



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)



2013
INTERIM REPORT

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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

2nd Floor, 12 Yuanhang Business Centre,
Central Boulevard and East Seven Road Junction,
Tianjin Port Free Trade Zone, Tianjin, the PRC

PLACE OF BUSINESS IN HONG KONG

49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

BOARD OF DIRECTORS

MA Zehua (*Non-Executive Director
and Chairman*)

LI Yunpeng (*Executive Director and Vice Chairman*)

SUN Jiakang (*Executive Director*)

XU Minjie (*Executive Director*)

JIANG Lijun (*Executive Director and President*)

YE Weilong (*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
Agricultural Bank of China
China Merchants Bank, etc

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 2013 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Six months ended 30 June 2013 <i>RMB'000</i>	Six months ended 30 June 2012 <i>RMB'000</i> <i>(Restated)</i>	Change
Revenues	31,064,287	33,164,824	-6.3%
Operating loss	3,176,679	4,065,605	21.9%
Loss before income tax	3,305,540	4,391,382	24.7%
Loss attributable to equity holders of the Company	990,004	4,871,535	79.7%
Basic loss per share	RMB0.0969	RMB0.4768	79.7%

Chairman's Statement

Dear Shareholders,

First of all, on behalf of the Board and management team of China COSCO, I would like to extend my sincere gratitude to all shareholders and investors who continued to focus on and support China COSCO in spite of the challenging conditions. Also, I would like to thank all ship and onshore staff members for their relentless efforts to overcome the difficulties and for their diligent work, professional spirit and dedicated attitude in driving forward the business development of China COSCO.

To avoid any adverse effect arising from the suspended listing of A Shares on all shareholders, the management of the Company undertakes improving results and reversal of losses to be the core annual working target for 2013 since the beginning of this year.

In the first half of 2013, net loss attributable to equity holders of the Company amounted to RMB990,004,000, representing a decrease of RMB3,881,531,000 or 79.7% in losses as compared to the same period year-on-year. Loss for the period from continuing operations was RMB3,604,569,000, representing a decrease of RMB1,083,477,000 or 23.1% as compared to the same period of last year. During the period, as the imbalanced supply-demand situation in the international shipping market did not improve substantially, the container and dry bulk shipping markets remained weak and freight rates had also dropped as compared to the same period last year and remained at a low level, losses were still recorded in the results of China COSCO. However, through the disposal of equity interest in COSCO Logistics and COSCO Container Industries Limited and the Company's efforts in cost controls, a significant decrease in the losses were recorded in the results as compared to the same period year-on-year.

From the perspective of business segments, rental expenses and the number of contracts on which provision for losses had been made decreased notably due to reduced size in the charter-in vessels of the China COSCO Bulk Group. At the same time, bunker costs decreased by 21.9% as compared to the same period year-on-year. As a result, when compared with the same period of last year, the decrease in costs was greater than the decrease in revenue of the China COSCO Bulk Group, and net loss attributable to equity holders of the Company reduced by RMB1,833,241,000 as compared to the same period year-on-year. Bunker costs and average cost per container of COSCON decreased by 12.9% and 7.2%, respectively, year-on-year due to increasing shipping capacity. However, under the impact of falling freight rate, among other factors, net loss attributable to equity holders of the Company increased by RMB537,771,000 as compared to the same period year-on-year. COSCO Pacific continued to maintain relatively stable profits.

With the progress of development in the integration of international economies and trade, we are increasingly aware that future international competition is no longer a simple comparison of single or partial advantages, but a rivaling from all aspects where reliance on strong comprehensive system capabilities is necessary. As a Chinese enterprise which aims to participate in and emerges as a winner in the competition of the international shipping industry, China COSCO is highly concerned about the development of the Company's core system capability and will further optimize the Company's long-term strategy according to the changes in market conditions.

Chairman's Statement

In order to improve the Company's management capability and strengthen the development of a comprehensive system, China COSCO has enhanced and improved various aspects of its operation according to the specific concepts of lean management during the first half of the year, including marketing, business coordination, comprehensive budget management, receivables management, centralized procurement and supplier management, and has achieved some initial results. For example, in the area of cost control, during the first half of the year, the container shipping business saw a year-on-year increase of 8.7% in shipping volume and a year-on-year decrease of 4.5% in fuel consumption; the dry bulk shipping business saw a year-on-year decrease of 3.5% in shipping volume and a year-on-year decrease of 15.9% in fuel consumption. And finance costs, administrative expenses and selling expenses had all decreased but to a different extent as compared to the same period year-on-year.

It is believed that with the passage of time, the positive effects of such enhanced measures of management will emerge to improve the Company's production and operation levels, and their results will become more and more apparent.

Looking ahead to the second half of the year, the trend of "weak recovery and low growth" of the global economy will continue and diverse trends will be displayed by various economies. The recovery trend in the United States is relatively certain, the European economy shows signs of improvement, growth rates in emerging economies have slackened notably. The Chinese economy is facing the need to undergo transformation and restructuring and the current economic trend is gradually stabilized.

From the industry perspective, it is far from optimistic in general, the difficult situation of "depression and uncertainty" can hardly be changed fundamentally within a short period of time. In the dry bulk shipping market, the speed of shipping capacity delivery has slowed down since 2013, and the gap between the increases in supply and demand of shipping capacity has narrowed slightly. It is expected the overall market trend in the next reporting period of 2013 will be better than the first half of the year. In the container shipping market, increasing investments in large container shipping capacity will bring notable pressure on the market. Based on the successful recovery in freight rates recently, the desires of liner companies to charge reasonable freight rates to ensure the standard of transportation service should be further supported in general.

China COSCO is the capital platform of the COSCO Group, and China COSCO will adopt all practicable measures to avoid any adverse effects to the brand, image and interest of all shareholders of China COSCO. In the second half of the year, China COSCO is determined to realize a significant reduction in losses incurred by its major shipping business through concurrent implementation of multiple measures will and strive to reverse the loss-making status.

Chairman's Statement

In container shipping, we will endeavor to adjust the structure of customer cargo sources to increase the proportion of basic cargo sources; the proportion of extension service will be increased to increase the freight revenue from single containers; our global network will be optimized continuously to accelerate the network formation in emerging markets; alliance cooperation will be deepened to form a new alliance operation paradigm; the shipping capacity structure will be optimized to dispose of obsolete vessel types. In dry bulk cargo shipping, we will endeavor to implement the large customer strategy consistently to increase the proportion of basic cargo sources; strictly control the size of charter-in vessels, while old and obsolete vessels will be disposed of. In terminal and related business, the focus will continue to be development of long-term strategies for active exploration and evaluation of potential investment opportunities. Moreover, the size of the container fleet will be expanded through continuous investment in the container leasing business, optimizing the mix of leases and provision of comprehensive container leasing service to customers. In the first half of the year, on the basis of effective control over bunker costs, the Company will continue to adopt various effective measures to exercise stringent control over all types of costs and expenses. While at the same time, China COSCO continued to prevent various types of risks to ensure the stable and healthy development of all businesses.

Furthermore, China COSCO will rely on the major shareholder, COSCO Group, as a strong backing support, to continue the implementation of various measures which are favourable to improving the results of the Company, sustainable development of the Company and protecting the long-term interest of shareholders.

We aim to show trust and respect for our employees, carry out win-win cooperation with customers, provide shareholders with valuable returns and undertake social responsibilities and missions in society. China COSCO, by leveraging on its current achievement, strives to reverse losses in 2013, as well as focusing on the long-term to focus on long-term enterprise value and realize shareholders' returns.

Finally, on behalf of the Board of Directors, I would like to extend sincere gratitude to Mr. Wei Jiafu for his important contributions to the Company during his term of service.

Ma Zehua

Chairman

30 August 2013

Directors, Supervisors and Senior Management

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

I. Changes in Directors, Supervisors and Senior Management

Name	Position	Change	Reason for change
Wei Jiafu	Chairman and Non-executive Director and CEO	Resigned	Resignation
Ma Zehua	Vice Chairman and Executive Director	Appointed as the Chairman and re-designated as a Non-executive Director	Determined by the Board
Li Yunpeng	Non-executive Director	Appointed as the Vice Chairman and re-designated as an Executive Director	Determined by the Board
Ma Jianhua	Employee Supervisor	Resigned	The Company's asset structure has changed and relevant segments have been disposed of
Wei Qing	Employee Supervisor	Elected	Elected by the trade union
Zhang Jiqing	Deputy general manager	Dismissed	The Company's asset structure has changed and relevant segments have been disposed of

Directors, Supervisors and Senior Management

II. Other explanatory information

1. Appointment of and Changes in Directors

On 16 July 2013, the Company held the 18th meeting of the third Board, where it was agreed that Mr. Wei Jiafu resigned as the Chairman of the Board, a non-executive director and CEO of the Company. The meeting determined that Mr. Ma Zehua be appointed as the Chairman of the Board and re-designated as a non-executive director of the Company and Mr. Li Yunpeng be appointed as the Vice Chairman of the Board and re-designated as an executive director of the Company.

2. Appointment of and Changes in Supervisors

On 31 May 2013, the Company announced that Mr. Ma Jianhua would cease to be the Company's employee supervisor with effect from 28 May 2013. Mr. Wei Qing served as the employee supervisor of the third supervisory committee of the Company.

3. Appointment of and Changes in Senior Management Members

On 20 May 2013, the Company held the 17th meeting of the third Board, where it was resolved that Mr. Zhang Jiqing cease to be the vice general manager of the Company.

Management Discussion and Analysis

DIRECTORS' REPORT

1. Discussion and analysis of the Board on the operations of the Company during the reporting period

During the reporting period, the Group continued to record a loss as there was no substantial improvement in the imbalance between supply and demand in the international shipping market, the container and dry bulk shipping markets remained weak and freight rates had also dropped as compared to the same period of last year and remained at low level. However, by selling the equity interests in COSCO Logistics and COSCO Container Industries Limited as well as reducing the size of dry bulk vessel charters and expenses, the Company has reduced the net loss significantly as compared to the same period of last year.

In the first half of 2013, the operating revenue of the Group amounted to RMB31,064,287,000, representing a decrease of 6.3% as compared to the same period of last year. The net loss attributable to the owners of the parent company amounted to RMB990,004,000, as compared with RMB4,871,535,000 of the same period of last year.

The amounts set out in the following financial analysis and descriptions are denominated in Renminbi ("RMB") unless otherwise specified.

Management Discussion and Analysis

(i) Analysis of major businesses

1. Table of movement analysis for the related items in the Financial Information

Unit: RMB' 000

Items	Current period	Same period of last year (Restated)	Changes (%)
Revenues	31,064,287	33,164,824	-6.3
Cost of services and inventories sold	(32,480,524)	(35,890,663)	-9.5
Selling, administrative and general expenses	(1,961,531)	(2,007,707)	-2.3
Finance income	466,676	408,463	14.3
Finance costs	(1,614,044)	(1,176,869)	37.1
Net related exchange gain/(loss)	514,647	(109,055)	571.9
Net cash used in operating activities	(3,382,807)	(3,170,447)	-6.7
Net cash generated from/(used in) investing activities	1,831,763	(3,604,150)	150.8
Net cash generated from financing activities	11,075,396	562,799	1,867.9
Research and development expenses	(2,872)	(5,656)	-49.2

Reasons for the change of the operating revenue:

In the first half of 2013, the operating revenue of the Group amounted to RMB31,064,287,000, representing a decrease of RMB2,100,537,000 or 6.3% as compared to RMB33,164,824,000 of the same period of last year, of which:

Container Shipping Business

Revenue from container shipping and related business amounted to RMB22,745,737,000, representing a decrease of RMB360,783,000 or 1.6% as compared to the same period of last year. In the first half of 2013, container shipping volume amounted to 4,112,308 TEUs, representing an increase of 8.7% as compared to the same period of last year. As the demand recovered slowly in the first half of the year, the oversupply situation continued, and market freight rates of the Asia-Europe route declined to historic lows, average container freight rate decreased by 10.6% to RMB4,526 per TEU as compared to the same period of last year. Meanwhile, the Group focused on adjusting the route structure and vigorously developed emerging markets and the China domestic market so as to reduce reliance on major European and American routes. Changes in routes and the cargo source structure also led to a decline in the average container freight rate but had a positive impact on the overall result.

As at 30 June 2013, 8 new container vessels were delivered for operation by the Group with an aggregate capacity of 52,290 TEUs. As at 30 June 2013, the Group operated 187 container vessels with a total capacity of 838,089 TEUs. Excluding the chartered-out capacity, the shipping capacity operated by the Group increased by 6.9% as compared to the same period of last year. There was no new vessel order placed in the first half of 2013.

As at 30 June 2013, the Group had 10 container vessel orders, representing a total of 97,100 TEUs.

Dry Bulk Shipping Business

Revenue from the dry bulk shipping and related business amounted to RMB6,460,690,000, representing a decrease of RMB1,834,957,000 or 22.1% as compared to the same period of last year. In the first half of 2013, the average level of the BDI was merely 842 points, representing a drop of 10.7% as compared to 943 points in 2012. The decline of freight rates and the decrease in shipping capacity has resulted in a corresponding decrease in the revenue from dry bulk shipping and related business of the Group.

During the year under review, the shipping volume of the dry bulk shipping business reached 108,256,743 tons, representing a decrease of 3.5% as compared to the same period of last year. Dry bulk shipment turnover was 506,969 million ton-nautical miles, representing a decrease of 11.9% as compared to the same period of last year, of which the shipping volume of coal, metal ore and other cargoes amounted to 43,697,358 tons, 44,195,148 tons and 20,364,237 tons respectively, representing an increase of 12.1%, a decrease of 14.1% and a decrease of 6.3% respectively as compared to the same period of last year.

Management Discussion and Analysis

As at 30 June 2013, the Group operated 332 dry bulk vessels (As at the end of June 2012: 380) with a total of 29,059,200 DWT. As at 30 June 2013, the Group had 15 dry bulk vessel orders, representing a total of 1,444,000 DWT.

		Six months ended 30 June		Changes (%)
		2013	2012	
Shipping volume by routes (tons)	International shipping	91,412,871	97,584,425	-6.3
	PRC coastal shipping	16,843,872	14,574,308	15.6
Shipping volume by cargo type (tons)	Coal	43,697,358	38,983,262	12.1
	Metal ore	44,195,148	51,446,271	-14.1
	Food	10,390,967	12,137,746	-14.4
	Others	9,973,270	9,591,454	4.0
Shipment turnover (thousand ton-nautical miles)		506,969,333	575,158,597	-11.9

Terminal and related business

In the first half of 2013, the Group's total container throughput increased by 9.7% to 29,494,353 TEUs, maintaining stable growth. Terminal companies in Mainland China handled a total of 24,377,866 TEUs, representing an increase of 9.3%. The growth momentum mainly came from Qingdao Qianwan Container Terminal, Dalian Port Container Terminal and Xiamen Ocean Gate Container Terminal which was officially put into operation in May 2012.

Increased annual operation capacity during the period included Piraeus Terminal (700,000 TEUs), Ningbo Yuan Dong Terminals (1,200,000 TEUs) and Xiamen Ocean Gate Container Terminal (4,000,000 tons).

Revenue from the terminal and related business amounted to RMB1,231,356,000, representing an increase of RMB105,177,000, or 9.3%, as compared to the same period of last year. The increase in revenue derived mainly from Xiamen Ocean Gate Container Terminal, Piraeus Terminal in Greece and Guangzhou South China Oceangate Container Terminal.

Management Discussion and Analysis

Breakdown of terminal throughputs

Terminal throughputs (TEUs)	Six months ended 30 June		Changes (%)
	2013	2012	
Bohai Rim Region	12,009,347	10,673,045	12.5
Yangtze River Delta	4,323,744	3,928,777	10.1
Pearl River Delta and Southeast			
Coastal regions	9,432,023	8,574,737	10.0
Overseas	3,729,239	3,700,301	0.8
Total throughputs	29,494,353	26,876,860	9.7

Container leasing business

As of 30 June 2013, the scale of COSCO Pacific's container fleet reached 1,874,826 TEUs, representing an increase of 4.3% as compared to 30 June 2012. Revenue from container leasing business amounted to RMB626,504,000, representing a year-on-year decrease of RMB9,974,000, or 1.6%.

Operational cost analysis

In the first half of 2013, the Group incurred operating costs of RMB32,480,524,000, representing a decrease of RMB3,410,139,000, or 9.5%, as compared to the same period of last year, in which:

The total operating costs of container shipping and related business amounted to RMB23,144,142,000, representing an increase of RMB139,073,000, or 0.6%, as compared to the same period of last year. During the period, cargo and container charges increased in line with the increase in shipping volume, resulting in a slight increase in costs. Of which, bunker costs decreased by RMB801,684,000 or 12.9% to RMB5,411,043,000 as compared to the same period of last year due to a decrease in international fuel price and a decrease of 4.5% in fuel consumption.

The total operating costs of dry bulk shipping and related business amounted to RMB7,885,347,000, representing a decrease of RMB3,576,953,000, or 31.2%, as compared to the same period of last year. During the period, total charter cost decreased by RMB1,747,165,000, or 39.3% to RMB2,698,925,000 as compared to the same period of last year due to the decrease in charter-in shipping capacity. Due to a decrease in international fuel prices and a decrease of 15.9% in fuel consumption, bunker costs decreased by RMB668,535,000 or 21.9% to RMB2,380,812,000 during the period as compared to the same period of last year. In addition, the reversal of provisions for onerous contracts amounted to RMB1,071,994,000 (six months ended 30 June 2012: RMB1,116,121,000). Meanwhile, provision for onerous contracts of RMB403,229,000 (six months ended 30 June

Management Discussion and Analysis

2012: RMB1,249,869,000) were recognised on the discrepancy arising from the unavoidable costs to be incurred in performing contracts in excess of the expected inflow of economic benefits for chartered-in dry bulk vessel contracts that satisfied the recognition conditions of onerous contracts based on the average expectation of 1,000 points of the BDI over the next year at the end of the period. Of which, provisions for onerous contracts of RMB307,325,000 were made for chartered-in vessel contracts in respect of which chartered-out vessel contracts have been concluded (i.e., covered contracts); provisions for onerous contracts of RMB95,904,000 were made for open-ended charter-in vessel contracts expiring on or before 30 June 2014.

The operating costs of terminal and related business amounted to RMB884,380,000, representing an increase of RMB92,743,000, or 11.7%, as compared to the same period of last year. The increase was primarily attributable to the increase in business volume of terminals with controlling interest and the commencement of operation of Xiamen Ocean Gate Container Terminal in May last year, with its business costs fully reflected in the first half of 2013.

The operating costs of container leasing business amounted to RMB506,628,000, representing an increase of RMB23,308,000, or 4.8%, as compared to the same period of last year. The expansion of container fleets brought about a corresponding increase in depreciation costs and a rise in other operating costs.

Selling, administrative and general expenses

In the first half of 2013, the selling, administrative and general expenses of the Group amounted to RMB1,961,531,000, representing a decrease of 46,176,000 or 2.3%, as compared to the same period of last year. Both staff costs and office expenses decreased as compared to the same period of last year, while there was a relatively sharp increase in professional fees due to certain capital operation projects.

Finance cost

In the first half of 2013, the finance cost of the Group amounted to RMB1,614,044,000, representing an increase of RMB437,175,000 or 37.2% as compared to RMB1,176,869,000 in the same period of last year. The increase was mainly due to a further increase in average total borrowings.

Working Capital, financial resources and capital structure

Cash flow

As at 30 June 2013, the cash and cash equivalents of the Group amounted to RMB55,393,514,000, representing an increase of RMB9,056,721,000 or 19.6% as compared to RMB46,336,793,000 as at 31 December 2012. In which:

Management Discussion and Analysis

The net cash outflow from operating activities amounted to RMB3,382,807,000, representing an increase of RMB212,360,000 or 6.7% as compared to net cash outflow of RMB3,170,447,000 in the first half of 2012, which was mainly due to the year-on-year decrease in the cash from operating revenue.

The net cash inflow from investing activities amounted to RMB1,831,763,000, representing an increase of RMB5,435,913,000 or 150.8% as compared to the net cash outflow of RMB3,604,150,000 in the first half of 2012. During the period, the Company received consideration in cash at the amount of RMB6,738,704,000 as a result of the disposal of its 100% equity interest in COSCO Logistics. Cash and cash equivalents decreased by RMB3,576,751,000 was due to the fact that COSCO Logistics was no longer consolidated as at the end of the period. In addition, COSCO Pacific, a subsidiary of the Company, disposed of its 100% equity interest in COSCO Container Industries Limited and received an amount of RMB3,807,376,000 according to the payment schedule agreed in the contract.

The net cash inflow from financing activities amounted to RMB11,075,396,000, representing an increase of RMB10,512,597,000 as compared to net cash inflow of RMB562,799,000 in the first half of 2012. The increase was mainly due to the year-on-year increase in new loans obtained by the subsidiaries of the Company and the year-on-year decrease in their repayment of borrowings.

As at 30 June 2013, the total outstanding borrowings of the Group were RMB102,137,397,000. After netting of cash and cash equivalents of RMB55,393,514,000, the net amount was RMB46,743,883,000.

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 repayment of loans.

Management Discussion and Analysis

Debt analysis

By Category	As at	As at
	30 June 2013	31 December 2012
	RMB' 000	RMB' 000
Short-term borrowings	3,265,734	5,253,237
Long-term borrowings		
Within one year	24,201,658	8,865,186
In the second year	21,958,225	29,321,009
In the third to fifth years	23,984,304	24,951,680
After the fifth year	28,727,476	24,813,139
Subtotal	98,871,663	87,951,014
Total	102,137,397	93,204,251

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB19,355,398,000, while unsecured borrowings amounted to RMB82,781,999,000, representing 19.0% and 81.0% of the total borrowings, respectively.

Breakdown of borrowings by currency:

The Group had borrowings denominated in USD equivalent to RMB74,428,517,000 and borrowings denominated in RMB amounting to RMB26,360,513,000, representing 72.9% and 25.8% of the total borrowings, respectively.

Corporate guarantee and contingent liabilities

As at 30 June 2013, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB137,228,000 (31 December 2012: RMB154,141,000). As at 30 June 2013, the Group had no significant contingent liabilities.

Foreign exchange and interest rate risk management

In the first half of 2013, the Group closely monitored the trends of the financial market and changes in monetary policy. On the basis of the Group's USD loans being maintained at floating rates, the Group raised new fixed-rate loans and progressively adjusted its structure of interest rates on borrowings in the effort to maintain its interest costs at relatively low levels. 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.

Discontinued operations

At the end of April 2013, the Company disposed of its 100% equity interest in COSCO Logistics to COSCO, the controlling Shareholder of the Company. At the end of June 2013, COSCO Pacific, a subsidiary of the Company, disposed of its 100% equity interest in COSCO Container Industries Limited to Long Honour Investments Limited, a direct wholly owned subsidiary of COSCO (Hong Kong) Group Limited, a fellow subsidiary of the Group. COSCO Container Industries Limited's major asset is the 21.8% equity interest in CIMC. Profit from these discontinued operations for the six months ended 30 June 2013 was RMB4,711,064,000 (six months ended 30 June 2012: RMB568,535,000).

2. Others

(1) Details of major changes in the profit structure or source of profits of the Company

During the period, net loss attributable to equity holders of the Company amounted to RMB990,004,000, representing a decrease in loss of RMB3,881,531,000 or 79.7% as compared to RMB4,871,535,000 in the same period of last year. As at the end of April 2013, China COSCO disposed of its 100% equity interest in COSCO Logistics and recorded an investment gain of RMB1,845,721,000. As at the end of June 2013, COSCO Pacific, a subsidiary of the Group, disposed of its 100% equity interest in COSCO Container Industries Limited and recorded an investment gain of RMB2,455,514,000.

The scale of chartered-in vessels and expenses for dry bulk business decreased year-on-year, resulting in a decrease of RMB1,507,107,000 in operating loss over the same period of last year.

(2) Details of the progress of prior fund-raising activities and major assets restructuring events of the Company

Not applicable.

(3) Details of the progress of operation plan

In the first half of 2013, the shipping volume of the Group's container shipping business was 4,112,308 TEUs, and its dry bulk shipment turnover was 506,969 million ton-nautical miles. Its container throughput was 29,494,353 TEUs.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 27 March 2013, the Company entered into an agreement with COSCO Group, pursuant to which the Company agreed to sell the 100% equity interest in 中國遠洋物流有限公司 (COSCO Logistics Co., Ltd.) to COSCO Group at the total consideration of RMB6,738,704,000. The Disposal was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the Disposal were set out in the Company's circular dated 2 April 2013. The Disposal was passed by the independent shareholders at the Company's EGM dated 26 April 2013.

On 20 May 2013, COSCO Pacific (a non wholly-owned subsidiary of the Company) entered into an agreement with Long Honour Investments Limited, an indirect wholly-owned subsidiary of COSCO, pursuant to which COSCO Pacific agreed to dispose of the entire issued share capital of COSCO Container Industries Limited and certain loans for a total consideration of US\$1,219,789,000, upon and subject to the terms and conditions set out therein. The disposal was subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the disposal were set out in a circular of the Company dated 23 May 2013. The disposal was approved by the independent shareholders in the AGM of the Company dated 14 June 2013.

Save as stated above, the Group had not carried out any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, there was no material change in the number of employees of the Group as compared with the information disclosed in the 2012 Annual Report most recently published by the Company. During the six months ended 30 June 2013, 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 2012 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 2013, the Company has not granted any share appreciation rights since the grant on 4 June 2007.

Other Information

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 2013 are set out below:

Name	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights					Outstanding as at 30 June 2013	Approximate % of issued share capital of the H shares of the Company ("H Shares") as at 30 June 2013	Note
				Outstanding as at 1 January 2013	Granted during the period	Exercised/ lapsed during the period	Transfer (to)/ from other category during the period	Outstanding as at 30 June 2013			
Director											
WEI Jiafu	Beneficial owner	Personal	HK\$3.195	680,000	-	-	-	680,000	0.026%	(1), (4)	
			HK\$3.588	900,000	-	-	-	900,000	0.035%	(2), (4)	
			HK\$9.540	880,000	-	-	-	880,000	0.034%	(3), (4)	
LI Yunpeng	Beneficial owner	Personal	HK\$3.195	450,000	-	-	-	450,000	0.017%	(1), (4)	
			HK\$3.588	600,000	-	-	-	600,000	0.023%	(2), (4)	
			HK\$9.540	580,000	-	-	-	580,000	0.022%	(3), (4)	
SUN Yueying	Beneficial owner	Personal	HK\$3.195	450,000	-	-	-	450,000	0.017%	(1)	
			HK\$3.588	600,000	-	-	-	600,000	0.023%	(2)	
			HK\$9.540	580,000	-	-	-	580,000	0.022%	(3)	
SUN Jiakang	Beneficial owner	Personal	HK\$3.195	375,000	-	-	-	375,000	0.015%	(1)	
			HK\$3.588	500,000	-	-	-	500,000	0.019%	(2)	
			HK\$9.540	480,000	-	-	-	480,000	0.019%	(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)	
Ye Weilong	Beneficial owner	Personal	HK\$9.540	480,000	-	-	-	480,000	0.019%	(3)	
Supervisor											
Gao Ping	Beneficial owner	Personal	HK\$3.195	100,000	-	-	-	100,000	0.004%	(1)	
			HK\$3.588	90,000	-	-	-	90,000	0.003%	(2)	
			HK\$9.540	85,000	-	-	-	85,000	0.003%	(3)	
Ma Jianhua	Beneficial owner	Personal	HK\$9.540	480,000	-	-	(480,000)	-	0.000%	(3), (6), (7)	
Senior Management											
Wan Min	Beneficial owner	Personal	HK\$3.195	75,000	-	-	-	75,000	0.003%	(1)	
			HK\$3.588	280,000	-	-	-	280,000	0.011%	(2)	
			HK\$9.540	260,000	-	-	-	260,000	0.010%	(3)	
Zhang Jiqing	Beneficial owner	Personal	HK\$3.195	100,000	-	-	(100,000)	-	0.000%	(1), (5)	
			HK\$3.588	90,000	-	-	(90,000)	-	0.000%	(2), (5)	
			HK\$9.540	75,000	-	-	(75,000)	-	0.000%	(3), (5)	
Feng Jinhua	Beneficial owner	Personal	HK\$3.195	100,000	-	-	-	100,000	0.004%	(1)	
			HK\$3.588	90,000	-	-	-	90,000	0.003%	(2)	
			HK\$9.540	85,000	-	-	-	85,000	0.003%	(3)	

Other Information

SHARE APPRECIATION RIGHTS PLAN (Continued)

Name	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights					Outstanding as at 30 June 2013	Approximate % of issued share capital of the H shares of the Company ("H Shares") as at 30 June 2013	Note
				Outstanding as at 1 January 2013	Granted during the period	Exercised/ lapsed during the period	Transfer (to)/ from other category during the period	Outstanding as at 30 June 2013			
Other continuous contract employees (other than the senior management of the Company)	Beneficial owner	Personal	HK\$3.195	8,230,750	-	-	(275,000)	7,955,750	0.308%	(1)	
			HK\$3.588	9,915,000	-	-	(310,000)	9,605,000	0.372%	(2)	
			HK\$9.540	13,560,000	-	-	(5,230,000)	8,330,000	0.323%	(3)	
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK\$3.195	4,575,000	-	-	375,000	4,950,000	0.192%	(1)	
			HK\$3.588	5,915,000	-	-	400,000	6,315,000	0.245%	(2)	
			HK\$9.540	6,755,000	-	-	5,785,000	12,540,000	0.486%	(3)	

SHARE APPRECIATION RIGHTS PLAN (Continued)

Notes:

- (1) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 16 December 2005), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$3.195 per unit according to its terms between 16 December 2007 and 15 December 2015.
- (2) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 5 October 2006), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$3.588 per unit according to its terms between 5 October 2008 and 4 October 2016.
- (3) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 4 June 2007), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$9.540 per unit according to its terms between 4 June 2009 and 3 June 2017.
- (4) The Company held the 18th meeting of the third Board on 16 July 2013, at which it was approved that Wei Jiafu resigned from the positions as the Chairman of the Board and a non-executive director of the Company. It was also resolved that Ma Zehua was appointed as the Chairman of the Board and re-designated as a non-executive director of the Company, and that Li Yunpeng was appointed as the Vice Chairman of the Board and re-designated as an executive director of the Company.
- (5) On 20 May 2013, the Company held the 17th meeting of the third Board at which Zhang Jiqing was removed from the position of deputy general manager of the Company.
- (6) On 31 May 2013, the Company announced that Ma Jianhua ceased to be the supervisor representing staff and workers of the Company, and that Wei Qing was appointed as the supervisor representing staff and workers of the third supervisory committee of the Company, with effect from 28 May 2013.
- (7) On 26 April 2013, the Company held the first extraordinary general meeting, at which resolutions for approving the disposal of 100% equity interests in COSCO Logistics Co., Ltd. (中國遠洋物流有限公司) and signing of the relevant agreements, and for confirming the signing of the “equity transfer agreement in respect of the 100% equity interest in COSCO Logistics Co., Ltd.” between COSCO Group and China COSCO, were considered and approved by way of ordinary resolutions.

Other Information

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:

Category	Exercise price HK\$	Number of share options					Outstanding as at 30 June 2013	Approximate percentage of total issued share capital of COSCO Pacific as at 30 June 2013	Exercisable period	Note
		Outstanding as at 1 January 2013	Transferred (to)/ from other categories during the period	Granted during the period	Exercised during the period	Lapsed during the period				
Directors										
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)
Others	9.54	2,231,000	-	-	(174,000)	-	2,057,000	0.07%	(refer to note 1)	(1), (5)
	13.75	12,878,000	-	-	-	(60,000)	12,818,000	0.46%	(refer to note 2)	(2), (5)
	19.30	12,660,000	-	-	-	(10,000)	12,650,000	0.45%	(refer to note 3)	(3), (5)
		<u>29,269,000</u>	<u>-</u>	<u>-</u>	<u>(174,000)</u>	<u>(70,000)</u>	<u>29,025,000</u>	1.04%		

Other Information

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 2013, 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%

Other Information

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 Director/Supervisor	Capacity	Nature of interests	Number of A shares of the Company ("A Shares")	Approximate percentage of total issued A Share capital
LI Yunpeng	Interest of spouse	Family	3,000	0.00004%
LUO Jiulian	Interest of spouse	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	0.03%
COSCO Pacific Limited	KWANG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.009%

(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 2013 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

Other Information

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:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Nature of interests	Exercise price	Number of share options						Percentage of total issued share capital of associated corporation as at 30 June 2013	Note
					Outstanding as at 1 January 2013	Transferred (to)/from other categories during the period	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2013		
COSCO Pacific	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%	(2)
COSCO International Holdings Limited	WEI Jiafu	Beneficial owner	Personal	HK\$1.37	1,200,000	-	-	-	(1,200,000)	-	0.00%	(3)
	SUN Jiakang	Beneficial owner	Personal	HK\$1.37	800,000	-	-	-	-	800,000	0.05%	(3)

Other Information

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:
(Continued)

Notes:

- (1) The share options were granted by COSCO Pacific on 1 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 which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme ("Commencement Date"). The Commencement Date of the options of the grantees was from 1 December 2004.
- (2) The share options were granted by COSCO Pacific on 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 19 April 2007.
- (3) These share options were granted on 2 December 2004 pursuant to the Share Option Scheme of COSCO International Holdings Limited, 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.

Except as disclosed above, as at 30 June 2013, 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

As at 30 June 2013, 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:

Name	Capacity and nature of interest	Number of shares/Percentage of total issued share capital of the Company					
		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	52.01	-	-	-	-
		Total: 5,313,082,844					

Other Information

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

Except as disclosed above, as at 30 June 2013, 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 2013 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	<i>RMB'000</i> <i>(approx.)</i>
Non-current assets	34,401,784
Current assets	7,791,291
Current liabilities	(14,314,491)
Non-current liabilities	(6,630,567)
Net assets	<u>21,248,017</u>
Share capital	738,979
Reserves	12,060,716
Minority interests	<u>8,448,322</u>
Capital and reserves	<u><u>21,248,017</u></u>

As at 30 June 2013, the attributable interests of the Group in these affiliated companies amounted to approximately RMB1,777,798,000.

AUDIT COMMITTEE

The Company has an audit committee established 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 staff with accounting and financial reporting function, effectiveness of the 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 interim financial information for the six months ended 30 June 2013, and recommended its adoption by the Board.

Other Information

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 corporate success and to enhancing shareholder value.

The Company adopted the Company's Corporate Governance Code which incorporates all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and a majority of the recommended best practices in Appendix 14 to the Listing Rules.

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 Corporate Governance Code 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.

INTERIM DIVIDEND

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 2013.

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 2013.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2013. Neither the Company nor any of its subsidiaries have purchased or sold any of its listed shares during the six months ended 30 June 2013.

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 7 road shows in which a total of 623 investors participated and held 80 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.

The investor relations page on the website of the Company (www.chinacosco.com) addresses investor enquiries.

CORPORATE CULTURE

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

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	81,189,382	80,643,400
Investment properties	6	448,822	475,591
Leasehold land and land use rights	6	2,398,380	2,567,434
Intangible assets	6	128,120	202,497
Joint ventures		4,872,984	5,255,508
Associates		5,533,486	11,360,852
Available-for-sale financial assets		329,967	499,121
Deferred income tax assets		201,609	238,281
Restricted bank deposits		5,739	71,280
Loans to a joint venture and an associate		220,221	226,146
Other non-current assets		559,320	554,056
Total non-current assets		95,888,030	102,094,166
Current assets			
Inventories		2,565,813	2,731,404
Trade and other receivables	7	13,136,903	13,563,548
Derivative financial assets		14,019	53,823
Restricted bank deposits		156,170	428,175
Cash and cash equivalents		55,393,514	46,336,793
Total current assets		71,266,419	63,113,743
Total assets		167,154,449	165,207,909

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8(a)	10,216,274	10,216,274
Reserves		13,268,570	14,920,612
		23,484,844	25,136,886
Non-controlling interests		17,773,154	16,560,635
Total equity		41,257,998	41,697,521
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	74,670,005	79,085,828
Provisions and other liabilities	10	1,152,160	1,593,684
Deferred income tax liabilities		2,360,262	2,417,596
Total non-current liabilities		78,182,427	83,097,108
Current liabilities			
Trade and other payables	11	18,284,679	24,213,333
Derivative financial liabilities		3,453	—
Short-term borrowings	12	3,265,734	5,253,237
Current portion of long-term borrowings	9	24,201,658	8,865,186
Current portion of provisions and other liabilities	10	921,861	1,292,327
Tax payable		1,036,639	789,197
Total current liabilities		47,714,024	40,413,280
Total liabilities		125,896,451	123,510,388
Total equity and liabilities		167,154,449	165,207,909
Net current assets		23,552,395	22,700,463
Total assets less current liabilities		119,440,425	124,794,629

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000 (Restated)
Continuing operations			
Revenues	5	31,064,287	33,164,824
Cost of services and inventories sold		<u>(32,480,524)</u>	<u>(35,890,663)</u>
Gross loss		(1,416,237)	(2,725,839)
Other income, net	13	201,089	667,941
Selling, administrative and general expenses		<u>(1,961,531)</u>	<u>(2,007,707)</u>
Operating loss	13	(3,176,679)	(4,065,605)
Finance income	14	466,676	408,463
Finance costs	14	(1,614,044)	(1,176,869)
Net related exchange gain/(loss)	14	514,647	(109,055)
Net finance costs	14	(632,721)	(877,461)
Share of profits less losses of			
– joint ventures		244,622	328,168
– associates		<u>259,238</u>	<u>223,516</u>
Loss before income tax		(3,305,540)	(4,391,382)
Income tax expenses	15	<u>(299,029)</u>	<u>(296,664)</u>
Loss for the period from continuing operations		(3,604,569)	(4,688,046)
Discontinued operations			
Profit for the period from discontinued operations		<u>4,711,064</u>	<u>568,535</u>
Profit/(loss) for the period		<u>1,106,495</u>	<u>(4,119,511)</u>
(Loss)/profit attributable to:			
Equity holders of the Company		(990,004)	(4,871,535)
Non-controlling interests		<u>2,096,499</u>	<u>752,024</u>
		<u>1,106,495</u>	<u>(4,119,511)</u>

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
<hr/>			
(Loss)/profit attributable to equity holders of the Company arising from:			
– Continuing operations		(4,193,582)	(5,292,444)
– Discontinued operations		3,203,578	420,909
		<u>(990,004)</u>	<u>(4,871,535)</u>
		<i>RMB</i>	<i>RMB</i>
(Loss)/earnings per share attributable to equity holders of the Company:			
Basic (loss)/earnings per share			
– From continuing operations	17	(0.4105)	(0.5180)
– From discontinued operations	17	0.3136	0.0412
		<u>(0.0969)</u>	<u>(0.4768)</u>
Diluted (loss)/earnings per share			
– From continuing operations	17	(0.4105)	(0.5180)
– From discontinued operations	17	0.3136	0.0412
		<u>(0.0969)</u>	<u>(0.4768)</u>
		Six months ended 30 June	
		2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Dividend	16	<u>—</u>	<u>—</u>

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Profit/(loss) for the period	1,106,495	(4,119,511)
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	(48,897)	34,800
Share of other comprehensive (loss)/income of joint ventures and associates	(9,781)	27,712
Cash flow hedge, net of tax	(353)	—
Release of reserves upon disposals of subsidiaries and an associate	(375,977)	—
Currency translation differences	(619,530)	122,967
Total items that may be reclassified subsequently to profit or loss and other comprehensive (loss)/income for the period, net of tax	(1,054,538)	185,479
Total comprehensive income/(loss) for the period	51,957	(3,934,032)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Company	(1,651,957)	(4,740,100)
Non-controlling interests	1,703,914	806,068
	51,957	(3,934,032)
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
– Continuing operations	(4,720,526)	(5,178,202)
– Discontinued operations	3,068,569	438,102
	(1,651,957)	(4,740,100)

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2013

	Equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2013	25,136,886	16,560,635	41,697,521
Comprehensive (loss)/ income			
(Loss)/profit for the period	(990,004)	2,096,499	1,106,495
Other comprehensive (loss)/income:			
Fair value losses on available-for-sale financial assets, net of tax	(33,735)	(15,162)	(48,897)
Share of other comprehensive loss of joint ventures and associates	(9,293)	(488)	(9,781)
Cash flow hedge , net of tax	(353)	—	(353)
Release of reserves upon disposals of subsidiaries and an associate	(144,033)	(231,944)	(375,977)
Currency translation differences	(474,539)	(144,991)	(619,530)
Total other comprehensive loss	(661,953)	(392,585)	(1,054,538)
Total comprehensive (loss)/income for the period ended 30 June 2013	(1,651,957)	1,703,914	51,957
Transactions with owners :			
Contributions from non-controlling interests of subsidiaries	—	88,280	88,280
Dividends paid to non-controlling interests of subsidiaries	—	(295,383)	(295,383)
Disposal of a subsidiary	—	(285,694)	(285,694)
Issue of shares on exercising of share options of a subsidiary	(88)	1,425	1,337
Others	3	(23)	(20)
Total transactions with owners	(85)	(491,395)	(491,480)
As at 30 June 2013	23,484,844	17,773,154	41,257,998

The notes on pages 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2013

	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 (loss)/income			
(Loss)/profit for the period	(4,871,535)	752,024	(4,119,511)
Other comprehensive income:			
Fair value gain on available-for-sale financial assets, net of tax	8,654	26,146	34,800
Share of other comprehensive income of joint ventures 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 (loss)/income for the period ended 30 June 2012	(4,740,100)	806,068	(3,934,032)
Transaction with owners:			
Contribution from non-controlling interests of subsidiaries	—	1,200	1,200
Dividends paid to non-controlling interests of subsidiaries	—	(257,194)	(257,194)
Acquisition of additional interests 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 38 to 79 form an integral part of this unaudited interim financial information.

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(3,382,807)	(3,170,447)
Net cash generated from/(used in) investing activities	1,831,763	(3,604,150)
Net cash generated from financing activities	11,075,396	562,799
Net increase/(decrease) in cash and cash equivalents	9,524,352	(6,211,798)
Cash and cash equivalents as at 1 January	46,336,793	46,962,725
Effect of exchange rate changes	(467,631)	67,237
Cash and cash equivalents as at 30 June	55,393,514	40,818,164

The notes on pages 38 to 79 form an integral part of this unaudited 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 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, 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”.

On 27 March 2013, the Company entered into an equity transfer agreement with COSCO. Pursuant to the equity transfer agreement, the Company agreed to dispose of, and COSCO agreed to acquire the entire issued capital of COSCO Logistics Co., Ltd. (“COSCO Logistics”), at a cash consideration of RMB6,738,704,000. After the disposal, COSCO Logistics ceased to be a subsidiary of the Group (note 18(a)).

On 20 May 2013, COSCO Pacific Limited (“COSCO Pacific”), a non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of its 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. (“CIMC”), a then associate of the Company listed in Shenzhen and Hong Kong, to Long Honour Investments Limited (“Long Honour”), a direct wholly owned subsidiary of COSCO (Hong Kong) Group Limited, a fellow subsidiary, which in turn is a direct wholly owned subsidiary of COSCO, for a cash consideration of US\$1,219,789,000 (approximately RMB7,536,710,000). COSCO Container Industries Limited (“COSCO Container”), a direct wholly owned subsidiary of COSCO Pacific whose major asset is the 21.8% equity interest in CIMC was disposed of in the same transaction. Long Honour had acquired the entire issued share capital and sale loan of COSCO Container. After the disposal, CIMC ceased to be an associate of the Group (note 18(b)).

Notes to the Unaudited Interim Financial Information

1 GENERAL INFORMATION (Continued)

The unaudited interim financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated. This unaudited interim financial information for the six months ended 30 June 2013 (the “Interim Financial Information”) was approved by the Board of Directors for issue on 29 August 2013.

This Interim Financial Information has been reviewed, and not audited.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2012 (the “2012 Annual Financial Statements”) which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The directors regard COSCO Logistics and CIMC as discontinued operations and presented in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” in this Interim Financial Information. The comparative information in this Interim Financial Information has been restated accordingly.

Except as described below, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2012 Annual Financial Statements.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) New and revised standards and amendments to standards adopted by the Group

The new and revised standard and amendments to standards which are mandatory for the financial year beginning on 1 January 2013 are as follows:

HKAS 1 (Amendment)	“Presentation of Financial Statements”
HKAS 19 (Amendment)	“Employee Benefits”
HKAS 27 (revised 2011)	“Separate Financial Statements”
HKAS 28 (revised 2011)	“Associates and Joint Ventures”
HKFRS 1 (Amendment)	“Government Loans”
HKFRS 7 (Amendment)	“Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”
HKFRS 10	“Consolidated Financial Statements”
HKFRS 11	“Joint Arrangements”
HKFRS 12	“Disclosure of Interests in Other Entities”
HKFRS 13	“Fair Value Measurement”
HKFRSs 10, 11 and 12 (Amendment)	“Transition Guidance”
HKFRS Amendments	“2011 Annual Improvements”
HK(IFRIC) - Int 20	“Stripping Costs in the Production Phase of A Surface Mine”

Except that the adoption of HKAS 19 (Amendment) which has resulted in changes in accounting policies as described below, the adoption of the above new and revised standards and amendments to standards did not have any significant impact on the Interim Financial Information or result in any significant changes in the Group’s significant accounting policies.

HKAS 19 (Amendment) renames actuarial gain and losses as remeasurements and will be recognised immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; remeasurements recognised in other comprehensive income will not be recycled through profit or loss in subsequent periods. Full retrospective application is required in accordance with the transition provisions of the standard.

The Group has assessed the accumulated actuarial gains and losses as at 31 December 2012. As the effect was insignificant to this Interim Financial Information, the change in the accounting policy in respect of the adoption of HKAS 19 (Amendment) had not been applied for retrospectively.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New and amended standards not effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group

The HKICPA has issued certain new standard, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2013.

The Group has not early adopted the new standard, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2013, in the 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

3.1 Financial risk factors

All aspects of the Group's financial risk management objectives and practices are consistent with those disclosed in the 2012 Annual Financial Statements.

For the six months ended 30 June 2013, the Group's operating loss and loss for the period from continuing operations amounted to RMB3,176,679,000 and RMB3,604,569,000 respectively. The net operating cash outflow for the period amounted to RMB3,382,807,000.

The Directors of the Company believe that based on the Group's available unused banking facilities in excess of approximately RMB21,061,492,000 and its cash and cash equivalents of RMB55,393,514,000, 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 in the foreseeable future.

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Unaudited Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value.

As at 30 June 2013	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Assets				
Derivative financial assets	—	14,019	—	14,019
Available-for-sale financial assets	109,850	200,443	19,674	329,967
Total assets	109,850	214,462	19,674	343,986
Liabilities				
Derivative financial liabilities	3,453	—	—	3,453
Borrowings under fair value hedge	—	1,254,363	—	1,254,363
Total liabilities	3,453	1,254,363	—	1,257,816
As at 31 December 2012	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Assets				
Derivative financial assets	—	53,823	—	53,823
Available-for-sale financial assets	206,929	249,515	42,677	499,121
Total assets	206,929	303,338	42,677	552,944
Liabilities				
Borrowings under fair value hedge	—	1,326,882	—	1,326,882
Total liabilities	—	1,326,882	—	1,326,882

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as available-for-sale financial assets.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of bunker commodity swap is based on the market price quoted by dealers as at the balance sheet date.
- The fair values of interest rate swap contracts and borrowings under fair value hedge are calculated as the present values of the estimated future cash flows.
- The fair value of financial guarantee contracts is determined by reference to the fees charged for similar services or the interest rate differentials charged by lenders on the related borrowings with and without the guarantees granted by the Group.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables, cash and cash equivalents, restricted bank deposits, finance lease receivables, trade and other payables, other long term liabilities and borrowings except for those disclosed above.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the 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 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 2012 Annual Financial Statements.

Notes to the Unaudited Interim Financial Information

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	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>
<hr/>		
Continuing operations		
Container shipping	22,311,368	22,641,835
Dry bulk shipping	5,943,839	7,779,364
Container terminal operations	1,231,356	1,126,179
Container leasing	626,504	636,478
	<hr/>	<hr/>
	30,113,067	32,183,856
Crew service income	124,427	180,025
Others	826,793	800,943
	<hr/>	<hr/>
Total revenues from continuing operations	31,064,287	33,164,824
<hr/>		
Discontinued operation		
Logistics	4,986,050	9,479,331
	<hr/>	<hr/>
Total revenues from discontinued operation	4,986,050	9,479,331
	<hr/>	<hr/>

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments

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

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

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude joint ventures, associates, loans to joint ventures and associates, available-for-sale financial assets not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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, leasehold land and land use rights, intangible assets, investments in joint ventures and associates and other non-current assets (excluding finance lease receivables), including additions resulting from acquisitions through business combinations.

Notes to the Unaudited Interim Financial Information

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 30 June 2013									
	Continuing operations						Discontinued operations			
	Container shipping and related business	Dry bulk shipping and related business	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total	Logistics	Corporate and other operation ^(#)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement										
Total revenues	22,752,541	6,463,160	1,356,192	1,124,949	—	(632,555)	31,064,287	4,986,050	—	4,986,050
Inter-segment revenues	(6,804)	(2,470)	(124,836)	(498,445)	—	632,555	—	—	—	—
Revenues (from external customers)	<u>22,745,737</u>	<u>6,460,690</u>	<u>1,231,356</u>	<u>626,504</u>	—	—	<u>31,064,287</u>	<u>4,986,050</u>	—	<u>4,986,050</u>
Segment (loss)/profit	(1,985,900)	(1,917,364)	399,457	552,868	(225,740)	—	(3,176,679)	271,229	—	271,229
Finance income							466,676	16,837	—	16,837
Finance costs							(1,614,044)	(10,090)	—	(10,090)
Net related exchange gain							514,647	5,477	—	5,477
Share of profits less losses of										
– joint ventures	(12,609)	14,506	242,725	—	—	—	244,622	19,845	—	19,845
– associates	2,710	(848)	204,852	—	52,524	—	259,238	36,938	143,925	180,863
(Loss)/profit before income tax							(3,305,540)	340,236	143,925	484,161
Income tax expenses							(299,029)	(74,332)	—	(74,332)
(Loss)/profit for the period							<u>(3,604,569)</u>	<u>265,904</u>	<u>143,925</u>	<u>409,829</u>
Net gain on disposals of subsidiaries and an associate								<u>1,845,721</u>	<u>2,455,514</u>	<u>4,301,235</u>
Profit for the period from discontinued operations								<u>2,111,625</u>	<u>2,599,439</u>	<u>4,711,064</u>
Depreciation and amortisation	701,111	644,605	220,522	328,595	9,093	—	1,903,926	75,662	—	75,662
Provision/(reversal of provision) for impairment of trade and other receivables, net	5,734	(36,551)	—	(4,341)	—	—	(35,158)	441	—	441
Amortised amount of transaction costs on long-term borrowings	<u>21,869</u>	<u>7,556</u>	—	<u>9,319</u>	<u>7,271</u>	—	<u>46,015</u>	—	—	—
Additions to non-current assets	<u>2,776,150</u>	<u>799,999</u>	<u>1,012,940</u>	<u>790,239</u>	<u>144</u>	—	<u>5,379,472</u>	<u>117,831</u>	—	<u>117,831</u>

(#) It comprised the container manufacturing business of the Group.

Notes to the Unaudited Interim Financial Information

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

(Restated)	Continuing operations						Discontinued operations			
	Container shipping and related business RMB' 000	Dry bulk shipping and related business 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	Logistics RMB' 000	Corporate and other operations ^(#) RMB' 000	Total RMB' 000
Income statement										
Total revenues	23,117,040	8,299,768	1,276,312	1,075,506	—	(603,802)	33,164,824	9,479,331	—	9,479,331
Inter-segment revenues	(10,520)	(4,121)	(150,133)	(439,028)	—	603,802	—	—	—	—
Revenues (from external customers)	23,106,520	8,295,647	1,126,179	636,478	—	—	33,164,824	9,479,331	—	9,479,331
Segment (loss)/profit	(1,311,707)	(3,424,471)	376,540	503,213	(209,180)	—	(4,065,605)	387,972	—	387,972
Finance income							408,463	28,359	—	28,359
Finance costs							(1,176,869)	(11,963)	—	(11,963)
Net related exchange loss							(109,055)	(1,258)	—	(1,258)
Share of profits less losses of joint ventures – associates	(10,823) 27,810 1,708	27,810 (313)	311,181 177,193	— —	— 44,928	— —	328,168 223,516	30,792 49,316	— 187,600	30,792 236,916
(Loss)/profit before income tax							(4,391,382)	483,218	187,600	670,818
Income tax expenses							(296,664)	(102,283)	—	(102,283)
(Loss)/profit for the period							(4,688,046)	380,935	187,600	568,535
Profit for the period from discontinued operations								380,935	187,600	568,535
Depreciation and amortisation	610,878	657,803	175,076	324,028	9,190	—	1,776,975	87,966	—	87,966
Provision/(reversal of provision) for impairment of trade and other receivables, net	10,008	139	9,275	(3,053)	—	—	16,369	1,851	—	1,851
Amortised amount of transaction costs on long-term borrowings	17,712	10,589	—	5,108	6,454	—	39,863	—	—	—
Additions to non-current assets	2,323,370	767,888	1,137,311	756,150	1,948	—	4,986,667	142,116	—	142,116

(#) It comprised the container manufacturing business of the Group.

Notes to the Unaudited Interim Financial Information

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	As at 30 June 2013							Total RMB'000
	Container shipping and related business RMB'000	Dry bulk shipping and related business 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		
Balance sheet								
Segment assets	55,135,843	44,251,041	17,024,510	16,331,704	46,696,503	(23,443,419)		155,996,182
Joint ventures	403,928	594,454	3,874,602	—	—	—		4,872,984
Associates	35,801	103,402	4,672,139	—	722,144	—		5,533,486
Loans to joint ventures and associates	—	—	220,221	—	—	—		220,221
Available-for-sale financial assets	65,987	134,227	129,753	—	—	—		329,967
Unallocated assets								201,609
Total assets								167,154,449
Segment liabilities	55,270,683	36,939,744	10,946,981	6,568,398	36,217,163	(23,443,419)		122,499,550
Unallocated liabilities								3,396,901
Total liabilities								125,896,451

	As at 31 December 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	51,066,355	44,594,159	11,416,717	15,587,183	13,003,500	34,429,181	(22,469,094)	147,628,001
Joint ventures	438,751	622,840	425,699	3,768,218	—	—	—	5,255,508
Associates	31,870	104,622	524,679	4,816,188	—	5,883,493	—	11,360,852
Loans to joint ventures and associates	—	—	—	226,146	—	—	—	226,146
Available-for-sale financial assets	70,321	108,876	162,786	157,138	—	—	—	499,121
Unallocated assets								238,281
Total assets								165,207,909
Segment liabilities	49,037,519	35,263,409	6,323,066	9,901,177	7,142,566	35,104,952	(22,469,094)	120,303,595
Unallocated liabilities								3,206,793
Total liabilities								123,510,388

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, PRC coastal, Trans-Atlantic and others which are reported as follows:

Geographical	Trade lanes
America	Trans-Pacific
Europe	Asia-Europe (including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
China domestic	PRC coastal
Other international market	Trans-Atlantic and others

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

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

In respect of 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.

Notes to the Unaudited Interim Financial Information

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Continuing operations		
Container shipping and related business		
– America	6,751,018	6,973,226
– Europe	5,077,059	6,097,544
– Asia Pacific	3,439,380	3,656,263
– China domestic	6,402,346	5,641,423
– Other international market	1,075,934	738,064
Dry bulk shipping and related business		
– International shipping	5,737,467	7,399,497
– PRC coastal shipping	723,223	896,150
Container terminal and related business, corporate and other operations		
– Europe	430,090	409,262
– China domestic	801,266	716,917
Unallocated	626,504	636,478
Total	<u>31,064,287</u>	<u>33,164,824</u>
Discontinued operation		
Logistics		
– Europe	24,060	47,098
– Asia Pacific	75,388	92,584
– China domestic	4,886,602	9,339,649
Total	<u>4,986,050</u>	<u>9,479,331</u>

Notes to the Unaudited Interim Financial Information

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, joint ventures 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 2013 RMB'000	As at 31 December 2012 RMB'000
China domestic	27,227,246	34,555,873
Non-China domestic	3,923,593	3,792,008
Unallocated	63,896,805	62,621,528
Total	95,047,644	100,969,409

Notes to the Unaudited Interim Financial Information

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Property, plant and equipment ^(#)	81,189,382	80,643,400
Investment properties	448,822	475,591
Leasehold land and land use rights	2,398,380	2,567,434
Intangible assets	128,120	202,497
Total tangible and intangible assets	<u>84,164,704</u>	<u>83,888,922</u>

(#) 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.

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

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Opening net book value as at 1 January	83,888,922	76,377,237
Currency translation differences	(868,241)	122,946
Acquisition of a subsidiary (note 22)	539,669	—
Conversion of a joint venture to a subsidiary	—	31
Additions	5,433,236	5,127,321
Disposals/write-off	(377,392)	(103,083)
Depreciation/amortisation	(1,971,159)	(1,859,083)
Transfer to inventories	(41,463)	(37,485)
Disposal of a subsidiary (note 18(a))	(2,438,868)	—
Closing net book value as at 30 June	<u>84,164,704</u>	<u>79,627,884</u>

Notes to the Unaudited Interim Financial Information

7 TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Trade receivables (notes a and b)		
– third parties	4,703,759	8,469,497
– fellow subsidiaries	182,632	135,775
– jointly ventures	16,506	24,081
– associates	1,973	9,858
– other related companies	64,677	51,196
	<u>4,969,547</u>	<u>8,690,407</u>
Bills receivable (notes a and b)	183,425	260,372
	<u>5,152,972</u>	<u>8,950,779</u>
Consideration receivable from a fellow subsidiary for disposal of an associate (note c)	3,767,708	—
Prepayments, deposits and other receivables		
– third parties	3,068,426	3,780,505
– fellow subsidiaries (note d)	620,893	325,705
– joint ventures (note d)	225,780	250,071
– associates (note d)	71,670	105,834
– other related companies (note d)	215,759	137,356
	<u>4,202,528</u>	<u>4,599,471</u>
Current portion of finance lease receivables	13,695	13,298
Total	<u>13,136,903</u>	<u>13,563,548</u>

Notes to the Unaudited Interim Financial Information

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 2013, the ageing analysis of trade and bills receivables was as follows:

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
1-3 months	4,885,328	8,642,215
4-6 months	204,924	358,783
7-12 months	88,290	86,723
Over 1 year	133,399	158,431
Trade and bills receivables, gross	5,311,941	9,246,152
Provision for impairment	(158,969)	(295,373)
	<u>5,152,972</u>	<u>8,950,779</u>

- (c) The balance represents the remaining portion of the cash consideration receivable from a fellow subsidiary for the disposal of 21.8% equity interest in CIMC (note 18(b)). The balance is unsecured, interest free and will be receivable on or before 27 September 2013 pursuant to the sale and purchase agreement.
- (d) Other receivables due from related parties are unsecured, interest free and have no fixed terms of repayment.

Notes to the Unaudited Interim Financial Information

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2013		As at 31 December 2012	
	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
	<u>10,216,274</u>	<u>10,216,274</u>	<u>10,216,274</u>	<u>10,216,274</u>

(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:

Exercise price	Six months ended 30 June 2013				Outstanding as at 30 June 2013
	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	
HK\$3.195	15,210,750	—	—	—	15,210,750
HK\$3.588	19,070,000	—	—	—	19,070,000
HK\$9.540	24,300,000	—	—	—	24,300,000
Total	<u>58,580,750</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>58,580,750</u>

Notes to the Unaudited Interim Financial Information

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS (Continued)

(b) Share appreciation rights (Continued)

Exercise price	Outstanding as at 1 January 2012	Six months ended 30 June 2012 Number of units of SARs			Outstanding as at 30 June 2012
		Granted during the period	Exercised during the period	Lapsed during the period	
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	<u>58,752,000</u>	<u>—</u>	<u>—</u>	<u>(171,250)</u>	<u>58,580,750</u>

(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:

Exercise price	Outstanding as at 1 January 2013	Six months ended 30 June 2013 Number of share options			Outstanding as at 30 June 2013
		Granted during the period	Exercised during the period	Lapsed during the period	
HK\$9.54	2,231,000	—	(174,000)	—	2,057,000
HK\$13.75	13,578,000	—	—	(60,000)	13,518,000
HK\$19.30	13,460,000	—	—	(10,000)	13,450,000
Total	<u>29,269,000</u>	<u>—</u>	<u>(174,000)</u>	<u>(70,000)</u>	<u>29,025,000</u>

Notes to the Unaudited Interim Financial Information

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS (Continued)

(c) Share options of a subsidiary (Continued)

Exercise price	Outstanding as at 1 January 2012	Six months ended 30 June 2012 Number of share options			Outstanding as at 30 June 2012
		Granted during the period	Exercised during the period	Lapsed during the period	
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	<u>38,103,000</u>	<u>—</u>	<u>—</u>	<u>(1,024,000)</u>	<u>37,079,000</u>

9 LONG-TERM BORROWINGS

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Bank loans		
– secured (note b)	19,348,508	17,020,294
– unsecured	49,970,446	43,039,602
Loans from COSCO Finance Co., Ltd (“COSCO Finance”)		
– secured (note b)	6,890	8,381
– unsecured	123,264	125,710
Other loans		
– unsecured	57	95
Finance lease obligations	78,447	86,336
Notes (note c)	28,585,222	26,905,564
Loans from non-controlling shareholders of subsidiaries (note d)	758,829	765,032
Total long-term borrowings	98,871,663	87,951,014
Current portion of long-term borrowings	(24,201,658)	(8,865,186)
	<u>74,670,005</u>	<u>79,085,828</u>

Notes to the Unaudited Interim Financial Information

9 LONG-TERM BORROWINGS (Continued)

Notes:

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

	<i>RMB'000</i>
Six months ended 30 June 2013	
As at 1 January 2013	87,951,014
Repayments of borrowings	(7,074,314)
Drawdown of borrowings	19,202,679
Currency translation differences	(1,208,020)
Amortised amount of transaction costs on long-term borrowings	46,015
Amortised amount of discount on issue of notes	5,345
Effect of fair value hedge	(51,056)
	<u>98,871,663</u>
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	150,839
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	(16,621)
	<u>73,788,196</u>

- (b) The secured bank loans and loans from COSCO Finance as at 30 June 2013 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 RMB30,619,541,000 (31 December 2012: RMB28,380,747,000);
 - (ii) Two vessels with aggregative net book value of RMB635,450,000 (31 December 2012: RMB660,789,000) under vessel finance lease arrangement;
 - (iii) Assignment of the charter, rental income and earnings, requisition compensation, insurance relating to certain container vessels; and
 - (iv) Shares of certain subsidiaries.
- (c) Notes issued by the Company and its subsidiaries
- (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.

9 LONG-TERM BORROWINGS (Continued)

(c) Notes issued by the Company and its subsidiaries (Continued)

(ii) Notes issued by subsidiaries

On 3 December 2012, COSCO Finance (2011) Limited, a subsidiary of the Company, issued bonds with an aggregate principal amount of US\$1,000,000,000 (equivalent to approximately RMB6,285,500,000). The bonds carry a fixed interest yield of 4.00% per annum and were issued at a price of 98.766% of their principal amount. The bonds bear interest from 3 December 2012, payable semi-annually in arrears. The Bonds are guaranteed by an irrevocable standby letter of credit issued by Bank of China Limited, Beijing Branch. The bonds have been listed on The Stock Exchange of Hong Kong Limited. Unless previously redeemed or repurchased by COSCO Finance (2011) Limited, the bonds will mature on 3 December 2022 at their principal amount. The bonds are subject to redemption in whole, at the option of COSCO Finance (2011) Limited at any time in the event of certain changes affecting the taxes of certain jurisdictions at their principal amount together with accrued interest, or at any time after 3 December 2017 at a redemption price.

Notes with principal amount of US\$300,000,000 (equivalent to approximately RMB1,954,997,000) were issued by a subsidiary of COSCO Pacific to investors on 3 October 2003. The notes carried a fixed interest yield of 5.96% per annum and were issued at a price of 99.367% 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 RMB15,718,000). The notes bore interest from 3 October 2003, payable semi-annually in arrears. The notes were guaranteed unconditionally and irrevocably by COSCO Pacific and listed on Singapore Exchange Securities Trading Limited. Unless previously redeemed or repurchased by COSCO Pacific, the notes will mature on 3 October 2013 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of COSCO Pacific at any time in the event of certain changes affecting the taxes of certain jurisdictions. 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.

Notes with principal amount of US\$300,000,000 (equivalent to approximately RMB1,853,610,000) were issued by a subsidiary of COSCO Pacific to investors on 31 January 2013. The notes carry a fixed interest yield of 4.46% per annum and were issued at a price of 99.32% of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US\$2,040,000 (equivalent to approximately RMB12,605,000). The notes bear interest from 31 January 2013, payable semi-annually in arrear on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the COSCO Pacific and listed on The Stock Exchange of Hong Kong Limited.

- (d) Loans from non-controlling shareholders of subsidiaries are unsecured. Balances of RMB400,000,000 (31 December 2012: RMB400,000,000) bear interest at 6.77% per annum and are repayable in 2014. Balances of US\$8,075,000 (equivalent to approximately RMB49,893,000) (31 December 2012: US\$8,075,000, equivalent to approximately RMB50,755,000) bear interest at 0.60% per annum above US dollar LIBOR and are repayable in 2013 and 2014. Balance of US\$50,000,000 (equivalent to approximately RMB308,935,000) (31 December 2012: US\$50,000,000, equivalent to approximately RMB314,275,000) is interest free and not repayable in the next twelve months.

Notes to the Unaudited Interim Financial Information

10 PROVISIONS AND OTHER LIABILITIES

	Retirement benefit obligations <i>RMB'000</i>	Provision for onerous contracts <i>RMB'000</i> (note)	Provision for one-off housing <i>RMB'000</i>	Deferred income and others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2013					
As at 1 January 2013	1,177,912	1,433,722	183,911	90,466	2,886,011
Decrease during the period	(93,844)	(1,071,994)	(2,521)	(29,256)	(1,197,615)
Provisions for the period	47,841	403,229	2,311	56,745	510,126
Disposal of a subsidiary (note 18(a))	(1,648)	—	(99,991)	(7,206)	(108,845)
Currency translation differences	(392)	(14,023)	—	(1,241)	(15,656)
As at 30 June 2013	<u>1,129,869</u>	<u>750,934</u>	<u>83,710</u>	<u>109,508</u>	<u>2,074,021</u>
Less: current portion of provisions and other liabilities	<u>(165,264)</u>	<u>(750,934)</u>	—	<u>(5,663)</u>	<u>(921,861)</u>
Non-current portion of provisions and other liabilities	<u>964,605</u>	—	<u>83,710</u>	<u>103,845</u>	<u>1,152,160</u>
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	<u>1,269,193</u>	<u>1,552,467</u>	<u>183,431</u>	<u>54,208</u>	<u>3,059,299</u>
Less: current portion of provisions and other liabilities	<u>(183,282)</u>	<u>(1,513,776)</u>	—	<u>(5,278)</u>	<u>(1,702,336)</u>
Non-current portion of provisions and other liabilities	<u>1,085,911</u>	<u>38,691</u>	<u>183,431</u>	<u>48,930</u>	<u>1,356,963</u>

Note:

Balance represents 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 2013, 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 RMB13,322,136,000 (31 December 2012: RMB15,817,804,000).

Notes to the Unaudited Interim Financial Information

11 TRADE AND OTHER PAYABLES

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Trade payables (note a)		
– third parties	4,336,956	6,632,112
– fellow subsidiaries	1,566,268	1,320,173
– joint ventures	111,170	177,520
– associates	541	3,587
– other related companies	222,171	13,751
	<u>6,237,106</u>	<u>8,147,143</u>
Bills payables (note a)	39,043	1,741,482
	<u>6,276,149</u>	<u>9,888,625</u>
Advance from customers	824,478	2,011,647
Other payables and accruals	10,285,108	11,106,742
Construction costs payable to fellow subsidiaries	—	89,357
Due to related companies (note b)		
– COSCO	1,225	—
– fellow subsidiaries	118,959	181,843
– joint ventures	155,909	217,636
– associates	17,583	22,828
– other related companies	605,268	694,655
	<u>898,944</u>	<u>1,116,962</u>
Total	<u>18,284,679</u>	<u>24,213,333</u>

Notes to the Unaudited Interim Financial Information

11 TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) As at 30 June 2013, the ageing analysis of trade and bills payables was as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
1-6 months	5,833,502	9,317,094
7-12 months	154,381	190,083
1-2 years	101,246	201,247
2-3 years	102,994	69,723
Over 3 years	84,026	110,478
	<u>6,276,149</u>	<u>9,888,625</u>

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

(b) 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 2013 RMB'000	As at 31 December 2012 RMB'000
Bank loans - unsecured	3,215,734	5,033,237
COSCO Finance - unsecured	50,000	220,000
	<u>3,265,734</u>	<u>5,253,237</u>

Notes to the Unaudited Interim Financial Information

13 OPERATING LOSS

Operating loss is stated after crediting/charging the following:

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Crediting:		
Gain on disposals of property, plant and equipment		
– container vessels	—	55,817
– dry bulk vessels	70,869	12,661
– containers	1,704	—
– others	15,739	2,477
Reversal of provision for impairment of trade and other receivables	73,482	7,810
Government subsidies, included in other income, net	155,604	607,723
Dividend income from listed and unlisted investments	13,000	12,561
	<u> </u>	<u> </u>
Charging:		
Loss on disposals of property, plant and equipment		
– containers	—	372
Cost of bunkers consumed	7,791,855	9,262,074
Operating lease rentals		
– container vessels	2,186,540	2,060,593
– dry bulk vessels	2,698,925	4,446,090
– containers	659,165	642,001
– land and buildings	88,201	85,596
– other property, plant and equipment	143,399	124,423
Provision for onerous contracts on dry bulk vessels		
– provision for current period	403,229	1,249,869
– provision made in prior periods	(1,071,994)	(1,116,121)
Provision for impairment of trade and other receivables	38,324	24,179
Cost of inventories sold		
– resaleable containers	67,790	69,912
– marine supplies and others	24,660	25,120
– merchandises	312,915	296,533
Net exchange (loss)/gain	(81,619)	16,322
	<u> </u>	<u> </u>

Notes to the Unaudited Interim Financial Information

14 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Finance income		
Interest income from:		
– deposits with COSCO Finance (note 21)	141,397	149,126
– loans to joint ventures and associates	4,829	5,322
– banks	320,450	254,015
	466,676	408,463
	466,676	408,463
Finance costs		
Interest expenses on:		
– bank loans	(955,879)	(714,475)
– other loans wholly repayable within five years	(28,133)	(20,505)
– loans with COSCO Finance	(8,019)	(1,678)
– finance lease obligations	(3,583)	(4,124)
– notes	(593,365)	(435,102)
Fair value loss on derivative financial instruments	(39,285)	(23,159)
Fair value adjustment of notes attributable to interest rate risk	51,056	16,621
	11,771	(6,538)
	(1,577,208)	(1,182,422)
Amortised amount of transaction costs on long-term borrowings	(46,015)	(39,863)
Amortised amount of discount on issue of notes	(5,345)	(479)
Other incidental borrowing costs and charges	(84,140)	(17,722)
Less: amount capitalised in construction in progress	98,664	63,617
	(1,614,044)	(1,176,869)
	(1,614,044)	(1,176,869)
Net related exchange gain/(loss)	514,647	(109,055)
	514,647	(109,055)
Net finance costs	(632,721)	(877,461)

Notes to the Unaudited Interim Financial Information

15 INCOME TAX EXPENSES

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Current income tax (note a)		
– PRC enterprise income tax	81,062	129,823
– Hong Kong profits tax	2,208	1,765
– Overseas taxation	58,764	41,961
– (Over)/under provision in prior periods	(350)	7,255
	<u>141,684</u>	<u>180,804</u>
Deferred income tax (note b)	<u>157,345</u>	<u>115,860</u>
	<u>299,029</u>	<u>296,664</u>

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% (2012: 12.5% 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 15% (2012: 12.5% to 15%).

(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 2013, the unrecognised deferred income tax liabilities were RMB 2,015,694,000 (31 December 2012: RMB1,814,277,000), 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 2013 amounted to RMB 8,909,084,000 (31 December 2012: RMB8,100,926,000).

As at 30 June 2013, the Group had tax losses of RMB33,282,764,000 (31 December 2012: RMB31,238,716,000), 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 RMB33,044,432,000 (31 December 2012: RMB30,995,854,000) will expire within five years.

16 DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

Notes to the Unaudited Interim Financial Information

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	
	2013	2012
		<i>(Restated)</i>
Loss from continuing operations attributable to equity holders of the Company (RMB)	(4,193,582,000)	(5,292,444,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	3,203,578,000	420,909,000
	(990,004,000)	(4,871,535,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic (loss)/earnings per share (RMB)		
From continuing operations	(0.4105)	(0.5180)
From discontinued operation	0.3136	0.0412
	(0.0969)	(0.4768)

Notes to the Unaudited Interim Financial Information

17 LOSS PER SHARE (Continued)

(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	
	2013	2012 <i>(Restated)</i>
Loss from continuing operations attributable to equity holders of the Company (RMB)	(4,193,582,000)	(5,292,444,000)
Adjustment of continuing operations on the effect of dilution	(45,000)	(41,000)
	(4,193,627,000)	(5,292,485,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	3,203,578,000	420,909,000
Adjustment of discontinued operations on the effect of dilution	(131,000)	(8,000)
	3,203,447,000	420,901,000
	(990,180,000)	(4,871,584,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Diluted (loss)/earnings per share (RMB)		
From continuing operations	(0.4105)	(0.5180)
From discontinued operations	0.3136	0.0412
	(0.0969)	(0.4768)

Notes to the Unaudited Interim Financial Information

18 DISCONTINUED OPERATIONS

(a) Disposal of 100% equity interest in COSCO Logistics

The disposal of 100% equity interests in COSCO Logistics was completed by the end of April 2013 (“Completion Date”). Given that COSCO Logistics represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it is classified as discontinued operation in the Interim Financial Information.

The details of the net assets of discontinued operation as at the Completion Date are as follows:

	<i>RMB' 000</i>
Property, plant and equipment	2,095,117
Investment properties	23,463
Leasehold land and land use rights	258,238
Intangible assets	62,050
Joint ventures	441,558
Associates	617,281
Available-for-sale financial assets	293,933
Deferred income tax assets	19,741
Restricted bank deposits	226,646
Inventories	241,019
Trade and other receivables	5,213,630
Cash and cash equivalents	3,576,751
Trade and other payables	(5,574,462)
Short-term borrowings	(2,097,477)
Provisions and other liabilities	(108,845)
Deferred income tax liabilities	(21,557)
Tax payable	(50,698)
Net assets	5,216,388
Non-controlling interests	(374,873)
Net assets disposed of	4,841,515
Sales proceeds - cash received	6,738,704
Less: cash and cash equivalents of subsidiary disposed of	(3,576,751)
Net cash inflow on disposal of subsidiary	3,161,953

Notes to the Unaudited Interim Financial Information

18 DISCONTINUED OPERATIONS (Continued)

(a) Disposal of 100% equity interest in COSCO Logistics (Continued)

The results and cash flows of discontinued operation are as follows:

	For the period from 1 January 2013 to Completion Date RMB'000	Six months ended 30 June 2012 RMB'000
Revenues	4,986,050	9,479,331
Expenses	(4,645,814)	(8,996,113)
Profit before tax	340,236	483,218
Income tax expense	(74,332)	(102,283)
Profit after tax	265,904	380,935
Sales proceeds - cash received from disposal	6,738,704	—
Cost on disposal	(4,841,515)	—
Release of reserves upon disposal	(51,468)	—
Net gain on disposal	1,845,721	—
Profit for the period from discontinued operation	2,111,625	380,935
Attributable to:		
Equity holders of the Company	2,080,620	340,785
Non-controlling interests	31,005	40,150
Profit for the period from discontinued operation	2,111,625	380,935

Notes to the Unaudited Interim Financial Information

18 DISCONTINUED OPERATIONS (Continued)

(a) Disposal of 100% equity interest in COSCO Logistics (Continued)

	For the period from 1 January 2013 to Completion Date <i>RMB'000</i>	Six months ended 30 June 2012 <i>RMB'000</i>
Net cash used in operating activities	(313,453)	(485,907)
Net cash used in investing activities	(29,927)	(9,954)
Net cash generated from financing activities	580,854	240,732
Net increase/(decrease) in cash and cash equivalents	237,474	(255,129)
Cash and cash equivalents at beginning of period	3,353,640	3,755,554
Effect of exchange rate changes	(14,363)	4,318
Cash and cash equivalents at end of period	3,576,751	3,504,743

(b) Disposal of 21.8% equity interest in CIMC

On 13 June 2013, the disposal of 21.8% equity interests in CIMC was approved by the independent shareholders of COSCO Pacific. Given that the container manufacturing and related businesses was identified as a separate operating business of the Group by management before the disposal, CIMC had been classified as discontinued operation in the Interim Financial Information. The disposal was completed on 27 June 2013 and resulted in a net gain of US\$393,411,000 (approximately RMB2,455,514,000), while the share of profit of CIMC for the period was US\$23,059,000 (approximately RMB143,925,000).

Notes to the Unaudited Interim Financial Information

19 CONTINGENT LIABILITIES

- (a) The Group was involved in a number of claims and lawsuits, including but not limited to, the claims and lawsuits arising from damage to vessels during transportation, damage to goods, loss of goods in certain of its logistics business, delay in delivery, collision of vessels, early termination of vessel chartering contracts and non-payment of fees of Piraeus Container Terminal.

As at 30 June 2013, the Group is unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's Interim Financial Information for the period ended 30 June 2013.

(b) **Guarantee**

	As at 30 June 2013 RMB' 000	As at 31 December 2012 RMB' 000
Bank guarantee to an associate at face value	<u>137,228</u>	<u>154,141</u>

Notes to the Unaudited Interim Financial Information

20 COMMITMENTS

(a) Capital commitments

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Authorised but not contracted for		
Containers	1,718,958	2,005,068
Terminal equipment	2,445,221	1,611,407
Buildings	1,166,252	1,516,775
Other property, plant and equipment	3,719	57,056
Intangible assets	9,179	23,750
Investments in terminals and other company	205,429	211,869
	<u>5,548,758</u>	<u>5,425,925</u>
Contracted but not provided for		
Containers	58,296	596,431
Container vessels and dry bulk vessels	5,986,687	9,974,120
Terminal equipment	1,868,810	2,186,191
Buildings	10,218	323,784
Other property, plant and equipment	6,946	48,413
Investments in terminals and other company	4,100,139	2,814,740
Intangible assets	5,926	10,615
	<u>12,037,022</u>	<u>15,954,294</u>

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Authorised but not contracted for	30,109	39,492
Contracted but not provided for	32,210	629
	<u>62,319</u>	<u>40,121</u>

Notes to the Unaudited Interim Financial Information

20 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 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Containers vessels and dry bulk vessels		
– not later than one year	8,382,361	9,290,910
– later than one year and not later than five years	18,509,393	20,509,880
– later than five years	11,790,157	13,636,924
	38,681,911	43,437,714
Concession of Piraeus Port		
– not later than one year	252,266	250,666
– later than one year and not later than five years	1,281,259	1,239,628
– later than five years	23,935,611	24,842,552
	25,469,136	26,332,846
Containers		
– not later than one year	930,718	791,626
– later than one year and not later than five years	2,235,314	2,097,680
– later than five years	27,168	40,122
	3,193,200	2,929,428
Leasehold land, buildings and other property, plant and equipment		
– not later than one year	201,074	259,711
– later than one year and not later than five years	245,195	367,717
– later than five years	8,037	126,118
	454,306	753,546
	67,798,553	73,453,534

Notes to the Unaudited Interim Financial Information

21 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 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	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Transactions with COSCO		
Expenses		
Sub-charter expenses	59,409	60,215
Rental expenses	17,014	17,204

Notes to the Unaudited Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Transactions with subsidiaries of COSCO and its related entities (including joint ventures and associates of COSCO)		
Revenues		
Dry bulk shipping income	16,571	2,418
Container shipping income	139,721	163,019
Freight forwarding and shipping agency income	257	1,315
Vessel services income	7,983	6,624
Crew service income	40,502	42,843
Vessel management income	726	6,312
Expenses		
Vessel costs		
Charterhire expenses	16,374	19,498
Sub-charter expenses	170,304	172,615
Vessel services expenses	288,557	258,191
Crew expenses	8,413	25,552
Voyage costs		
Bunker costs	7,302,656	8,215,954
Port charges	398,408	311,402
Equipment and cargo transportation costs		
Commission and rebates	56,302	62,448
Cargo and transshipment and equipment and repositioning expenses	43,356	48,729
General services expenses	14,151	6,200
Management fee expenses	5,511	6,280
Rental expenses	25,682	23,714
Others		
Instalments paid for ship building contracts	89,357	135,100

Notes to the Unaudited Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Transactions with joint ventures of the Group		
Revenues		
Charterhire income	79,428	38,585
Management fee and service fee income	13,788	13,691
Crew service income	967	10,665
Expenses		
Vessel costs		
Charterhire expenses	—	1,853
Voyage costs		
Port charges	461,937	394,262
General services expenses	—	512
Rental expenses	2,380	2,380
Transactions with associates of the Group		
Revenues		
Crew service income	—	6,200
Expenses		
Port charges	152,282	140,031

Notes to the Unaudited Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i> <i>(Restated)</i>
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	<u>134,482</u>	<u>122,522</u>
Expenses		
Container handling and logistics services fee	<u>52,086</u>	36,023
Electricity and fuel expenses	<u>12,340</u>	<u>29,213</u>
Others		
Port construction fee and high-frequency communication fee	<u>325</u>	<u>359</u>
Purchase of containers from subsidiaries of CIMC	<u>432,287</u>	<u>364,635</u>

These transactions were conducted either (i) based on terms as governed by the 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.

These transactions also included the Group's transactions with COSCO Logistics and its subsidiaries and related entities for the period from the Completion Date to 30 June 2013.

Notes to the Unaudited Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	For the period from 1 January 2013 to Completion Date <i>RMB'000</i>	Six months ended 30 June 2012 <i>RMB'000</i> <i>(Restated)</i>
Discontinued operations		
Transactions with subsidiaries of COSCO and its related entities (including joint ventures and associates of COSCO)		
Revenues		
Freight forwarding and shipping agency income	<u>8,074</u>	<u>2,849</u>
Expenses		
Freight forwarding expenses	1,194	8,945
Logistics related expenses	27,419	42,556
General service expenses	—	7,750
	<u> </u>	<u> </u>
Transactions with joint ventures of the Group		
General service expenses	<u>2,628</u>	<u>10,000</u>

Balances with related parties

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

	As at 30 June 2013 <i>RMB'000</i>	As at 31 December 2012 <i>RMB'000</i>
Balances placed with COSCO Finance (note a)	<u>5,898,303</u>	<u>8,602,829</u>

Notes:

- (a) Balance placed with COSCO Finance bear interest at prevailing market rates.
- (b) As at 30 June 2013 and 31 December 2012, majority of the Group's bank balances and bank borrowings are with state-owned banks.

Notes to the Unaudited Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and other allowances	8,554	7,651
Contribution to retirement benefit scheme	148	168
Fair value change on SARs not yet exercised	(3,697)	(5,253)
	<u>5,005</u>	<u>2,566</u>

22 BUSINESS COMBINATION

In March 2013, COSCO Pacific acquired Xiamen Haitou Tongda Container Terminal Co., Ltd with 70% effective shareholdings with a consideration of US\$33,575,000 (approximately RMB207,450,000).

23 SIGNIFICANT SUBSEQUENT EVENTS

On 29 August 2013, Qingdao Ocean Shipping Co., Ltd (“COSCO Qingdao”) (a wholly-owned subsidiary of the Company) as vendor and Yuehon Investments Limited (“Yuehon”) as purchaser entered into the COSCO (Qingdao) Assets Management Co., Ltd (“Qingdao Management”) equity transfer agreement, pursuant to which COSCO Qingdao agreed to sell, and Yuehon agreed to purchase, the 81% equity interest in Qingdao Management; and COSCO Container Lines Co., Ltd (“COSCON”) (a wholly-owned subsidiary of the Company) as vendor, and Ling Hui Investments Limited (“Ling Hui”) as purchaser, entered into the Shanghai Tianhongli Asset Management Co. Ltd. (“Shanghai Tianhongli”) equity transfer agreement, pursuant to which COSCON agreed to sell, and Ling Hui agreed to purchase, the 81% equity interest in Shanghai Tianhongli. Yuehong and Ling Hui are wholly-owned subsidiaries of COSCO (Hong Kong) Group Limited, the Company’s fellow subsidiary and a wholly-owned subsidiary of COSCO. These two equity transfer agreements are subject to the independent shareholders’ approval in the Extraordinary General Meeting of the Company.

Reference is made to section 5 “financial effects of the disposals” of the announcement of the Company dated 29 August 2013 which provides details of the financial impact of these transactions.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF CHINA COSCO HOLDINGS COMPANY LIMITED

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 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 2013 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-month period 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 2013



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