular, the Group adopted effective measures to significantly improve the punctuality of shipping schedule and our efforts were recognized by cargo owners.

As at 30 June 2012, the fleet operated by the Group comprised 166 container vessels with a total capacity of 741,687 TEUs. There was no new vessel order placed during the period.

For the period under review, the shipping volume of the dry bulk shipping business of the Group amounted to 112,158,700 tons, representing a decrease of 17.7% compared to the same period last year. Turnover of the shipping business amounted to 575,159 million ton nautical miles, representing a decrease of 16.36% compared to the same period last year. Revenues amounted to RMB8,260,593,000, representing a decrease of 32.4% compared to the same period last year.

In view of the severe market situation, the Group further centralized the management to improve synergy effects and expanded its sales network to secure more cargo sources. The Group optimized its shipping capacity by reducing the number of chartered-in vessels. It also strengthened market study and managed its shipping capacity accordingly. Furthermore, it further streamlined management and reduced operating costs.

As at 30 June 2012, a total of 357 dry bulk vessels of 32,428,405 deadweight tons ("DWT") were operated by the Group, of which 227 vessels of 18,933,606 DWT were self-owned vessels and 130 vessels of 13,494,799 DWT were chartered-in vessels. There was no new order placed during the period.

For the period under review, revenue from the logistics business of the Group amounted to RMB9,436,189,000, representing an increase of 13.7% compared to the same period last year. In respect of third-party logistics business, the Group had further optimized and expanded its logistics service products, modified its business model, enhanced management and consolidated its expansion into international markets. For shipping agency business, the Group further improved its service and actively expanded its market. For freight forwarding business, the Group focused on direct customers and adopted modern logistics concept in operating freight forwarding business.

In respect of the terminal business, the growth of international container terminal business slowed down in the first half of the year. In view of such situation, the Group promptly adjusted its marketing strategy and further improved its professional standards of terminal management by refined management as well as measures to reduce costs and boost efficiency. The throughput of the container terminals operated by the Group in the first half of the year amounted to 26,876,860 TEUs, representing a satisfying increase of 10.8% compared to the same period last year. Among all, Piraeus Container Terminal in Greece and Guangzhou South China Oceangate Terminal achieved significant growth. As at 30 June 2012, COSCO Pacific Limited, a subsidiary of the Group, had 95 berths in operation with a total annual throughput of 56,850,000 TEUs and 10 berths for dry bulk terminals.

As for container leasing, Florens Container Holdings Limited remained as the third largest global container leasing company. As at 30 June 2012, the size of the Group's container fleet amounted to 1,797,377 TEUs, representing an increase of 4.9% compared to the corresponding period last year and accounting for 12.2% of the global container leasing market.

As an international corporation, the Group attached great importance to the fulfillment of its social responsibility. The Group has been very successful in pollution prevention, energy saving and emission reduction.

Looking forward, the global economy will remain challenging. The economic recovery of the United States will remain slow and the European debt crisis will drag on. Emerging economies, including China, will also slow down. Although various measures are adopted by many countries to stimulate economic recovery, it is expected that the growth in shipping market will be slow in the second half of the year due to weak international trade. On the other hand, because of the delivery of new vessels, the global shipping capacity of fleets will continue its rapid growth in the second half of the year. According to industry statistics, there will be a global delivery of container vessels with approximately 690,000 TEUs and 546 dry bulk vessels of 45.688 million DWTs in the following second half year. The global shipping market will be under great pressure of excessive shipping capacity. Affected by the loitering economy, weak demand and oversupply as well as soaring fuel and other costs, shipping companies will generally face difficulties and challenges in the second half of the year although the market may see a seasonal improvement.

In the face of the challenging market environment, the Group will carefully study the market and make timely adjustment to its operation strategies accordingly. At the same time, the Group will strengthen risk prevention and control. The Group will pursue a stable and sustainable development. The corporate governance and production and operation capabilities will further improve through comprehensive budget management and supplier management. The Group will further strengthen its cost control. For container shipping, the Group will strategically manage its shipping capacity to support freight rates. The Group will also improve its profitability by optimizing its shipping routes and cargo structure, improving services, introducing more value-added services, promoting FOB business and seeking return freights. In respect of dry bulk shipping, the Group will capitalize on the strength of centralized operations, expand its customer base by acquiring major end users and optimize business structure pursuant to its prudent and flexible operation strategy. The Group will carefully control its fleet size to reduce loss and create value. On the other hand, the Group will increase its investment in the development of logistics, terminal and leasing businesses to maximize value.

The Group will make use of its strong capital position to improve its overall competitiveness with a view to minimizing losses and generating profits for the interests of shareholders.

Wei Jiafu
Chairman

30 August 2012

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

1. Appointment of directors and changes

On 9 January 2012, the Company convened the 5th meeting of the third Board of Directors, whereby resolutions regarding the resignation of Zhang Liang as an executive Director of the Board of Directors of the Company and the nomination of Li Yunpeng and Jiang Lijun as the director candidates of the third Board of Directors of the Company were proposed for approval at the general meeting.

On 28 February 2012, the Company convened the first extraordinary general meeting for 2012, whereby Li Yunpeng and Jiang Lijun were elected as directors of the third Board of Directors of the Company and Zhang Liang ceased to be a director of the Board of Directors of the Company.

On 29 August 2012, the Company convened the 9th meeting of the third Board of Directors, whereby a resolution regarding the nomination of Ye Weilong as a director candidate of the third Board of Directors of the Company was proposed for approval at the general meeting.

2. Appointment of supervisors and changes

On 9 January 2012, the Company convened the 4th meeting of the third Board of Supervisors, whereby resolutions regarding the resignation of Li Yunpeng as the chairman and member of the Board of Supervisors of the Company, the nomination of Song Dawei as the member of the third Board of Supervisors of the Company and the nomination of Zhang Jianping as the independent supervisor of the third Board of Supervisors were approved. The meeting also reported that Wu Shuxiong ceased to be the employee representative supervisor and Gao Ping was appointed as the employee representative supervisor of the third Board of Supervisors, with effect from 6 January 2012.

On 28 February 2012, the Company convened the first extraordinary general meeting for 2012, whereby Song Dawei and Zhang Jianping were elected as the members of the third Board of Supervisors of the Company and Li Yunpeng ceased to be the chairman and member of the Board of Supervisors of the Company while Yu Shicheng ceased to be an independent supervisor of the Board of Supervisors of the Company.

On 28 February 2012, the Company convened the 5th meeting of the third Board of Supervisors, whereby Song Dawei was elected as the chairman of the Board of Supervisors of the Company.

3. Appointment of senior management and changes

On 9 January 2012, the Company convened the 5th meeting of the third Board of Directors of the Company, whereby Zhang Jiqing was appointed as the vice general manager of the Company and Feng Jinhua was appointed as the chief financial officer of the Company; Guo Huawei was appointed as the secretary of the Board of Directors of the Company. Guo Huawei and Hung Man, Michelle were also appointed as joint secretaries of the Company. The terms of office of the above senior management is from 9 January 2012 to the date of the first meeting of the fourth Board of Directors. Ye Weilong ceased to be the vice general manager of the Company and He Jiale ceased to be the chief financial officer of the Company. Zhang Yongjian ceased to be the secretary of the Board of Directors of the Company.

In the first half of 2012, the Group recorded a revenue of RMB42,562,724,000 and an operating loss of RMB3,677,633,000 while the loss attributable to equity holders of the Company amounted to RMB4,871,535,000.

CONTAINER SHIPPING AND RELATED BUSINESS

Market review

Hindered by the slow recovery of the global economy and the spread of the European debt crisis, the global demand for container shipping was moderate in the first half of 2012. The slumping market trend in the second half of 2011 carried on to the beginning of 2012. Since March, the utilization rate of main routes has improved steadily. However, the overall demand of major routes decreased slightly compared with the same period of the previous year while the container shipping volume of routes in emerging markets witnessed satisfactory growth. On the other hand, the market was under pressure of additional shipping capacity. The capacity of major routes has increased significantly due to the delivery of new vessels, reduction in idle capacity and the replacement of small vessels by bigger ones. With the expansion of shipping capacity, the operation pressure persisted in the market. According to Clarksons, the total carrying capacity of container vessels in the first half of 2012 was approximately 750,000 TEUs, representing an increase of 5.6% compared to the corresponding period last year. In particular, the total carrying capacity of vessels with a capacity of over 8,000 TEUs increased by 9.8% compared to the corresponding period last year. The weekly shipping capacity of each of the east bound of Trans-Pacific route and the west bound of Asia-Europe route increased by 10% compared to the beginning of the year. In response to the challenging market conditions, container shipping companies proactively restored the freight rates from the beginning of the year and achieved satisfactory results.

According to the Shanghai Shipping Exchange, average China Containerized Freight Index (CCFI) for the first half of the year was 1,136, representing an increase of 10.8% compared with the corresponding period of the previous year and an increase of 18.4% compared to the second half of the previous year. In particular, freight rates of European routes recovered considerably, representing an increase of 40.6% compared to the second half of the previous year. The U.S. West Coast route and the Mediterranean route also achieved double-digit increases compared to the second half of the previous year. However, container shipping companies recorded losses due to cost pressure resulting from soaring fuel prices. In the second quarter, the operating pressure of container shipping companies was relieved to some extent as international oil prices fell.

Operating results

In the first half of this year, the shipping volumes of container shipping and related businesses of the Group amounted to 3,781,535 TEUs, representing an increase of approximately 16.7% compared to the same period in 2011. Revenue for the period amounted to RMB23,106,520,000, representing an increase of approximately 14.1% compared to the same period in 2011.

1 “TEU(s)” refers to twenty-foot equivalent unit(s), a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet.

Shipping volume by route

	For the six months ended 30 June 2012 TEUs	2011 TEUs	Change %
Trans-Pacific	**862,849**	747,776	15.4
Asia-Europe (including Mediterranean)	**873,881**	717,305	21.8
Intra-Asia (including Australia)	**894,229**	810,353	10.4
Other international (including Atlantic)	**152,607**	124,418	22.7
PRC	**997,969**	839,782	18.8
Total	**3,781,535**	3,239,634	16.7

Revenue by route (RMB)

	For the six months ended 30 June 2012 RMB'000	2011 RMB'000	Change %
Trans-Pacific	**6,925,330**	5,913,156	17.1
Asia-Europe (including Mediterranean)	**5,980,546**	4,889,916	22.3
Intra-Asia (including Australia)	**3,529,185**	3,047,142	15.8
Other international (including Atlantic)	**734,528**	731,433	0.4
PRC	**1,984,883**	1,757,328	12.9
Sub-total	**19,154,472**	16,338,975	17.2
Chartered out	**158,425**	180,872	-12.4
Related business	**3,793,623**	3,729,177	1.7
Total	**23,106,520**	20,249,024	14.1

Fleet development

In the first half of 2012, the Group took delivery of 10 container vessels with a total shipping capacity of 51,746 TEUs. As at 30 June 2012, the operating fleet of the Group included 166 container vessels with a total shipping capacity of 741,687 TEUs, representing an increase of 16.8% compared to the same period in 2011 and an increase of 11.0% compared to the end of 2011.

In the first half of the year, the Group did not place any new order for container vessel. As at 30 June 2012, the Group had an order book of 22 container vessels with a total shipping capacity of 166,300 TEUs.

Year	**Self-owned**		**Chartered-in**		**Total**	
	Number of vessels	**TEUs**	**Number of vessels**	**TEUs**	**Number of vessels**	**TEUs**
2012	4	17,000	—	—	4	17,000
2013	14	95,900	—	—	14	95,900
2014	4	53,400	—	—	4	53,400
Total	22	166,300	—	—	22	166,300

Operating strategies

In the first half of the year, the Group promptly reorganized its shipping routes in response to the changes in the international trading environment and China's economic policies. The Group further expanded its network by developing the emerging markets. The Group added the U.S. Gulf route (美灣線), six routes of the U.S. East Coast (美東六線) and the Mediterranean-Far East-U.S. West Coast route (地中海—遠東—美西鐘擺航線), thereby upgrading the North-west Europe route, Mediterranean route and West Coast of South American route. We have strengthened the cooperation with our business alliances by adopting a new cooperation model. We collaborated in the planning and design of shipping route networks to maximize economies of scale. We suspended the service of some vessels in order to reduce excessive capacity. The operation of slot business helped to increase the margin.

Although the shipping industry was under the pressure of global economic downturn, the Group raised the freight rates of major shipping routes during the off season in the beginning of the year. In the first half of the year, the Group successfully restored freight rates on several occasions to improve profitability.

The Group further improved its marketing mechanism by making full use of its domestic experience, enhancing the management structure of overseas business, and adopting a customer-oriented marketing approach. The Group provided specialized value-added services to maximize value for customers. The Group also optimized its customer structure so as to adjust its cargo source structure. The basic and direct customer bases as well as the two-way FOB market were further strengthened.

We have strengthened cost management. Costs were monitored, controlled, assessed and managed at all levels of management. Furthermore, the Group strengthened control on fuel cost to reduce fuel consumption and emission. We have further improved the turnover and utilization of containers through centralized management. We have also reduced costs and improved efficiency and service quality by establishing a comprehensive supplier selection mechanism.

The Group strived to enhance punctuality of shipping schedules and strengthen transhipment services to ensure premium service quality. We have strengthened our comprehensive budget control and management skills to improve operating efficiency. Our corporate governance was significantly improved through the adoption of innovative management mechanism.

Market outlook

According to Clarksons, the global demand of container shipping in 2012 will be approximately 160 million TEUs, representing an increase of 5.9% as compared to that of 2011. The growth is mainly contributed by the non-major routes and intra-regional routes, while the traditional three major east-western routes will only increase by 1.7% as compared to the corresponding period last year. Uncertainties such as the sluggish market demand for container shipping during peak season and the euro sovereign debt crisis will result in the weak growth of the global demand of container shipping since the third quarter. On the other hand, the pressure of excessive shipping capacity will remain. According to Clarksons, container vessels of approximately 690,000 TEUs will be delivered in the second half of this year, representing an increase of 6.8%, compared to that of 2011. An increase of 6.7% for the year is expected compared to 2011. The oversupply of shipping capacity will worsen. Therefore, the liner shipping companies will be prudent in the allocation of shipping capacity.

The Group has implemented a series of measures to restore freight rates since August. However, as freight rates have been raised for several times in the first half of the year, recovering to a certain extent, and market competition in the second half of the year may be intensified, the shipping companies will have less incentive to raise freight rates and the significant increase in market freight rates in the first half of the year may not be maintained.

Operation plans

The Group will strengthen market research and adjust its shipping route structure accordingly. It will enhance the allocation of shipping capacities between traditional and emerging markets, accelerate the exploitation of emerging markets and explore potential inland sources of cargo through land and river transportation to form an effective global transportation network. The Group will develop an extensive strategic alliance to promote fair competition. It will also strengthen cooperation with its counterparts in order to realize the optimal allocation of shipping capacity and resources.

The Group will expedite the reform of marketing mechanism to strengthen its marketing capability and optimize operations; further revamp its marketing strategies to focus on major customers, direct customers and FOB customers; closely monitor the combination of its customer base and cargo and make relevant adjustments when necessary. Through effective allocation of shipping capacity, it will enhance operation efficiency of vessels and stabilize and raise freight rates.

The Group aims at enhancing service quality and develop customer-oriented operations and services. Service quality will be enhanced through improving the punctuality of shipping schedules, optimizing shipping capacity management and improving transhipment services. The Group will also introduce more value-added services to extend its service scope.

The Group also aims to implement strict cost controls and the principle of flexible use of fuel pursuant to actual needs; to commence supplier assessment and management to achieve win-win cooperation; to regulate the volume of containers and cargo flow to reduce container management costs; to remain alert to risks to ensure sound and sustainable development. Furthermore, it will further improve the management of vessels and crews and optimize the standardization and management of major operating procedures.

DRY BULK SHIPPING BUSINESS

Market review

In the first half of 2012, the supply of dry bulk goods was adversely affected by a combination of the weak recovery of global economy, slow-down of growth of China's economy and bad weather. In addition, major customers withholding their shipping orders also contributed to the slow growth in international dry bulk shipping demand. On the other hand, shipping capacity increased significantly as the delivery of new vessels hit a record high in the first half of the year. According to Clarksons, 746 new dry bulk vessels amounting to 61,933,000 DWT were delivered in the first half of the year. The global dry bulk shipping capacity exceeded 650 million DWT as at the end of June 2012, representing an increase of over 15% as compared to the corresponding period last year. Freight rates dropped to a record low due to the imbalance between supply and demand. The BDI hit its daily, monthly and quarterly lows of 647 (3 February), 703 (February average) and 867 (first quarter average) respectively during the period. The average BDI for the first half of the year was 943, representing a drop of 780 points (45.3%) compared with the second half of 2011, or 429 points (31.3%) compared with the first half of 2011. The BDI of panama vessels dropped by over 38% as compared to the corresponding period last year. The BDI hit its record low in the period since its introduction in 1985.

Operating results

The shipping volume of dry bulk shipping business of the Group for the first half of 2012 amounted to 112,158,700 tons, representing a decrease of 17.7% compared to the same period last year. Dry bulk shipping turnover for the first half of the year amounted to 575,159 million ton-nautical miles, representing a decrease of 16.36% compared to the same period last year. Revenue for the period amounted to RMB8,260,593,000, representing a decrease of 32.4% compared to the same period last year.

		January to June 2012	January to June 2011	Change (%)
Shipping volume by route (tons)	International shipping	**97,584,425**	118,134,559	-17.40
	PRC coastal shipping	**14,574,308**	18,114,693	-19.54
Shipping volume by cargo type (tons)	Coal	**38,983,262**	45,975,925	-15.21
	Metal ore	**51,446,271**	62,593,614	-17.81
	Food	**12,137,746**	13,460,217	-9.83
	Others	**9,591,454**	14,219,496	-32.55
Dry bulk shipping turnover (thousand ton-nautical miles)		**575,158,597**	687,619,094	-16.36

As at 30 June 2012, 63% of total operating days of dry bulk shipping business of the Group in 2012 was locked with chartered-out contracts. The average locked time chartering rate of all vessels was US$9,843 per day, representing a decrease of approximately 29% from US$13,902 per day in 2011.

Operating strategies

The Group will strengthen its judgement on the market trends, allocating shipping capacity and arranging vessel berthing reasonably. The Group will improve operating results by developing new shipping routes.

The Group will step up marketing efforts to stay in line with the current market and secure more major customers. Various channels will be adopted to consolidate customer relationships so as to expand its cargo source proportions.

The Group will adopt a prudent business strategy to expand its fleet by chartering vessels according to market trends and customers' needs. The Group will optimize the composition of its fleets to improve competitiveness.

The Group will integrate dry bulk resources to increase synergy. The Group will also upgrade its domestic and overseas outlets and centralize its management operations to maximize the synergy among the whole dry bulk fleet.

The Group will strengthen its management for costs reduction. Operation procedures will be further refined to minimize or eliminate hidden costs, to maintain cost effectiveness and to improve efficiency. The Group will also strengthen its control of fuel costs and avert the risk of significant fluctuations in fuel prices. In addition, the Group will enhance the collection of freight charges and minimize port charges and vessel charter expenses.

Fleet development

As at 30 June 2012, the Group operated 357 dry bulk vessels with a total of 32,428,405 DWT. 227 vessels were self-owned with a total of 18,933,606 DWT. The average age of the vessels was 14.19 years. 130 vessels were chartered-in with a total of 13,494,799 DWT.

Capacity of dry bulk vessels as at 30 June 2012 is as follows:

Existing capacity	Self-owned		Chartered-in		Total	
Vessel type	Number	DWT	Number	DWT	Number	DWT
Capesize	43	8,722,104	46	8,118,172	89	16,840,276
Panamax	72	5,153,375	49	3,774,739	121	8,928,114
Handymax and Handysize	112	5,058,127	35	1,601,888	147	6,660,015
Total	227	18,933,606	130	13,494,799	357	32,428,405

During the period, the Group had no new vessel order. As at 30 June 2012, the Group had an order of 18 dry bulk vessels amounting to a total of 1,674,000 DWT.

Market outlook

In the second half of 2012, excessive shipping capacity will remain the primary challenge in the growth of global dry bulk shipping market. With respect to demand, China will continue to play an important role. As measures taken by the PRC government to maintain economic growth start to take effect, the import demand from China is expected to further increase. With respect to supply, the delivery of new vessels will slow down in the second half of the year after delivery rush due to the implementation of the PSPC. According to Simpson Spence & Young (SSY), 546 dry bulk vessels of 45.688 million DWTs will be delivered in the second half of the year. It is expected that the severe imbalance between supply and demand of shipping capacity in global dry bulk shipping market will be alleviated to some extent in the period between the second half of the 3rd quarter and the 4th quarter. This is due to the seasonal demand of some major dry bulk commodities. However, in view of the magnifying effect of the increased supply of shipping capacity, the growth of global dry bulk shipping market will be constrained.

Operation plans

The Group will continue its prudent and flexible operation strategy and strengthen its risk control in the second half of the year. The Group will also devise its mid to long term capacity allocation plans and effectively allocate its existing resources to maximize capacity in the near term.

The Group will expand its customer base by acquiring major customers, fully capitalize the advantages of domestic and overseas outlets and secure the sources of goods.

The Group will control its fleet size by changing the combination of chartered vessels in line with market changes. It will also eliminate obsolete vessels to optimize fleet structure.

The Group will increase its market share in the coastal shipping markets by expanding its shipping fleets.

The Group will adhere to its strategy of cost control by controlling its fees and expenses effectively.

LOGISTICS BUSINESS

Market Review

The logistics industry in China further grew in the first half of 2012 at a slower pace of 10% when compared with the corresponding period of last year. Other indices of the development of the logistics industry, i.e. fixed assets investment and added value of the industry, also showed signs of growth although at a reduced rate when compared with the corresponding period of last year. The industry was still under cost pressure in general. In the first half of the year, the total logistics expenses in China increased by 11.9% compared with the corresponding period of last year and accounted for 18% of the gross domestic product (GDP).

Operating results

During the first half of 2012, revenue of the logistics business of the Group amounted to RMB9,436,189,000, representing an increase of 13.7% compared to the same period in 2011. The business volumes of major segments of COSCO Logistics Co., Ltd. ("COSCO Logistics"), a subsidiary of the Company are set out in the table below.

	For the six months ended 30 June		
	2012	2011	Change %
Third party logistics			
Product logistics			
Home appliance logistics ('000 pcs)	**54,957**	45,408	21.03
Chemical logistics (in ten thousand tons)	**197**	134.54	46.42
Project logistics (RMB million)	**850**	820	3.66
Shipping agency business (vessels)	**43,489**	43,582	-0.21
Freight forwarding business			
Ocean-freight			
Bulk cargoes (tons)	**108,306,031.5**	93,909,850.7	15.33
Containers (TEUs)	**1,194,753**	1,186,405	0.70
Air-freight (tons)	**47,981**	59,234	-19

Third party logistics

In the field of product logistics, the Company is dedicated to coping with the adverse impacts brought by the slackening demand of home appliances in China, maintaining steady growth for its electronic product logistics business. The Company strengthened its cooperation with Hewlett Packard, Foxcoon and Acer, continuing to increase its business volume.

In the field of chemical logistics business, the Group successfully consolidated its business relationship with customers such as Dow, Bayer and Shell. The Group also expanded its chemical logistics business by including the transportation of dangerous chemicals. In the first half of the year, the chemical logistics business volume amounted to 1,970,000 tons, representing an increase of 46.42% compared with the corresponding period last year.

In the field of project logistics business, through expanding its market, enhancing marketing to its major customers and improving project management, the Company achieved a breakthrough in its project logistics business. In the first half of the year, COSCO Logistics won over 50 project bids in aviation, electric power and petrochemicals, including a project in Bosnia and Herzegovina with Dongfang Electric Corp, Phase II of a project in Qinzhou with PetroChina, the China-Myanmar Pipeline Project of PetroChina, the BASF Chongqing MDI Project and the Hafei Airbus Composite Manufacturing Centre Project.

Shipping agency business

As a result of the use of large ships by shipping companies to reduce unit shipping costs, the number of vessels involved in the shipping agency business decreased by 0.21% in the first half of the year. However, the transportation volume involved in the shipping agency business continued to increase. Through improving service quality, extending the service chain and expanding market coverage, the market share of the shipping agency business was consolidated and maintained leading position. The Group was licensed by the National Maritime Bureau of the PRC in the first half of the year to prevent and control marine pollution from vessels, and is the only local shipping agency with such qualification.

Freight forwarding business

In the first half of the year, in order to cope with severe freight forwarding market performance, the Company was dedicated to integrating its resources, improving its integrated freight capacity, enhancing marketing efforts to direct customers and refining its customer structure. In the first half of the year, the Company handled container cargoes of a total of 1,190,000 TEUs, representing an increase of 0.7% compared with the corresponding period last year, and bulk cargoes of a total of 108,310,000 tons, representing an increase of 15.33% compared with the corresponding period last year. The air freight cargoes handled by the Company decreased by 19% compared with the same period last year.

Market outlook

China's economy has stabilized and various industries have been developing rapidly. The logistics industry of China has a favourable market environment for its further development. It is expected that the logistics industry of China will grow relatively fast although it will slow down in the second half of 2012. It is forecasted that the total value and fees of social logistic services for 2012 will increase by 11% and 12% respectively compared with last year. Both growth rates will be less than that of last year. The profitability of logistics services providers will be adversely affected by weakened demand and higher costs. However, the Chinese government intends to adopt policies to support the development of the logistics industry. The long term development of the industry is still promising.

Operation plans

The Group will speed up business restructuring, optimize business flows, enhance interaction between domestic and overseas businesses, improve synergy between all business lines, and strengthen its core capabilities and the production of core products to further expand its market share.

The Group will further develop its electronic products logistics businesses, chemical logistics businesses, electricity logistics and air freight logistics and consolidate and enhance the cooperation with major domestic and overseas customers to expand its businesses.

The Group will continue to enrich the product portfolio of COSCO Logistics by focusing on opportunities in market segments including cold chain logistics, rail logistics and auto parts logistics to increase its profitability.

The Group will continue to provide excellent value-added services to shipping companies by consolidating its shipping agency business and optimizing its networks of business and information.

The Group will push forward the establishment of a resource network, enhance its capital operation capability and implement professional development and management for core resources and explore new profit models to maintain the balance of production and capital operation, thus enhancing the sustainability of the Group.

TERMINAL AND RELATED BUSINESS

Market review

In the first half of 2012, as the growth of the global economy lost its momentum, the growth of the international container terminal business slowed. The performance of ports in Europe and the United States were not satisfactory. The major ports in Asia recorded remarkable growth in throughput but the growth rates showed a slowdown. The throughput of ports in China maintained steady growth with an increase of 7.4% over the corresponding period of the previous year, but the growth rate decreased compared with the 13% in the previous year. The growth rate of container throughput was 8.8%, representing a decrease of 3 percentage points compared to the corresponding period last year.

Operating results

In the first half of 2012, the throughput of the container terminals of COSCO Pacific Limited amounted to 26,876,860 TEUs, representing an increase of 10.8% compared to the corresponding period of the previous year, and the overall growth was satisfactory. The throughput of operating container terminals in China amounted to 23,176,559 TEUs, representing an increase of 9.7% compared to the corresponding period of the previous year. The total throughput of terminals in the Bohai Rim Region amounted to 10,673,045 TEUs, representing an increase of 12.1% compared to the same period of the previous year. The total throughput of terminals in Yangtze River Delta amounted to 3,928,777 TEUs, representing an increase of 8.1% compared to the corresponding period of the previous year while the total throughput of terminals in Pearl River Delta and Southeast coastal areas amounted to 8,574,737 TEUs, representing an increase of 7.6% compared to the corresponding period of the previous year.

The total throughput of overseas terminals increased to 3,700,301 TEUs, representing an increase of 18.5% as compared to the corresponding period of the previous year. In particular, the throughput of the Piraeus Container Terminal in Greece increased significantly by 117.5%.

Throughput of terminal companies

Terminal companies	Six months ended 30 June 2012 (TEUs)	2011 (TEUs)	Change (%)
Bohai Rim Region	**10,673,045**	9,522,797	12.1
Qingdao Qianwan Container Terminal Co., Ltd.	**7,076,924**	6,269,091	12.9
Dalian Port Container Terminal Co., Ltd.	**983,401**	945,716	4
Tianjin Five Continents International Container Terminals Co., Ltd.	**1,048,546**	976,863	7.3
Tianjin Port Euroasia International Container Terminal Co., Ltd.	**745,138**	649,091	14.8
Yingkou Container Terminals Co., Ltd.	**819,036**	682,036	20.1
Yangtze River Delta	**3,928,777**	3,634,691	8.1
Shanghai Pudong International Container Terminals Co., Ltd.	**1,045,154**	1,167,619	-10.5
Ningbo Yuan Dong Terminals Operation Co., Ltd.	**1,196,903**	1,035,691	15.6
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**558,732**	484,687	15.3
Yangzhou Yuanyang International Terminals Co., Ltd.	**194,128**	191,964	1.1
Nanjing Port Longtan Container Co., Ltd.	**933,860**	754,730	23.7
Pearl River Delta and Southeast Coastal regions	**8,574,737**	7,969,373	7.6
COSCO-HIT Terminals (Hong Kong) Ltd.	**874,455**	821,851	6.4
Yantian International Container Terminals Ltd. (Phase I, II and III)	**4,824,317**	4,734,794	1.9
Guangzhou South China Oceangate Container Terminal Co., Ltd.	**2,077,014**	1,685,432	23.2
Quanzhou Pacific Container Terminal Co., Ltd.	**599,708**	576,799	4
Jinjiang Pacific Ports Development Co., Ltd.	**165,703**	150,497	10.1
Xiamen Ocean Gate Container Terminal Co., Ltd. (Note)	**33,540**	—	Not applicable
Overseas	**3,700,301**	3,122,404	18.5
COSCO-PSA Terminal Private Ltd.	**661,731**	513,758	28.8
Antwerp Gateway Terminal	**549,876**	607,633	-9.5
Suez Canal Container Terminal	**1,435,435**	1,516,733	-5.4
Piraeus Container Terminal	**1,053,259**	484,280	117.5
Total container terminal throughputs in China	**23,176,559**	21,126,861	9.7
Total container throughputs	**26,876,860**	24,249,265	10.8
Total bulk cargo throughputs (tons)	**11,450,486**	12,945,477	-11.5

**Note:* Xiamen Ocean Gate Container Terminal came into operation in May 2012.

As at 30 June 2012, COSCO Pacific held various interests in 27 terminal companies with 134 berths in total, including 122 container terminal berths, 2 vehicle terminal berths and 10 bulk cargo berths. A total of 95 container terminal berths were in operation, with an operation capacity of 56,850,000 TEUs.

Business expansion

As the renovation of Pier 2 of Piraeus Container Terminal in Greece was completed in June 2012 and its operation capacity increased from 1,600,000 TEUs to 2,600,000 TEUs, the business performance grew further. Xiamen Ocean Gate Container Terminal Co., Ltd., commenced operation in May 2012. The terminal possesses two berths with an annual operation capacity of 1,400,000 TEUs, which is expected to reach 2,750,000 TEUs in the second half of 2012.

Market outlook

In the second half of 2012, affected by the sluggish recovery of global economy, the major container ports are expected to experience slow growth. For the ports in China, as the domestic economy sees signs of recovery due to the series of government policies to stabilize foreign trades and growth, the port and terminal industry is expected to maintain steady development in the second half of the year provided that there is no further abrupt worsening of the world economy.

Operation plans

By formulating and adjusting the marketing strategies for the terminals, the Group will strengthen its communication and interaction with customers and enhance its service quality to maintain the competitiveness and sustainable development of its terminal business.

The Group will further enhance its productivity and technology levels and increase its equity holding of terminals to reinforce and enhance its leading position in the global market.

The Group will continue to strengthen internal professional management and implement cost controls throughout the whole business process to reduce costs and improve efficiency.

CONTAINER LEASING, MANAGEMENT AND SALES BUSINESS

Market review

Due to tight cash flow, shipping companies reduced the number of self-bought containers and increased the proportion of leased containers, the global container leasing market maintained steady growth in the first half of 2012. In the first two months of the year, the market was sluggish and demand was weak, followed by the recovery in March when the demands of long-term lease containers became strong. The short-term leasing market also improved in the second quarter.

Operating results

In the first half of 2012, Florens and its subsidiary continued to be the third largest leasing companies in the world. As at 30 June 2012, the size of the container fleet of Florens amounted to 1,797,377 TEUs, representing an increase of 4.9% compared to the corresponding period last year. It equated to about 12.2% of the total market share of the global container leasing companies. The average total leasing rate in the first half of 2012 was 95.2%, slightly higher than the average level in the industry.

Size of container fleet (unit: TEUs)

As at 30 June 2012	Self-owned containers	Managed containers	Sale and leaseback containers	Total size of container fleet
COSCON	**320,761**	—	**229,283**	**550,044**
Non COSCON	**586,924**	**660,409**	—	**1,247,333**
Total size of container fleet	**907,685**	**660,409**	**229,283**	**1,797,377**

As at 30 June 2011	Self-owned containers	Managed containers	Sale and leaseback containers	Total size of container fleet
COSCON	309,113	—	229,283	538,396
Non COSCON	489,525	685,951	—	1,175,476
Total size of container fleet	798,638	685,951	229,283	1,713,872

In the first half of the year, new containers delivered to the Group amounted to 47,642 TEUs, among which 16,000 TEUs were purchased for COSCON, while 31,642 TEUs were purchased for international customers, accounting for 66.4% of the delivered new containers.

Market outlook

In the view of the situation of the shipping market, the Group considered that the demand of container leasing from shipping companies will be significant in the second half of the year.

Operation plans

Targeting on maintaining its leading position in the global container industry, the Group will manage its assets and operation in a flexible manner, develop its container fleet and improve its cost control. The Group will closely monitor the market and business environment and adjust its investments in a reasonable and flexible manner. It will increase the purchase of self-owned containers when the opportunity arises with favourable prices, so as to maintain and enlarge its market share. In addition, the Group will strictly control customer credit risks and pay close attention to the financial status of shipping companies and receivables to ensure the safety of its assets. It will further strengthen the development of the domestic trade container business and the sale and purchase business of old containers, as well as expand its financial leasing business to achieve diversified operations. The Group will pay attention to information such as containers purchased and the inventory level of its competitors.

Container manufacturing

The Group holds 21.8% equity interests in CIMC through COSCO Pacific. The investment profit contribution to the Group under the container manufacturing business is RMB187,600,000, a decrease of 68.6% compared to the corresponding period in 2011.

Production safety

In the first half of 2012, the Group adhered to the principle of production safety and adopted new safety management measures. It implemented safety management reform to promote the establishment of safety culture and improve the safety system of the Group. The potential risks in the production safety system were promptly rectified and controlled in an effective manner by strengthening safety education and training of staff, implementing a dynamic inspection system on vessels safety and organizing ongoing risk inspection and governance measures. The production safety of the Group was sound and steady.

Accidents in the first half of 2012:

1. Marine accidents: One general marine accident, same as the corresponding period last year.

2. Engine accidents: No engine accidents.

3. Pollution accidents: No pollution accidents.

4. Loading port inspections: Loading port inspections of 307 voyages, with no-defect confirmations issued for 240 voyages, representing a passing rate of 78.18%, and one held-up vessels, accounting for 0.33% of the total number of vessels and representing a decrease of one case compared with the corresponding period last year.

5. Death and serious injuries: One industrial injury and no fatal accidents, representing a decrease of 1 case of 1 person compared with the corresponding period last year; one serious injury, representing an increase of 1 case of 1 person compared with the corresponding period last year.

6. Pirate attacks: No pirate attacks and intrudence; no pirate hijack.

TECHNOLOGY INNOVATION

In the first half of 2012, the Group put further efforts on technology innovation so as to establish itself as an innovative enterprise. It also enhanced its core competitiveness through technology advancement.

For scientific research, in response to market demands and in order to provide better services for customers, the Company launched research projects of "Technology Applications for Supply Chain Control" (供應鏈控制塔技術應用), "Domestic Trading Service Platform" (內貿全程服務平台), "Development of Super Heavy Truck with Low Chassis" (超低公路大件運輸車輛研製) and "Enterprise Asset Management (EAM) of Terminals" (碼頭企業資產管理系統) to further improve service and management levels. It also conducted studies and analysis of the container transportation market and bulk cargo market. COSCO Logistics completed the development of the "Computer-aided Administrative System for Bulk Cargo Transportation on Roads" (公路大件運輸計算機輔助決策系統), which was used for the bulk cargo transportation business. Hence, the leading position of COSCO Logistics in terms of technology in the bulk cargo transportation industry was further reinforced.

For information technologies, COSCON started the implementation of SAP and the optimization of its management information system in China. COSCO Logistics initiated the major data and authorization of SAP and upgraded the shipping agency system. China COSCO Bulk further pushed forward the construction and application of its information system as scheduled.

ENERGY SAVING AND ENVIRONMENTAL PROTECTION

The Group is devoted to environmental protection and energy saving. With continuous focus on its shipping companies with substantial fuel consumption and emissions in 2012, the Group strengthened its energy management for container and bulk 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 reduced energy consumption and pollutants discharged through measures such as adopting speed reduction of routes, applying technological findings, introducing technological inventions and increasing the use of advanced technology.

According to the energy consumption index issued by the Ministry of Transport of the PRC, fuel consumption was 4.24 kg per thousand ton nautical miles in the first half of 2012, representing a decrease of 7.83% compared with the benchmark year.

FINANCIAL REVIEW

During the first half of 2012, the operating revenues of the Group amounted to RMB42,562,724,000, representing an increase of RMB555,459,000, or 1.3%, compared with RMB42,007,265,000 for the first half of 2011. Loss attributable to equity holders of the Company amounted to RMB4,871,535,000, representing an increase of RMB2,113,957,000, or 76.7%, compared with a loss of RMB2,757,578,000 for the first half of 2011. During the Period, as the global economy remained lackluster, China's economy grew at a slower pace. Due to excessive shipping capacity, the imbalance between demand and supply still lingered. In particular, freight rates in the dry bulk shipping market remained low, while other related costs, such as bunker costs, further increased. Therefore, the result of the Group for the first half of 2012 recorded a further decrease compared to the same period last year.

Operating revenues

For the first half of 2012, the operating revenues of the Group amounted to RMB42,562,724,000, representing an increase of RMB555,459,000, or 1.3%, compared to RMB42,007,265,000 for the first half of 2011, of which:

Revenue from container shipping and related business increased by 14.1% to RMB23,106,520,000. For the first half of 2012, container shipping volume of the Group amounted to 3,781,535 TEUs, representing an increase of 16.7% compared to that of the first half of 2011. The average container freight rate was RMB5,065/TEU, remaining the same as in the first half of 2011. The increase in revenue was mainly attributable to the increase in container shipping volume.

Revenue from dry bulk shipping and related business decreased by 32.4% to RMB8,260,593,000. For the first half of 2012, the average BDI was 943 points, representing a decrease of 31.3% compared with 1,372 points for the first half of 2011. Impacted by the decline of freight rates and excessive supply of shipping capacity, revenue from dry bulk shipping and related business of the Group decreased correspondently.

As compared with the revenues for the first half of 2011, revenue from logistics operations increased by 13.7% to RMB9,436,189,000. Revenue from logistics business further increased in the first half of 2012. In addition, as the Group further expanded its supply chain logistics business, the revenue increased to RMB2,186,828,000 by RMB1,083,072,000 comparing with the first half of 2011.

Revenue from terminal, and related business recorded an increase of 40.6% to RMB1,122,944,000. It was attributable to the increase of RMB128,974,000 in revenue from the Piraeus Container Terminal in Greece in the first half of 2012 as its throughput increased by 117.5% to 1,053,259 TEUs compared to the same period last year. The increase in revenue was also attributable to the increase of RMB108,749,000 in revenue from the Guangzhou South China Oceangate Terminal in the first half of 2012, as its throughput increased by 23.2% to 2,077,014 TEUs compared to the same period last year.

Revenue from the container leasing business increased by RMB193,768,000, or 43.8%, to RMB636,478,000 compared to the same period last year. It was attributable to the increase of RMB84,083,000 in the revenue from container leasing to RMB463,527,000 and the increase of RMB106,984,000 in the revenue from disposal of returned containers upon expiry of lease to RMB169,256,000.

Operating costs

In the first half of 2012, the Group incurred operating costs of RMB44,466,316,000, representing an increase of RMB1,728,537,000, or 4.0%, compared with RMB42,737,779,000 in the same period last year, of which:

The total operating costs of container shipping and related business amounted to RMB23,001,905,000, representing an increase of RMB3,521,354,000, or 18.1%, compared to the first half of 2011. It was attributable to the increase of RMB1,275,974,000, or 25.8%, in bunker costs to RMB6,212,727,000 during the period resulting from the increase in both container shipping volume and oil price. Cargo and transshipment charges also increased in line with the increase in shipping volume.

The total operating costs of dry bulk shipping and related business amounted to RMB11,472,352,000, representing a decrease of RMB3,061,763,000, or 21.1%, compared to the same period in 2011. It was mainly attributable to the decrease of total charter cost by RMB2,974,643,000, or 40.1%, compared to the same period last year to RMB4,446,090,000 due to the decrease of charter-in shipping capacity during the period. During the period, the reversal of provisions for onerous contracts in previous years amounted to RMB1,116,121,000, representing an increase of RMB129,198,000 compared to the same period last year. In addition, a provision of RMB1,249,869,000 was made for the irrevocable onerous contracts for charter-in dry bulk vessels, representing a decrease of RMB141,355,000 compared to the same period last year.

The operating costs of the logistics business amounted to RMB8,542,234,000, representing an increase of RMB1,074,724,000, or 14.4%, compared to the same period last year. The increase was mainly attributable to the increase of operating costs by RMB1,076,084,000 to RMB2,160,759,000 as a result of the development and expansion of supply chain logistics business.

The operating costs of terminal and related business amounted to RMB791,637,000, representing an increase of RMB116,962,000, or 17.3%, compared to the same period last year. The increase was primarily attributable to the increase in terminal throughput.

The operating costs of the container leasing business amounted to RMB483,320,000, representing an increase of RMB109,148,000, or 29.2%, compared to the same period last year. The increase was mainly due to the expansion of the container fleet and the increase of returned containers sold upon expiry of lease during the period.

Other expenses/income, net

The net amount of other income/(expenses) of the Group in the first half of 2012 amounted to RMB717,288,000, compared to RMB501,387,000 in the first half of 2011. The increase was mainly attributable to the government subsidy of RMB647,217,000 received in the period, which is more than the amount received in the first half of 2011.

Selling, administrative and general expenses

In the first half of 2012, the administrative expenses of the Group slightly increased from RMB2,464,666,000 in the first half of 2011 to RMB2,491,329,000.

Finance income

Finance income of the Group was mainly interest income from bank deposits. In the first half of 2012, finance income of the Group amounted to RMB436,822,000, representing an increase of RMB50,674,000 compared to the first half of 2011.

Finance cost

In the first half of 2012, the finance cost of the Group amounted to RMB1,188,832,000, representing an increase of RMB411,146,000 compared to the first half of 2011. During the period, the interest expenses further increased resulting from the increases of the Group's average total borrowings and interest rates.

Net related exchange (loss)/gain

For the first half of 2012, due to the appreciation of U.S. dollar against RMB, the Group incurred exchange losses from borrowings denominated in foreign currencies of RMB110,313,000. For the first half of 2011, due to the depreciation of U.S dollar against RMB, the Group recorded exchange gain from borrowings denominated in foreign currencies of RMB431,904,000.

Share of profits less losses of jointly controlled entities and associates

Profit contribution from jointly controlled entities and associates of the Group aggregated to RMB819,392,000 during the first half of 2012, representing a decrease of RMB404,057,000 compared to RMB1,223,449,000 for the same period in 2011. During the period, the share of profit from CIMC amounted to RMB187,600,000, representing a decrease of RMB409,670,000 compared with the same period last year.

Income tax expenses

In the first half of 2012, income tax expenses of the Group were RMB398,947,000, representing an increase of RMB38,290,000 compared to RMB360,657,000 in the same period last year. The increase was mainly attributable to the increase of current income tax of the PRC subsidiaries calculated in accordance with the tax laws and relevant regulations.

Working Capital, financial resources and capital structure

As at 30 June 2012, cash and cash equivalents of the Group decreased by RMB6,144,561,000, or 13.1%, to RMB40,818,164,000 compared to 31 December 2011. Among which, the net cash outflow from operating activities and investing activities were RMB3,170,447,000 and RMB3,604,150,000 respectively as a result of rising operating costs and acquisition of fixed assets such as vessels. As at 30 June 2012, the total outstanding borrowings of the Group were RMB79,244,126,000. After netting of cash and cash equivalents of RMB40,818,164,000, the net amount was RMB38,425,962,000.

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 various purposes such as payment of operating costs, purchases of container vessels, dry bulk vessels and containers, investments in terminals and logistics projects and repayment of loans.

Debt analysis

By Category	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Short-term borrowings	**5,455,930**	2,850,888
Long-term borrowings		
Within one year	**12,723,884**	18,861,850
In the second year	**27,784,109**	11,250,620
In the third to fifth years	**14,586,973**	26,676,764
After the fifth year	**18,693,230**	17,386,318
Subtotal	**73,788,196**	74,175,552
Total	**79,244,126**	77,026,440

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB15,945,801,000, while unsecured borrowings amounted to RMB63,298,325,000, representing 20.1% and 79.9% of the total borrowings, respectively.

Breakdown of borrowings by currency:

The Group had borrowings denominated in USD equivalent to RMB53,163,885,000 and borrowings denominated in RMB amounting to RMB26,080,097,000, representing 67.1% and 32.9% of the total borrowings, respectively.

Corporate guarantee and contingent liabilities

As at 30 June 2012, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB155,586,000 (31 December 2011: RMB177,684,000). As at 30 June 2012, the Group had no significant contingent liabilities.

Foreign exchange and interest rate risk management

In the first half of 2012, the Group closely monitored the trends of the financial market and changes in monetary policy. Existing USD loans were maintained at floating rates and our interest costs remained low. The Group also adjusted the currency structure between income and expenses and the proportion of assets and liabilities denominated in foreign currencies to mitigate the impact of fluctuation in exchange rates between different currencies.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had not carried out any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2012.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, there was no material change in the number of employees of the Group as compared with the information disclosed in the 2011 Annual Report most recently published by the Company. During the six months ended 30 June 2012, 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 2011 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, or it does not have any dilutive effect on the equity interest in the Company.

On 16 December 2005, the Board granted share appreciation rights to certain directors, supervisors and senior management officers of the Company and its subsidiaries, and other personnel designated by the Board, including nine Directors and three Supervisors 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 2012, 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 2012 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 2012	Granted during the period	Exercised/ lapsed during the period	Transfer (to)/ from other category during the period	Outstanding as at 30 June 2012	Approximate % of issued share capital of the H shares of the Company ("H Shares") as at 30 June 2012	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 Liang	Beneficial owner	Personal	HK$9.540	580,000	-	-	(580,000)	-	0.00%	(3),(4)
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)
			HK$3.588	500,000	-	-	-	500,000	0.02%	(2)
			HK$9.540	480,000	-	-	-	480,000	0.02%	(3)
XU Minjie	Beneficial owner	Personal	HK$3.195	75,000	-	-	-	75,000	0.003%	(1)
			HK$3.588	90,000	-	-	-	90,000	0.003%	(2)
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)	-	0.00%	(1),(5)
			HK$3.588	500,000	-	-	(500,000)	-	0.00%	(2),(5)
			HK$9.540	480,000	-	-	(480,000)	-	0.00%	(3),(5)
MA Jianhua	Beneficial owner	Personal	HK$9.540	480,000	-	-	-	480,000	0.02%	(3)
Gao Ping	Beneficial owner	Personal	HK$3.195	-	-	-	100,000	100,000	0.004%	(1),(6)
			HK$3.588	-	-	-	90,000	90,000	0.003%	(2),(6)
			HK$9.540	-	-	-	85,000	85,000	0.003%	(3),(6)
Ye Weilong	Beneficial owner	Personal	HK$9.540	480,000	-	-	(480,000)	-	0.00%	(3)
Zhang Jiqing	Beneficial owner	Personal	HK$3.195	-	-	-	100,000	100,000	0.004%	(1),(7)
			HK$3.588	-	-	-	90,000	90,000	0.003%	(2),(7)
			HK$9.540	-	-	-	75,000	75,000	0.003%	(3),(7)
Wan Min	Beneficial owner	Personal	HK$3.195	75,000	-	-	-	75,000	0.003%	(1)
			HK$3.588	280,000	-	-	-	280,000	0.01%	(2)
			HK$9.540	260,000	-	-	-	260,000	0.01%	(3)

SHARE APPRECIATION RIGHTS PLAN (Continued)

Name of Director/ Supervisor	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights: Outstanding as at 1 January 2012	Granted during the period	Exercised/ lapsed during the period	Transfer (to)/ from other category during the period	Outstanding as at 30 June 2012	Approximate % of issued share capital of the H shares of the Company ("H Shares") as at 30 June 2012	Note
He Jiale	Beneficial owner	Personal	HK$3.195	375,000	—	—	(375,000)	—	0.00%	(1), (8)
			HK$3.588	500,000	—	—	(500,000)	—	0.00%	(2), (8)
			HK$9.540	480,000	—	—	(480,000)	—	0.00%	(3), (8)
Feng Jinhua	Beneficial owner	Personal	HK$3.195	—	—	—	100,000	100,000	0.004%	(1),(7)
			HK$3.588	—	—	—	90,000	90,000	0.003%	(2),(7)
			HK$9.540	—	—	—	85,000	85,000	0.003%	(3),(7)
Zhang Yongjian	Beneficial owner	Personal	HK$3.195	225,000	—	—	(225,000)	—	0.00%	(1),(8)
			HK$3.588	500,000	—	—	(500,000)	—	0.00%	(2),(8)
			HK$9.540	480,000	—	—	(480,000)	—	0.00%	(3),(8)
Other continuous contract employees (other than the senior management of the Company)	Beneficial owner	Personal	HK$3.195	10,237,000	—	(56,250)	(725,000)	9,455,750	0.37%	(1),(9)
			HK$3.588	12,160,000	—	(65,000)	(720,000)	11,375,000	0.44%	(2),(9)
			HK$9.540	15,860,000	—	(50,000)	(150,000)	15,660,000	0.61%	(3),(9)
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK$3.195	1,950,000	—	—	1,400,000	3,350,000	0.13%	(1)
			HK$3.588	2,505,000	—	—	1,950,000	4,455,000	0.17%	(2)
			HK$9.540	2,730,000	—	—	2,405,000	5,135,000	0.20%	(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. During the period, 56,250 of such share appreciation rights lapsed.

(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. During the period, 65,000 of such share appreciation rights lapsed.

(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) Zhang Liang ceased to be a Director with effect from 9 January 2012. His share appreciation rights were reclassified from the category of “Directors” to “Others”.

(5) Wu Shuxiong ceased to be a supervisor of the Company with effect from 6 January 2012. His share appreciation rights were reclassified from the category of “Supervisors” to “Others”.

(6) Gao Ping became a supervisor of the Company with effect from 6 January 2012. His share appreciation rights were reclassified from the category of “Other continuous contract employees” to “Senior Management”.

(7) Zhang Jiqing and Feng Jinhua became the senior management of the Company with effect from 9 January 2012. Their respective share appreciation rights were reclassified from the category of “Other continuous contract employees” to “Senior Management”.

(8) Ye Weilong, He Jiale and Zhang Yongjian ceased to be members of the senior management of the Company with effect from 9 January 2012. Their respective share appreciation rights were reclassified from the category of “Senior Management” to “Others”.

(9) The share appreciation rights were expired during the six months ended 30 June 2012.

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 2012	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 2012	Approximate percentage of total issued share capital of COSCO Pacific as at 30 June 2012	Exercisable period	Note
Directors										
WEI Jiafu	13.75	1,000,000	-	-	-	-	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
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)
XU Minjie	19.30	800,000	-	-	-	-	800,000	0.03%	19.04.2007-18.04.2017	(3), (4)
LI Yunpeng	13.75	1,000,000	-	-	-	-	1,000,000	0.04%	03.12.2004-02.12.2014	(2), (4)
Others(5)	9.54	2,361,000	-	-	-	(30,000)	2,331,000	0.09%	(refer to note 1)	(1), (5)
	13.75	17,342,000	-	-	-	(584,000)	16,758,000	0.62%	(refer to note 2)	(2), (5)
	19.30	13,900,000	-	-	-	(410,000)	13,490,000	0.50%	(refer to note 3)	(3), (5)
		38,103,000	-	-	-	(1,024,000)	37,079,000	1.37%		

SHARE OPTION SCHEME OF COSCO PACIFIC (Continued)

Notes:

(1) The share options were granted during the period from 28 October 2003 to 6 November 2003 under the 2003 Share Option Scheme at an exercise price of HK$9.54. The options are exercisable at any time within ten years from the 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 as beneficial owners.

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

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

As at 30 June 2012, 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 Director	Capacity	Nature of interests	Number of H shares of the Company	Approximate percentage of total issued H Share capital
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	0.0006%

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

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

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	1,520,000	0.07%
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	600,000	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 2012 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 2012 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 2012	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 2012	Percentage of total issued share capital of associated corporation as at 30 June 2012	Note
COSCO Pacific	WEI Jiafu	Beneficial owner	Personal	HK$13.75	1,000,000	-	-	-	-	1,000,000	0.04%	(1)
	SUN Yueying	Beneficial owner	Personal	HK$13.75	1,000,000	-	-	-	-	1,000,000	0.04%	(1)
	SUN Jiakang	Beneficial owner	Personal	HK$13.75	700,000	-	-	-	-	700,000	0.03%	(1)
	XU Minjie	Beneficial owner	Personal	HK$19.30	800,000	-	-	-	-	800,000	0.03%	(3)
	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)

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 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.

Except as disclosed above, as at 30 June 2012, 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 had or were 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 SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to any Director of the Company, as at 30 June 2012, 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)
UBS AG	Beneficial owner	82,061,690	3.18	68,952,924	2.67	-	-	-
	Interest of controlled corporation	90,409,806	3.50	89,607,406	3.47	-	-	(2)

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

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.

(2) The long position of 90,409,806 shares relates to the shares directly held by the following entities which UBS AG has 100% control right and is thus deemed to have interest: UBS Fund Management (Switzerland) AG, UBS Global Asset Management (Australia) Ltd, UBS Global Asset Management (Japan) Ltd, UBS Global Asset Management (UK) Ltd and UBS Securities LLC. The short position of 89,607,406 shares relates to the shares directly held by UBS Securities LLC which UBS AG has 100% control right and is thus deemed to have interest.

As at 30 June 2012, 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 State-owned enterprise in China 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 2012, 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 2012 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	45,617,411
Current assets	12,755,546
Current liabilities	(17,108,981)
Non-current liabilities	(15,435,564)
Net assets	25,828,412
Share capital	3,176,738
Reserves	12,105,099
Minority interests	10,546,575
Capital and reserves	25,828,412

As at 30 June 2012, the attributable interests of the Group in these affiliated companies amounted to approximately RMB2,331,986,000.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Appendix 14 to the Listing Rules ("Listing Rules"). The primary duties of the audit committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, qualification and experience of staffs with accounting and financial reporting function, effectiveness of Internal audit, corporate governance and control, and their training programme and budget), the completeness and accuracy of its accounts and to liaise on behalf of the Directors 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, and 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 2012, 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 considers that effective corporate governance is essential and makes an important contribution to the corporate success and to enhancing shareholder value.

The Company adopted the Company's Corporate Governance Code which incorporates all the code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and in the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules other than the following deviations and a majority of the recommended best 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 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 operation 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 is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and in the Corporate Governance Code (effective from 1 April 2012) as set out 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 2012.

In view of the operating results of the Company, Wei Jiafu, our Chairman and Ma Zehua, our Vice chairman, decided to waive their remuneration from the Company as long as the Company incurs losses with effect from 1 July 2012.

INTERIM DIVIDEND AND WARNING AND EXPLANATION FOR THE FORECASTED LOSS OR SIGNIFICANT CHANGE IN THE AGGREGATE NET PROFITS FROM THE BEGINNING OF THE YEAR TO THE END OF THE NEXT REPORTING PERIOD COMPARED TO THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 2012.

Affected by the continued slowdown in the shipping industry, imbalances between supply and demand and high bunker costs, the Company forecasts an aggregate net loss for the first three quarters of 2012.

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 complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2012. Neither the Company nor any of its subsidiaries have purchased or sold any of its listed shares during the six months ended 30 June 2012.

INVESTOR RELATIONS

The Company highly values investor relations at all times 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 in which a total of 763 investors participated and held 163 personal or group meetings. The Company promptly sent emails to investors that it has made contact with containing announcements, circulars published by the Company, information about the shipping market and summary of analysts' reports, etc, which were mostly welcomed by investors.

We continue to release the announcements of the Company, regular reports, updates of the Company, highlights of results, recordings of analysts' meetings, etc. and contacts of analysts on the website of the Company and updated 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.

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 42 to 79 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.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2012

	Note	**As at 30 June 2012** *RMB'000*	As at 31 December 2011 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**76,315,066**	73,029,686
Investment properties	6	**515,483**	478,702
Leasehold land and land use rights	6	**2,611,738**	2,672,798
Intangible assets	6	**185,597**	196,051
Jointly controlled entities		**4,962,050**	4,978,206
Associates		**11,065,034**	11,164,646
Available-for-sale financial assets		**513,822**	481,725
Derivative financial assets		**64,985**	87,884
Deferred income tax assets		**473,594**	503,302
Restricted bank deposits		**485,125**	417,108
Loans to a jointly controlled entity and an associate		**213,708**	182,285
Other non-current assets		**532,478**	507,388
Total non-current assets		**97,938,680**	94,699,781
Current assets			
Inventories		**4,067,537**	3,387,032
Trade and other receivables	7	**14,764,673**	11,898,915
Restricted bank deposits		**515,193**	510,432
Cash and cash equivalents		**40,818,164**	46,962,725
Total current assets		**60,165,567**	62,759,104
Total assets		**158,104,247**	157,458,885

The notes on pages 49 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2012

	Note	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8(a)	**10,216,274**	10,216,274
Reserves		**19,734,804**	24,479,012
		29,951,078	34,695,286
Non-controlling interests		**16,020,364**	15,475,167
Total equity		**45,971,442**	50,170,453
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	**61,064,312**	55,313,702
Provisions and other liabilities	10	**1,356,963**	1,402,583
Deferred income tax liabilities		**2,573,951**	2,489,582
Other non-current liabilities		**–**	89,576
Total non-current liabilities		**64,995,226**	59,295,443
Current liabilities			
Trade and other payables	11	**26,468,981**	23,798,925
Short-term borrowings	12	**5,455,930**	2,850,888
Current portion of long-term borrowings	9	**12,723,884**	18,861,850
Current portion of provisions and other liabilities	10	**1,702,336**	1,560,547
Tax payable		**786,448**	920,779
Total current liabilities		**47,137,579**	47,992,989
Total liabilities		**112,132,805**	107,288,432
Total equity and liabilities		**158,104,247**	157,458,885
Net current assets		**13,027,988**	14,766,115
Total assets less current liabilities		**110,966,668**	109,465,896

The notes on pages 49 to 79 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 2012

	Note	Six months ended 30 June **2012** ***RMB'000***	 2011 *RMB'000*
Revenues	5	**42,562,724**	42,007,265
Cost of services and inventories sold		**(44,466,316)**	(42,737,779)
Gross loss		**(1,903,592)**	(730,514)
Other income, net	13	**717,288**	501,387
Selling, administrative and general expenses		**(2,491,329)**	(2,464,666)
Operating loss	13	**(3,677,633)**	(2,693,793)
Finance income	14	**436,822**	386,148
Finance costs	14	**(1,188,832)**	(777,686)
Net related exchange (loss)/gain	14	**(110,313)**	431,904
Net finance (costs)/income	14	**(862,323)**	40,366
		(4,539,956)	(2,653,427)
Share of profits less losses of			
– jointly controlled entities		**358,960**	346,055
– associates		**460,432**	877,394
Loss before income tax		**(3,720,564)**	(1,429,978)
Income tax expenses	15	**(398,947)**	(360,657)
Loss for the period		**(4,119,511)**	(1,790,635)
(Loss)/profit attributable to:			
Equity holders of the Company		**(4,871,535)**	(2,757,578)
Non-controlling interests		**752,024**	966,943
		(4,119,511)	(1,790,635)
		RMB	*RMB*
Loss per share for loss attributable to equity holders of the Company	17		
– basic		**(0.4768)**	(0.2699)
– diluted		**(0.4768)**	(0.2700)

The notes on pages 49 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Loss for the period	**(4,119,511)**	(1,790,635)
Other comprehensive income/(loss)		
Available-for-sale financial assets		
– fair value gains/(loss), net of tax	**34,800**	(64,859)
Share of other comprehensive income of jointly controlled entities and associates	**27,712**	27,173
Release of reserves upon disposal of a jointly controlled entity	**–**	(44,738)
Release of exchange reserve upon conversion of a jointly controlled entity to a subsidiary	**–**	(77,471)
Currency translation differences	**122,967**	(685,983)
Other comprehensive income/(loss) for the period, net of tax	**185,479**	(845,878)
Total comprehensive loss for the period	**(3,934,032)**	(2,636,513)
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the Company	**(4,740,100)**	(3,427,607)
Non-controlling interests	**806,068**	791,094
Total comprehensive loss for the period	**(3,934,032)**	(2,636,513)

The notes on pages 49 to 79 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 2012

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2012	**34,695,286**	**15,475,167**	**50,170,453**
Comprehensive income/(loss)			
(Loss)/profit for the period	**(4,871,535)**	**752,024**	**(4,119,511)**
Other comprehensive income:			
Available-for-sale financial assets fair value gains, net of tax	**8,654**	**26,146**	**34,800**
Share of reserves of jointly controlled entities and associates	**21,749**	**5,963**	**27,712**
Currency translation differences	**101,032**	**21,935**	**122,967**
Total other comprehensive income	**131,435**	**54,044**	**185,479**
Total comprehensive income/(loss) for the period ended 30 June 2012	**(4,740,100)**	**806,068**	**(3,934,032)**
Transactions with owners:			
Contribution from non-controlling shareholders of subsidiaries	**–**	**1,200**	**1,200**
Dividends paid to non-controlling shareholders of subsidiaries	**–**	**(257,194)**	**(257,194)**
Acquisition of additional interest in a subsidiary	**(4,108)**	**(4,877)**	**(8,985)**
Total transactions with owners	**(4,108)**	**(260,871)**	**(264,979)**
As at 30 June 2012	**29,951,078**	**16,020,364**	**45,971,442**

The notes on pages 49 to 79 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 2012

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2011	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 entity	(19,112)	(25,626)	(44,738)
Release of exchange reserve upon conversion of a jointly controlled entity to a subsidiary	(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 income/(loss) for the period ended 30 June 2011	(3,427,607)	791,094	(2,636,513)
Transaction 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 16)	(919,465)	—	(919,465)
Consideration paid to COSCO Group for acquisition of subsidiaries and the dividends paid to their former shareholders	(90,800)	(1,887)	(92,687)
Conversion of jointly controlled entities to subsidiaries	—	478,386	478,386
Acquisition of additional interest in a subsidiary	(20,999)	(2,600)	(23,599)
Others	(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 49 to 79 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 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Net cash used in operating activities	**(3,170,447)**	(886,959)
Net cash used in investing activities	**(3,604,150)**	(2,081,376)
Net cash generated from financing activities	**562,799**	387,691
Net decrease in cash and cash equivalents	**(6,211,798)**	(2,580,644)
Cash and cash equivalents as at 1 January	**46,962,725**	46,683,220
Effect of exchange rate changes	**67,237**	(304,938)
Cash and cash equivalents as at 30 June	**40,818,164**	43,797,638

The notes on pages 49 to 79 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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange 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".

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 2012 (the "unaudited Condensed Consolidated Interim Financial Information") was approved by the Board of Directors for issue on 29 August 2012.

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 2011 (the "2011 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 2011 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Amended standards adopted by the Group

The amendments to standards which are mandatory for the financial year beginning 1 January 2012 are as follows:

HKAS12 (Amendment)	"Deferred tax: Recovery of underlying assets"
HKFRS1 (Amendment)	"Severe hyperinflation and removal of fixed dates for first-time adopters"
HKFRS7 (Amendment)	"Disclosures – Transfers of financial assets"

The adoption of the above do not have any significant impact to the Group's results for the six months ended 30 June 2012 and the Group's financial position as at 30 June 2012.

(b) New and amended standards not effective for the financial year beginning 1 January 2012 and have not been early adopted by the Group

The HKICPA has issued certain new and revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2012.

The Group has not early adopted the new and revised standards, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2012, 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 2011 Annual Financial Statements.

For the six months ended 30 June 2012, the Group's operating loss and loss for the period amounted to RMB3,677,633,000 and RMB4,119,511,000 respectively. The net operating cash outflow for the period amounted to RMB 3,170,447,000.

The Directors of the Company believe that based on the Group's available unused banking facilities in excess of approximately RMB30,901,510,000 and its cash and cash equivalents of RMB40,818,164,000, the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when they fall due.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the unaudited Condensed Consolidated Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were basically the same as those that applied to the 2011 Annual Financial Statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

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	
	2012	2011
	RMB'000	*RMB'000*
Revenues		
Container shipping	**22,641,835**	19,653,911
Dry bulk shipping	**7,744,310**	11,740,488
Logistics	**9,436,189**	8,297,505
Container terminal operations	**1,122,944**	798,707
Container leasing	**636,478**	442,710
	41,581,756	40,933,321
Crew service income	**180,025**	135,541
Others	**800,943**	938,403
Total revenues	**42,562,724**	42,007,265

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.

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

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

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.

	Six months ended 30 June 2012							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	23,117,040	8,299,768	9,479,331	1,276,312	1,075,506	–	(685,233)	42,562,724
Inter-segment revenues	(10,520)	(39,175)	(43,142)	(153,368)	(439,028)	–	685,233	–
Revenues (from external customers)	23,106,520	8,260,593	9,436,189	1,122,944	636,478	–	–	42,562,724
Segment (loss)/profit	(1,311,707)	(3,424,471)	387,972	376,540	503,213	(209,180)	–	(3,677,633)
Finance income								436,822
Finance costs								(1,188,832)
Net related exhange loss								(110,313)
Share of profits less losses of								
- jointly controlled entities	(10,823)	27,810	30,792	311,181	–	–	–	358,960
- associates	1,708	(313)	49,316	177,193	–	232,528	–	460,432
Loss before income tax								(3,720,564)
Income tax expenses								(398,947)
Loss for the period								(4,119,511)

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 30 June 2012							
	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*
Depreciation and amortisation	610,878	657,803	87,966	175,076	324,028	9,190	–	1,864,941
Provision/(reversal of provision) for impairment of trade and other receivables, net	10,008	139	1,851	9,275	(3,053)	–	–	18,220
Amortised amount of transaction costs on long-term borrowings	17,712	10,589	–	–	5,108	6,454	–	39,863
Addition to non-current assets	2,323,370	767,888	142,116	1,137,311	756,150	1,948	–	5,128,783

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 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*
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								386,148
Finance costs								(777,686)
Net related exchange gain								431,904
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)

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 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
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
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)

	As at 30 June 2012							
	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	51,861,799	44,528,528	12,174,612	14,431,129	12,389,383	27,370,184	(21,879,596)	140,876,039
Jointly controlled entities	428,493	713,314	445,378	3,374,865	—	—	—	4,962,050
Associates	30,867	106,617	467,069	4,838,555	—	5,621,926	—	11,065,034
Loans to jointly controlled entities and associates	—	—	—	213,708	—	—	—	213,708
Available-for-sale financial assets	69,417	117,637	174,970	151,798	—	—	—	513,822
Unallocated assets								473,594
Total assets								158,104,247
Segment liabilities	49,228,403	30,750,169	7,214,370	9,118,261	6,755,107	27,585,692	(21,879,596)	108,772,406
Unallocated liabilities								3,360,399
Total liabilities								112,132,805

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

As at 31 December 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	47,792,937	51,049,787	11,355,964	13,897,053	10,861,514	41,321,058	(36,129,783)	140,148,530
Jointly controlled entities	461,868	738,184	390,158	3,387,996	-	-	-	4,978,206
Associates	30,025	109,515	458,361	4,868,395	-	5,698,350	-	11,164,646
Loans to jointly controlled entities and associates	-	-	-	182,285	-	-	-	182,285
Available-for-sale financial assets	58,173	144,511	171,926	107,115	-	-	-	481,725
Unallocated assets								503,493
Total assets								157,458,885
Segment liabilities	43,501,724	47,988,557	6,682,057	8,541,381	5,712,511	27,581,624	(36,129,783)	103,878,071
Unallocated liabilities								3,410,361
Total liabilities								107,288,432

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

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

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.

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Container shipping and related business		
- America	**6,973,226**	5,938,106
- Europe	**6,097,544**	5,106,689
- Asia Pacific	**3,656,263**	3,193,360
- China domestic	**5,641,423**	5,276,825
- Other international market	**738,064**	734,044
Dry bulk shipping and related business		
- International shipping	**7,364,443**	11,241,957
- PRC coastal shipping	**896,150**	977,362
Logistics, container terminal and related business, corporate and other operations		
- Europe	**456,360**	366,570
- Asia Pacific	**92,584**	80,566
- China domestic	**10,010,189**	8,649,076
Unallocated	**636,478**	442,710
Total	**42,562,724**	42,007,265

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 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
China domestic	**33,363,451**	32,959,497
Non-China domestic	**3,406,965**	3,013,998
Unallocated	**59,320,132**	56,951,225
Total	**96,090,548**	92,924,720

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Property, plant and equipment(*)	**76,315,066**	73,029,686
Investment properties	**515,483**	478,702
Leasehold land and land use rights	**2,611,738**	2,672,798
Intangible assets	**185,597**	196,051
Total tangible and intangible assets	**79,627,884**	76,377,237

(*) Property, plant and equipment included container vessels, dry bulk vessels, containers, leasehold land and buildings, trucks, chassis and motor vehicles, computer and office equipment, assets under construction.

6 TANGIBLE AND INTANGIBLE ASSETS (Continued)

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Opening net book value as at 1 January	**76,377,237**	69,997,446
Currency translation differences	**122,946**	(919,769)
Acquisition of a subsidiary	**–**	1,029
Conversion of jointly controlled entities to subsidiaries	**31**	4,871,301
Additions	**5,127,321**	4,333,659
Disposals/write-off	**(103,083)**	(1,323,777)
Depreciation/amortisation	**(1,859,083)**	(1,791,613)
Transfer to inventories	**(37,485)**	(16,409)
Closing net book value as at 30 June	**79,627,884**	75,151,867

7 TRADE AND OTHER RECEIVABLES

	As at 30 June 2012	As at 31 December 2011
	RMB'000	*RMB'000*
Trade receivables (notes a and b)		
– third parties	**8,774,137**	5,749,772
– fellow subsidiaries	**206,833**	111,897
– jointly controlled entities	**41,011**	27,245
– associates	**9,528**	14,289
– other related companies	**86,555**	49,463
	9,118,064	5,952,666
Bills receivables (notes a and b)	**403,671**	361,280
	9,521,735	6,313,946
Prepayments, deposits and other receivables		
– third parties	**4,118,369**	4,473,429
– fellow subsidiaries (note c)	**340,742**	286,287
– jointly controlled entities (note c)	**196,696**	402,109
– associates (note c)	**379,766**	259,687
– other related companies (note c)	**193,670**	149,385
	5,229,243	5,570,897
Current portion of finance lease receivables	**13,695**	14,072
Total	**14,764,673**	11,898,915

7 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 2012, the ageing analysis of trade and bills receivables was as follows:

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
1-3 months	**9,061,692**	5,907,524
4-6 months	**370,877**	321,360
7-12 months	**87,760**	66,673
1-2 years	**45,989**	41,338
2-3 years	**15,607**	30,339
Over 3 years	**112,850**	105,268
	9,694,775	6,472,502
Provision for impairment	**(173,040)**	(158,556)
	9,521,735	6,313,946

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

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2012		As at 31 December 2011	
	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

8 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 2012 Number of units of SARs				
Exercise price	**Outstanding as at 1 January 2012**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2012**
HK$3.195	**15,267,000**	**–**	**–**	**(56,250)**	**15,210,750**
HK$3.588	**19,135,000**	**–**	**–**	**(65,000)**	**19,070,000**
HK$9.540	**24,350,000**	**–**	**–**	**(50,000)**	**24,300,000**
Total	**58,752,000**	**–**	**–**	**(171,250)**	**58,580,750**

	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

8 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 2012 Number of share options				
Exercise price	**Outstanding as at 1 January 2012**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2012**
HK$9.54	**2,361,000**	**–**	**–**	**(30,000)**	**2,331,000**
HK$13.75	**21,042,000**	**–**	**–**	**(584,000)**	**20,458,000**
HK$19.30	**14,700,000**	**–**	**–**	**(410,000)**	**14,290,000**
Total	**38,103,000**	**–**	**–**	**(1,024,000)**	**37,079,000**

	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

9 LONG-TERM BORROWINGS

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Bank loans		
– secured (note b)	**15,930,321**	14,687,934
– unsecured	**36,144,303**	37,483,896
Loans from COSCO Finance Co., Ltd ("COSCO Finance")		
– secured (note b)	**15,480**	17,040
– unsecured	**126,498**	126,018
Other loans		
– unsecured	**115**	294
Finance lease obligations	**92,892**	98,585
Notes (note c)	**20,712,149**	20,691,819
Loans from non-controlling shareholders of subsidiaries (note d)	**766,438**	1,069,966
Total long-term borrowings	**73,788,196**	74,175,552
Current portion of long-term borrowings	**(12,723,884)**	(18,861,850)
	61,064,312	55,313,702

Notes:

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

	RMB'000
Six months ended 30 June 2012	
As at 1 January 2012	**74,175,552**
Repayments of borrowings	(10,894,072)
Drawdown of borrowings	10,332,156
Currency translation differences	150,836
Amortised amount of transaction costs on long-term borrowings	39,863
Amortised amount of discount on issue of notes	479
Effect of fair value hedge	(16,618)
As at 30 June 2012	**73,788,196**
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	3,073,145
Currency translation differences	(843,724)
Amortised amount of transaction costs on long-term borrowings	33,039
Amortised amount of discount on issue of notes	1,511
Effect of fair value hedge	(16,448)
As at 30 June 2011	64,121,509

9 LONG-TERM BORROWINGS (Continued)

(b) The secured bank loans and loans from COSCO Finance as at 30 June 2012 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 RMB25,154,000,000 (31 December 2011: RMB22,846,932,000);

(ii) Two vessels with aggregative net book value of RMB679,377,000 (31 December 2011: RMB691,189,000) under Vessel Financing Lease Arrangement;

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

(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, RMB5,000,000,000 and RMB4,000,000,000, which bear interest at a fixed rate of 3.77%, 4.35% and 5.45% per annum, were issued by the Company to investors on 21 April 2009, 3 September 2010 and 29 November 2011 respectively at a price equal to the principal amount..

The interest is payable annually in arrears and these notes will mature at their principal amount on 22 April 2014, 6 September 2020 and 30 November 2018 respectively.

(ii) Notes issued by COSCO Pacific

Notes with principal amount of US$300,000,000 (equivalent to approximately RMB1,897,470,000) 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 were issued at a price of 99.367 percent 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 RMB12,011,000). The notes bear interest from 3 October 2003, payable semi-annually in arrears. 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) Loans from non-controlling shareholders of subsidiaries are unsecured. Balances of RMB400,000,000 (31 December 2011: RMB400,000,000) bear interest at 6.77% per annum and are repayable in 2014. Balances of US$7,936,000 (equivalent to approximately RMB50,193,000) (31 December 2011: US$56,329,000, equivalent to approximately RMB354,921,000) bear interest at 0.6% per annum above US dollar LIBOR and are repayable in 2013 and 2014. Balance of US$50,000,000 (equivalent to approximately RMB316,245,000) (31 December 2011: US$50,000,000, equivalent to approximately RMB315,045,000) is interest free and not repayable in the next twelve months.

10 PROVISIONS AND OTHER LIABILITIES

	Retirement benefit obligations *RMB'000*	Provision for onerous contracts *RMB'000* (note a)	Provision for one-off housing *RMB'000*	Deferred income and others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2012					
As at 1 January 2012	**1,311,863**	**1,414,780**	**186,704**	**49,783**	**2,963,130**
Decrease during the period	**(97,483)**	**(1,116,121)**	**(3,273)**	**(1,118)**	**(1,217,995)**
Provisions for the period	**54,714**	**1,249,869**	**-**	**5,600**	**1,310,183**
Currency translation differences	**99**	**3,939**	**-**	**(57)**	**3,981**
As at 30 June 2012	**1,269,193**	**1,552,467**	**183,431**	**54,208**	**3,059,299**
Less: current portion of provisions and other liabilities	**(183,282)**	**(1,513,776)**	**-**	**(5,278)**	**(1,702,336)**
Non-current portion of provisions and other liabilities	**1,085,911**	**38,691**	**183,431**	**48,930**	**1,356,963**
Six months ended 30 June 2011					
As at 1 January 2011	1,161,867	1,171,623	191,487	42,219	2,567,196
Decrease during the period	(72,634)	(986,923)	(7,246)	(5,161)	(1,071,964)
Provisions for the period	44,962	1,391,224	1,260	6,654	1,444,100
Currency translation differences	(686)	(11,209)	-	(12)	(11,907)
As at 30 June 2011	1,133,509	1,564,715	185,501	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	1,055,085	-	185,501	42,905	1,283,491

Note:

(a) It represented the provision for the non-cancellable chartered-in dry bulk vessel contracts. Those contracts under assessment for onerous provision 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.

As at 30 June 2012, 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 RMB20,318,812,000 (31 December 2011: RMB23,655,068,000).

11 TRADE AND OTHER PAYABLES

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Trade payables (note a)		
– third parties	**7,081,605**	5,751,287
– fellow subsidiaries	**1,644,710**	1,351,055
– jointly controlled entities	**205,818**	120,686
– associates	**256,166**	4,105
– other related companies	**34,873**	29,183
	9,223,172	7,256,316
Bills payables (note a)	**1,414,080**	1,382,349
	10,637,252	8,638,665
Advance from customers	**3,034,117**	3,332,678
Other payables and accruals	**11,840,324**	11,110,346
Construction costs payable to a fellow subsidiary	**225,017**	269,174
Due to related companies (note b)		
– COSCO	**3,624**	2,379
– fellow subsidiaries	**86,916**	116,776
– jointly controlled entities	**215,266**	213,457
– associates	**29,993**	34,794
– other related companies	**396,472**	80,656
	732,271	448,062
Total	**26,468,981**	23,798,925

11 TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) As at 30 June 2012, the ageing analysis of trade and bills payables was as follows:

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
1-6 months	**10,006,454**	8,070,837
7-12 months	**224,913**	184,927
1-2 years	**143,674**	187,808
2-3 years	**157,137**	122,289
Over 3 years	**105,074**	72,804
	10,637,252	8,638,665

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.

12 SHORT-TERM BORROWINGS

	As at 30 June 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Bank loans - unsecured	**5,285,930**	2,730,888
COSCO Finance - unsecured	**120,000**	70,000
Other loans - unsecured	**50,000**	50,000
	5,455,930	2,850,888

13 OPERATING LOSS

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Crediting:		
Gain on disposal of property, plant and equipment		
– container vessels	**55,817**	-
– dry bulk vessels	**12,661**	-
– others	**2,991**	2,359
Reversal of provision for impairment of trade and other receivables	**7,810**	8,431
Government subsidy, included in other income, net	**647,217**	156,355
Dividend income from listed and unlisted investments	**13,872**	16,241
Gain on disposal of jointly controlled entities	**-**	82,156
Gain on release of exchange reserve upon conversion from a jointly controlled entity to a subsidiary	**-**	77,471
Charging:		
Loss on disposal of property, plant and equipment		
– containers	**372**	17,723
Depreciation		
– property, plant and equipment	**1,781,611**	1,718,086
– investment properties	**21,851**	12,602
Amortisation		
– leasehold land and land use rights	**30,533**	34,815
– intangible assets	**25,088**	26,110
– concessions	**5,858**	6,588
Cost of bunkers consumed	**9,262,074**	7,768,823
Operating lease rentals		
– container vessels	**2,060,593**	1,752,049
– dry bulk vessels	**4,446,090**	7,420,733
– containers	**642,001**	521,051
– land and buildings	**117,148**	75,533
– other property, plant and equipment	**155,211**	160,470
Provision for onerous contracts on dry bulk vessels		
– provision for current period	**1,249,869**	1,391,224
– provision made in prior periods	**(1,116,121)**	(986,923)
Provision for impairment of trade and other receivables	**26,030**	15,327
Cost of inventories sold		
– resaleable containers	**69,912**	37,057
– marine supplies and others	**25,120**	28,821
– merchandises#	**2,456,874**	1,523,469
Net loss on freight forward agreements	**-**	7,331

Cost of inventories sold for merchandises mainly related to logistics business.

14 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
– deposits with COSCO Finance	**161,733**	47,506
– loans to jointly controlled entities and associates	**5,322**	5,686
– banks	**269,767**	332,956
	436,822	386,148
Finance costs		
Interest expenses on:		
– bank loans	**(717,164)**	(420,547)
– other loans wholly repayable within five years	**(20,505)**	(10,425)
– loans with COSCO Finance	**(3,263)**	(1,978)
– finance lease obligations	**(4,124)**	(4,730)
– notes	**(435,102)**	(324,785)
Fair value loss on derivative financial instruments	**(23,159)**	(12,091)
Fair value adjustment of notes attributable to interest rate risk	**16,621**	16,448
	(6,538)	4,357
	(1,186,696)	(758,108)
Amortised amount of transaction costs on long-term borrowings	**(39,863)**	(33,039)
Amortised amount of discount on issue of notes	**(479)**	(1,511)
Other incidental borrowing costs and charges	**(25,411)**	(28,085)
Less: amount capitalised in construction in progress	**63,617**	43,057
	(1,188,832)	(777,686)
Net related exchange (loss)/gain	**(110,313)**	431,904
Net finance (costs)/income	**(862,323)**	40,366

15 INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current income tax (note a)		
– PRC enterprise income tax	**230,263**	186,373
– Hong Kong profits tax	**1,765**	1,093
– Overseas taxation	**43,455**	43,539
– Under/(over) provision in prior periods	**7,255**	(219)
	282,738	230,786
Deferred income tax (note b)	**116,209**	129,871
	398,947	360,657

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 12.5% to 46% (2011: 12% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 12.5% to 20% (2011: 12% to 24%).

(b) 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 2012, the unrecognised deferred income tax liabilities were RMB2,385,129,000 (31 December 2011: RMB3,071,686,000), 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 2012 amounted to RMB10,351,208,000 (31 December 2011: RMB13,053,312,000).

As at 30 June 2012, the Group had tax losses of RMB30,126,961,000 (31 December 2011: RMB25,988,177,000), 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, of which an amount of RMB29,931,585,000 (31 December 2011: RMB25,781,661,000) will expire within five years.

16 DIVIDENDS

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

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 ended 31 December 2011.

17 LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2012	2011
Loss attributable to equity holders of the Company (RMB)	**(4,871,535,000)**	(2,757,578,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic loss per share (RMB)	**(0.4768)**	(0.2699)

(b) Diluted

Diluted loss per share is calculated based on the loss 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	
	2012	2011
Loss attributable to equity holders of the Company (RMB)	**(4,871,535,000)**	(2,757,578,000)
Adjustment on the effect of dilution	**(49,000)**	(578,812)
	(4,871,584,000)	(2,758,156,812)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Diluted loss per share (RMB)	**(0.4768)**	(0.2700)

18 CONTINGENT LIABILITIES

(a) The Group is subject to 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, early termination of vessel chartering contracts, personal injury case of truck traffic accident and non-payment of fees of certain terminals.

As at 30 June 2012, the Group is unable to ascertain the likelihood and amounts of the 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, 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.

(b) Guarantee

	As at 30 June 2012 ***RMB'000***	As at 31 December 2011 *RMB'000*
Bank guarantee to an associate at face value	**155,586**	177,684

19 COMMITMENTS

(a) Capital commitments

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Authorised but not contracted for		
Containers	**951,657**	4,773,348
Terminal equipment	**1,397,468**	1,178,533
Buildings	**1,593,850**	1,720,232
Other property, plant and equipment	**82,875**	6,429
Investments in terminals	**43,722**	52,389
Intangible assets	**1,998**	500
	4,071,570	7,731,431
Contracted but not provided for		
Containers	**822,838**	55,007
Container vessels and dry bulk vessels	**12,898,342**	16,185,423
Terminal equipment	**1,706,414**	2,251,255
Buildings	**218,778**	251,025
Other property, plant and equipment	**16,137**	64,498
Investments in terminals	**2,700,688**	2,581,296
Intangible assets	**6,078**	40,388
	18,369,275	21,428,892

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 2012 RMB'000	As at 31 December 2011 RMB'000
Authorised but not contracted for	**50,454**	90,846
Contracted but not provided for	**822**	53,684
	51,276	144,530

19 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 2012 *RMB'000*	As at 31 December 2011 *RMB'000*
Containers vessels and dry bulk vessels		
– not later than one year	**11,100,681**	12,833,316
– later than one year and not later than five years	**23,300,605**	25,683,401
– later than five years	**15,688,044**	17,487,537
	50,089,330	56,004,254
Concession of Piraeus Port		
– not later than one year	**230,217**	231,243
– later than one year and not later than five years	**1,136,808**	1,125,057
– later than five years	**23,736,451**	25,082,585
	25,103,476	26,438,885
Containers		
– not later than one year	**791,339**	587,928
– later than one year and not later than five years	**2,018,049**	1,552,884
– later than five years	**18,808**	60,937
	2,828,196	2,201,749
Land and buildings		
– not later than one year	**114,782**	119,618
– later than one year and not later than five years	**141,874**	90,665
– later than five years	**128,018**	7,010
	384,674	217,293
Other property, plant and equipment		
– not later than one year	**125,887**	123,232
– later than one year and not later than five years	**166,101**	200,198
– later than five years	**5,499**	10,855
	297,487	334,285
	78,703,163	85,196,466

20 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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	
	2012	2011
	RMB'000	*RMB'000*
Transactions with COSCO		
Expenses		
Sub-charter expenses	**60,215**	62,282
Rental expenses	**17,204**	17,204
Others		
Consideration paid for acquisition of subsidiaries	**-**	86,620

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Transactions with subsidiaries of COSCO and its related entities (including jointly controlled entities and associates of COSCO)		
Revenues		
Container shipping income	**163,019**	82,030
Freight forwarding and shipping agency income	**4,164**	10,856
Vessel services income	**6,624**	10,840
Crew service income	**42,843**	21,883
Vessel management income	**6,312**	6,203
Expenses		
Vessel costs		
Charterhire expenses	**19,498**	16,016
Sub-charter expenses	**172,615**	178,542
Vessel services expenses	**258,191**	186,927
Crew expenses	**25,552**	21,967
Voyage costs		
Bunker costs	**8,215,954**	6,594,379
Port charges	**311,402**	339,244
Equipment and cargo transportation costs		
Commission and rebates	**62,448**	73,597
Cargo and transhipment and equipment and repositioning expenses	**48,729**	53,223
Freight forwarding expenses	**8,945**	3,713
Logistics related expenses	**42,556**	26,949
General services expenses	**13,950**	15,984
Management fee expenses	**6,280**	3,138
Rental expenses	**24,388**	33,457
Others		
Instalments paid for ship building contracts	**135,100**	1,007,168

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Transactions with jointly controlled entities of the Group		
Revenues		
Charterhire income	**38,585**	97,504
Management fee and service fee income	**13,691**	14,270
Crew service income	**10,665**	9,074
Expenses		
Vessel costs		
Charterhire expenses	**1,853**	17,190
Voyage costs		
Port charges	**394,262**	308,064
General services expenses	**10,512**	10,820
Rental expenses	**2,380**	2,633
Transactions with associates of the Group		
Revenues		
Crew service income	**6,200**	5,000
Expenses		
Port charges	**140,031**	156,475
Others		
Purchase of containers	**364,465**	1,244,036
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	**122,522**	32,314
Expenses		
Container handling and logistics services fee	**36,023**	26,190
Electricity and fuel expenses	**29,213**	24,502
Others		
Port construction fee and high-frequency communication fee	**359**	24,535

These transactions 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, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Balances with related parties

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

	As at 30 June 2012	As at 31 December 2011
	RMB'000	*RMB'000*
Balances placed with COSCO Finance (note a)	**14,575,826**	11,561,455

Note:

(a) Balance placed with COSCO Finance bear interest at prevailing market rates.

(b) As at 30 June 2012 and 31 December 2011, majority of the Group's bank balances and bank borrowings are with state-owned banks.

Key management compensation

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Salaries, bonuses and other allowances	**7,651**	7,568
Contribution to retirement benefit scheme	**168**	124
Fair value change on SARs not yet exercised	**(5,253)**	(36,139)
	2,566	(28,447)

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 42 to 79, 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 2012 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" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKAS 34"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2012

China COSCO Holdings Company Limited

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