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)

2014

INTERIM REPORT

Contents

Company Profile

I. THE COMPANY'S INFORMATION

The Company's Chinese name	中國遠洋控股股份有限公司
Abbreviation of the Company's Chinese name	中國遠洋
The Company's English name	China COSCO Holdings Company Limited (the "**Company**" or "**China COSCO**")
Abbreviation of the Company's English name	China COSCO
Legal representative of the Company	MA Zehua

II. CONTACT PERSONS AND METHODS

	Secretary to Board of Directors	**Representative of securities affairs**
Name	GUO Huawei	XIAO Junguang, MING Dong
Contact address	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the People's Republic of China (the "PRC")	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC
Telephone	(022) 66270898	(022) 66270898
Facsimile	(022) 66270899	(022) 66270899
E-mail	guohuawei@chinacosco.com	xiaojunguang@chinacosco.com mingdong@chinacosco.com

III. CHANGES IN BASIC PROFILE

The Company's registered address	2nd Floor, Building 12, Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC
Postal code of the Company's registered address	300300
Place of business of the Company	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC
Postal code of the Company's place of business	300300
The Company's website	www.chinacosco.com
Email	investor@chinacosco.com
Enquiry reference for changes during the reporting period	Announcement on Change of Registered Address dated 19 June 2013 (announcement number: Lin 2013-024)

IV. CHANGES IN PLACE FOR INFORMATION DISCLOSURE AND INSPECTION

Designated newspapers for disclosure of the Company's information	Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily
Website designated by the China Securities Regulatory Commission for publishing interim report	www.sse.com.cn
Place for inspection of the Company's interim report	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC
Enquiry reference for changes during the reporting period	Announcement on Change of Registered Address dated 19 June 2013 (reference number: Lin 2013-024)

V. SHARES OF THE COMPANY

Shares of the Company (the "Shares")

Type of Shares	Place of listing	Stock short name	Stock code	Stock short name before change
A Shares	Shanghai Stock Exchange	China COSCO	601919	N/A
H Shares	The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")	China COSCO	1919	N/A

VI. CHANGES IN REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

Registered address	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC.
Registration number of business license for enterprise legal person	100000400011790
Taxation registration number	Jin Di Shui Zi No.120116710933243
Entity number	710933243

VII. OTHER RELEVANT INFORMATION

Domestic auditor engaged by the Company	Name	Ruihua Certified Public Accountants, LLP.
	Office address	3-9/F,West Tower of China Overseas Property Plaza, Building 7, No. 8,Yongdingmen Xibinhe Road, Dongcheng District, Beijing
	Signing accountants	Yang Peizhen and Wang Shengling
International auditor engaged by the Company	Name	PricewaterhouseCoopers
	Office address	22nd Floor, Prince's Building, Central, Hong Kong
	Signing accountant	Hoi Iok Kei

Other information of the Company

Place of business in Hong Kong
49/F, COSCO Tower, 183 Queen's Road Central, Hong Kong

Major bankers
Bank of China, Agricultural Bank of China, China Merchants Bank

Legal advisers as to Hong Kong law
Paul Hastings
22/F, Bank of China Tower, 1 Garden Road, Hong Kong

Legal advisers as to PRC law
Commerce and Finance Law Offices
6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Beijing

Domestic A Share registrar and transfer office
China Securities Depository and Clearing Corporation Limited, Shanghai Branch
36th Floor, China Insurance Building, 166 Lujiazui Road East, Pudong New District, Shanghai

Hong Kong H Share registrar and transfer office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Financial Summary

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Six months ended 30 June 2014 ***RMB'000***	Six months ended 30 June 2013 *RMB'000* *(Restated)*	Change
Revenue	**32,492,273**	31,073,549	4.6%
Operating loss	**830,603**	3,176,722	73.9%
Loss before income tax	**1,380,938**	3,305,500	58.2%
Loss attributable to equity holders of the Company	**2,276,732**	989,968	-130.0%
Basic loss per share	**RMB0.2229**	RMB0.0969	-130.0%

First of all, on behalf of the board (the "**Board**") of directors of the Company (the "**Directors**") and management of China COSCO, I would like to express my sincere gratitude to all shareholders of the Company (the "**Shareholders**") and investors for their continuous attention and support to China COSCO. Meanwhile, I would like to thank all ship and onshore staff for their relentless efforts to overcome the difficulties and their hard work, professional spirit and dedicated attitude in driving forward the business development of China COSCO.

The net profits attributable to shareholders of China COSCO for the first half of 2014 amounted to a loss of RMB2.28 billion, representing an year-on-year increase in loss of RMB1.29 billion or 130%. Net profits attributable to shareholders of China COSCO arising from continuing operations amounted to loss of RMB2.28 billion, representing a decrease in loss of RMB1.92 billion or 45.7% as compared to the corresponding period of last year.

During the reporting period, the demand in the international shipping market did not witness remarkable growth. In addition, as impacted by the persistent excessive transportation capacity in the market, the overall freight rates in the international shipping market still fluctuated at low levels. The average index value on China Containerised Freight Index ("**CCFI**") was 1,102 points, remaining basically flat as compared to 1,093 for the corresponding period of last year. The average value of the Baltic Dry Index ("**BDI**") was 1,179 points, representing an increase of 40% as compared to the same period of last year. However, the average value for the second quarter was only 982 points, and it had dropped below 1,000 points for a couple of times.

Amidst a market downturn, China COSCO actively coped with market fluctuations and exerted itself to strive for efficiency, implement reforms, adjust the structure, facilitate transformation, strengthen management and ensure security, achieving results in various measures, and thus realized a significant reduction in losses incurred by its major shipping business. During the reporting period, COSCO Container Lines Co., Ltd. ("**COSCON**") achieved an year-on-year increase in both shipping volume and operating revenue and a significant year-on-year decrease in operating gross loss, which leveraged on adjusting the transportation capacity allocation, expanding the investment in emerging market, stepping up efforts in realizing high value-added goods, and speeding up the development of emerging markets. China COSCO Bulk Shipping (Group) Company Limited ("**China COSCO Bulk Group**") deepened customers development, strived to research and judge on markets, and endeavoured to generate income and reduce expenses. Affected by a decrease in transportation capacity of vessels, there was a fall in shipping volumes. However, due to an increase in freight rates and rental income and refined market operations, operating revenue was in line with the same period of last year, resulting in a significant year-on-year decrease in operating gross loss. COSCO Pacific Limited ("**COSCO Pacific**") promoted the overall long-term strategic planning of terminals. While actively seeking investment opportunities in emerging markets to further expand the terminal business network, COSCO Pacific continuously developed the container leasing business and its overall profits continued to maintain relatively stable earnings.

In respect of cost control, in the first half of the year, subsidiaries of China COSCO emphasized combining cost control target management and process monitoring, tapped internal potential and partially eliminated the pressure of a rigid increase in costs. In particular, against the backdrop of growth in self-operated transportation capacity and shipping volumes on a year-on-year basis, the bunkers consumption and the costs of bunkers decreased by 10.5% and 17.5% on a year-on-year basis respectively, as COSCON implemented bunkers-saving measures such as adding vessels and slowing down the speed of vessels as well as centralized purchases. Rentals from vessels of China COSCO Bulk Group decreased by 28.4% as compared to the corresponding period of last year. By adopting various control measures, including fixing the purchases of bunker oil, applying economic shipping speed and rationalizing the choice of oil refilling points, fuel expenses reduced by 18.6% on a year-on-year basis.

In respect of structural adjustment, in the first half of the year, China COSCO expedited the pace of retiring the old and building the new vessels and adjusted the fleet structure. Although demolition of vessels increased non-operating expenses, however, through retiring old and obsolete vessels and by ordering energy-saving and highly efficient new vessel models, we reduced the average age of our vessels, with an improvement in the overall vessel fuel-saving and environment protection level and the further optimization of the overall transportation capacity structure. Meanwhile, by adhering to value marketing, we further promoted the "large-scale" customer strategy to endeavor to increase the proportion of strategic customers, direct customers and customers with a high contribution value. Besides, we insisted on placing vessels based on cargo, stepped up efforts in obtaining basic cargo sources, continuously optimized the market, customer and cargo source structure so as to steadily increase the proportion of basic cargo sources and direct customers.

In respect of service innovation, in the first half of the year, China COSCO continued to deepen the structural reform and actively promoted enterprise technology innovation. COSCON continued to explore new models of efficiency creation and made further progress in promoting the shipping e-commerce business. China COSCO Bulk Group innovated the marketing concept and optimized its marketing strategies. While strengthening internal collaboration within the marketing team, it adopted the freight category team and project team approach to customize comprehensive solutions for key customers. At the same time, in respect of enhancing cooperation, COSCON, K Line, Yang Ming, Hanjin and Evergreen officially formed the CKYHE alliance and have jointly cooperated to operate 6 Asia—Northwest Europe routes and 3 Asia—Mediterranean Sea routes since mid-April.

Looking ahead to the second half of the year, the "weak recovery, low growth" trend of the global economy is expected to continue. The economic growth of all economies has slowed down and the foundation for economic recovery is unsolid. The shipping industry is still hovering at low levels. The shipping enterprises will still be faced with various pressures and challenges such as insufficient direct demand, high costs, tight capital and narrowed efficiency space.

Confronted with tough challenges, China COSCO will continue to concentrate its efforts on the construction of its core system capability. By closely adhering to the major task of "increasing income, controlling costs, refining management, ensuring security", we will focus on two lines of principal businesses, namely container transportation and bulk cargo transportation. We will spare no efforts in market expansion and continue to reinforce controls on costs, exert ourselves to promote the improvement in the efficiency of our principal operations and continuously increase the earnings contribution from terminals, container leasing and relevant industries. Meanwhile, we will fully seize the strategic opportunities arising from the transformation and upgrade of China's economy, deepen system and mechanism reforms, focus on risk avoidance, to ensure the stable and sustainable development of its businesses.

In respect of container shipping, we will continue to upgrade our fleet structure, enhance the global marketing network, explore the emerging markets and increase customer base, expand alliance cooperation, improve the composition of markets, cargo flow, cargo sources and customers, further enhance cost control efforts and improve resource allocation ability and utilization efficiency. Meanwhile, cross-integration of the traditional industry and e-commerce business will continue, we will explore to build up a shipping e-commerce business community to create early opportunities for achieving a successful future.

In respect of dry bulk shipping, we will continue to pursue our philosophy of stable operation, adhere to our "large-scale customer" strategy, coupled with the principle of "Combining fleet structure adjustment with adjustment to supplier structure and customer structure" for optimizing the transportation capacity structure. Meanwhile, the layout of global networks will be further improved to enhance the proportion of basic supply.

At the same time, the two lines of our principal shipping businesses will further accelerate the exploration in emerging markets and regional markets, striving to establish a network of regional shipping routes and nodal points among Third Nations for a balanced cargo flow, and to increase the utilization rate of shipping routes with multiple sections to enhance the operation efficiency of shipping routes. Meanwhile, we will seize hot opportunities such as the state's micro-stimulus policy, free trade zone, "One Belt and One Road" and the construction of the Yangtze River economic belt, and we will vigorously expand the space in the internal trade transportation market.

Moreover, in respect of terminal business, we will continue to implement our long-term strategy to focus on terminal business development, and actively explore and evaluate potential investment opportunities of terminal projects in the PRC and overseas, while we will carefully respond to the market demand and stably develop our container leasing business.

Facing a complex shipping market which is full of changes and uncertainties and with the support from all Shareholders, the management of China COSCO will lead all shipping crew and onshore staff to use their best endeavous, continue the hardwork and contribute their unremitting efforts to the sustainable development of China COSCO and the realization of profits as soon as practicable.

Ma Zehua
Chairman

28 August 2014

Interim results for the six months ended 30 June 2014 prepared under the Hong Kong Financial Reporting Standards

	For the six months ended 30 June 2014 ***RMB'000***	For the six months ended 30 June 2013 *RMB'000* *(Restated)*	Changes
Revenue	**32,492,273**	31,073,549	4.6%
Operating loss	**830,603**	3,176,722	73.9%
Loss before income tax	**1,380,938**	3,305,500	58.2%
Loss attributable to equity holders of the Company	**2,276,732**	989,968	-130.0%
Basic loss per share	**RMB0.2229**	RMB0.0969	-130.0%

Directors' Report

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

   During the reporting period, the oversupply in shipping capacity continued, and the overall freight rate level in the container shipping market was slightly lower as compared with the same period of last year. As a result of the trend of continuing decline in the dry bulk shipping market as well as loss incurred by demolition of vessels during the reporting period, net loss attributable to equity holders of the Company amounted to RMB2,276,732,000, as compared to RMB989,968,000 for the same period of last year.

   During the reporting period, the Group strived to alleviate and avoid market fluctuation risks by reducing costs of liner shipping, optimizing markets, customers and cargo sources to increase the corporate capability of risk prevention. Meanwhile, progress was made in the demolition of aged vessels and the construction of new vessels to upgrade the fleet structure. Excluding the net loss of RMB909,139,000 incurred by demolition of vessels during the reporting period (31 vessels demolished in total) and the effect of extraordinary factors such as the disposal of equity interest in COSCO Logistics and COSCO Container during the same period of last year, the operating results of the reporting period achieved greater improvements as compared to the same period of last year.

   Unless otherwise specified, amounts contained in the information of the following financial analysis and explanations are denominated in RMB.

(i) Analysis of principal 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 (%)
Revenue	32,492,273	31,073,549	4.6
Cost of services and inventories sold	(30,915,704)	(32,485,410)	4.8
Selling, administrative and general expenses	(2,003,885)	(1,966,050)	-1.9
Finance income	539,861	466,759	15.7
Finance costs	(1,520,185)	(1,614,044)	5.8
Net related exchange (loss)/gain	(273,350)	514,647	-153.1
Net cash generated from/(used in) operating activities	1,403,679	(3,381,195)	-141.5
Net cash (used in)/generated from investing activities	(558,544)	1,831,743	-130.5
Net cash (used in)/generated from financing activities	(11,417,975)	11,067,441	-203.2
Research and development expenses	5,153	2,872	79.42

Reasons for the change of the operating revenue

In the first half of 2014, the operating revenue of the Group amounted to RMB32,492,273,000, representing an increase of RMB1,418,724,000 or 4.6% as compared to RMB31,073,549,000 for the same period of last year, of which:

Container shipping business

Revenue from container shipping and related business amounted to RMB24,005,819,000, representing an increase of RMB1,250,820,000 or 5.5% as compared to the same period of last year. In the first half of 2014, the volume of container shipping amounted to 4,489,327 TEUs, representing an increase of 9.2% as compared to the same period of last year. The average revenue per container was RMB4,412/TEU, representing a decrease of 2.5% as compared to the same period of last year. During the reporting period, the Group emphasized on adjusting the distribution of shipping capacity, and its investment in emerging markets further increased. Changes in the shipping lines and cargo sources led to increases in cargo volume and overall revenue as compared to the same period of last year. Meanwhile, since the market environment remained weak, the oversupply condition continued, while the average revenue per container decreased slightly.

As at 30 June 2014, two new container vessels were delivered for operation by the Group with an aggregate capacity of 26,772 TEUs. As at 30 June 2014, the shipping capacity operated by the Group comprised a fleet of 171 container vessels with 793,978 TEUs (excluding the chartered-out capacity of ten vessels with 61,020 TEUs). The shipping capacity operated by the Group increased by 3.0% as compared to the same period of last year.

As at 30 June 2014, the Group had seven orders for container vessel, amounting to a total of 72,160 TEUs.

Dry bulk shipping business

Revenue from the dry bulk shipping and related business amounted to RMB6,421,897,000, representing a decrease of RMB38,793,000 or 0.6% as compared to the same period of last year. During the reporting period, the average level of the BDI was 1,179 points. Despite the increase of 337 points as compared to the same period of last year, the market performance had been irregular evidenced by a weak trend appearing in the conventional peak season since the second quarter of this year. As at 30 June 2014, the Group operated a fleet of 273 dry bulk vessels (as at 30 June 2013: 332 vessels) with 25,110,000 DWT, representing a decrease of 3,940,000 DWT or 13.6% as compared to 29,050,000 DWT as at 30 June 2013. As a result of the reduction in the shipping capacity of vessels and the increase in charter hire/freight rate, revenue generated from dry bulk shipping and related business during the reporting period decreased slightly.

During the reporting period, due to the reduction in the shipping capacity, the shipping volume of the Group's dry bulk shipping business reached 90,050,000 tons, representing a decrease of 16.8% as compared to the same period of last year. Dry bulk shipment turnover amounted to 418,300 million ton-nautical miles, representing a decrease of 17.48% as compared to the same period of last year, of which the shipping volume of coal was 35,100,000 tons, representing a decrease of 19.68% as compared to the same period of last year. Shipping volume of metal ore amounted to 35,360,000 tons, representing a decrease of 20% as compared to the same period of last year. Shipping volume of other cargoes was 19,590,000 tons, representing a decrease of 3.8% as compared to the same period of last year.

As at 30 June 2014, the Group had 20 new dry bulk vessel orders, representing a total of 1,662,000 DWT.

		January to June 2014	January to June 2013	Change %
Shipping volume by routes (tons)	International shipping	**73,962,854**	91,412,871	-19.09
	PRC coastal shipping	**16,091,964**	16,843,872	-4.46
Shipping volume by cargo type (tons)	Coal	**35,099,780**	43,697,358	-19.68
	Metal ore	**35,356,255**	44,195,148	-20.00
	Food	**11,002,052**	10,390,967	5.88
	Others	**8,596,731**	9,973,270	-13.80
Shipment turnover (thousand ton-nautical miles)		**418,342,766**	506,969,333	-17.48

Terminal and related business

In the first half of 2014, the Group's total container throughput maintained a stable growth, increasing by 10.1% to 32,481,568 TEUs from the same period of last year.

As for the performance of total container throughput, among all the areas in which the Group operated, overseas terminals delivered a higher growth while those along the Yangtze River Delta and Pearl River Delta in the PRC saw faster growth. During the reporting period, newly added annual operating capacity comprised two berths of ACT Terminals (1,600,000 TEUs) and two berths of Dongjiakou Ore Terminal (29,000,000 tons).

Revenue from the terminal and related business amounted to RMB1,457,212,000, representing an increase of RMB225,856,000 or 18.3% as compared to the same period of last year. Such increase was mainly from Piraeus Terminal in Greece, Nansha Terminal in Guangzhou and Xiamen Ocean Gate Container Terminal.

Breakdown of terminal throughput

Terminal throughput (TEUs)	First half of 2014	First half of 2013	Changes (%)
Bohai Rim Region	**12,546,426**	12,009,347	4.5
Yangtze River Delta	**4,931,807**	4,323,744	14.1
Pearl River Delta	**8,622,636**	7,895,401	9.2
Southeast Coast and others	**1,809,505**	1,536,622	17.8
Overseas	**4,571,194**	3,729,239	22.6
Total throughput	**32,481,568**	29,494,353	10.1

Container leasing, management and sales business

As at 30 June 2014, the size of container fleet of COSCO Pacific reached 1,936,263 TEUs, representing an increase of 3.3% as compared to that as of 30 June 2013.

Revenue from container leasing, management and sales business amounted to RMB607,345,000, being basically flat or representing a slight decrease on a year-on-year basis. During the reporting period, 32,418 TEUs were disposed of upon expiry of relevant leases (first half of 2013: 20,198 TEUs).

Operating cost analysis

In the first half of 2014, the Group incurred operating costs of RMB30,915,704,000, representing a decrease of RMB1,569,706,000 or 4.8% as compared to the same period of last year, of which:

The total operating costs of container shipping and related business amounted to RMB22,446,519,000, representing a decrease of RMB702,385,000 or 3.0%. Despite concurrent year-on-year increase in shipping capacity operated by the Group and our shipping volume, with the support of our fuel-saving measures, fuel consumption reduced by 10.5% as compared to the same period of last year. With the decrease in international oil price, the fuel costs for the reporting period reduced by 17.5%. Decrease in fuel cost was the major contributor to lower costs.

The total operating costs of dry bulk shipping and related business amounted to RMB6,760,126,000, representing a decrease of RMB1,125,221,000, or 14.3%, as compared to the same period of last year. During the reporting period, total operating lease rentals decreased by RMB765,393,000, or 28.4%, to RMB1,933,532,000 as compared to the same period of last year due to decrease in charter-in shipping capacity and lower charter hire rate. Due to a decrease of 12.7% in fuel consumption and a decrease in international fuel prices, bunker costs decreased by 18.6% during the reporting period as compared to the same period of last year. In addition, the reversal of provision for onerous contracts to reduce the costs amounted to RMB454,363,000 for the reporting period decreased by RMB617,631,000 from RMB1,071,994,000 for the same period of last year. Meanwhile, provision for onerous contracts that meet the relevant conditions of RMB221,109,000 (compared to RMB403,229,000 for the same period of 2013) were newly made, according to the unavoidable costs of meeting the obligations under the contracts that would exceed the economic benefits expected to be received, of which RMB120,020,000 was provided for chartered-in vessels without charter-out contracts that will expire as at 30 June 2015, based on the expected average BDI of 1,500 points in the coming 12 months and RMB101,089,000 was provided for chartered-in vessels with charter-out contracts signed (locked).

The operating costs of terminal and related business amounted to RMB1,008,785,000, representing an increase of RMB124,405,000, or 14.1%, 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.

The operating costs of container leasing, management and sales business amounted to RMB660,110,000, representing an increase of RMB153,482,000 or 30.3% on a year-on-year basis, mainly attributable to an increase in containers of the self-owned and sale and leaseback container fleet and returned containers sold upon expiry of lease.

Other (expenses)/income, net

In the first half of 2014, the Group's net other expenses, amounted to RMB403,287,000, representing an unfavorable change of RMB604,476,000 as compared to a net other income of RMB201,189,000 for the same period of last year. During the reporting period, the net loss incurred by demolition of vessels amounted to RMB909,139,000, as compared to net gain of RMB70,869,000 for the same period of last year. Income from wealth management product recorded were RMB128,200,000, as compared to nil for the same period of last year.

As for the early demolition and decommissioning of vessels, the Company has applied for the relevant subsidies to government authorities via the controlling shareholder.

Selling, administrative and general expenses

In the first half of 2014, the selling, administrative and general expenses of the Group amounted to RMB2,003,885,000, representing an increase of RMB37,835,000, or 1.9%, as compared to the same period of last year. The increase was mainly due to slight increase in labour costs and rental fees as compared to the same period of last year.

Finance costs

In the first half of 2014, the finance costs of the Group amounted to RMB1,520,185,000, representing a decrease of RMB93,859,000, or 5.8% as compared to RMB1,614,044,000 in the same period of last year. The decrease was mainly due to lower average total borrowings.

Net related exchange (loss)/gain

In the first half of 2014, the Group's net related exchange loss amounted to RMB273,350,000, representing an increase of RMB787,997,000 or 153.1% in loss as compared to the net related exchange gain of RMB514,647,000 for the same period of last year. The appreciation of the US dollar against RMB during the reporting period was the main reason for such increase.

Working capital, financial resources and capital structure

Cash flow

As at 30 June 2014, the cash and cash equivalents of the Group amounted to RMB37,842,372,000, representing a decrease of RMB10,364,018,000 or 21.5%, as compared to RMB48,206,390,000 as at 31 December 2013.

The net cash inflow from operating activities amounted to RMB1,403,679,000 as compared to net cash outflow of RMB3,381,195,000 in the first half of 2013. During the reporting period, cash flow of operating activities saw significant improvement, driven by the increase in revenue from container shipping and related business and further reduction in bunker costs and dry bulk shipping rentals.

The net cash outflow from investing activities amounted to RMB558,544,000 as compared to the net cash inflow of RMB1,831,743,000 in the first half of 2013. In the first half of 2013, the Company received consideration in net cash in the amount of RMB6,969,330,000 as a result of the disposal of its equity interest in the subsidiaries, including COSCO Logistics, COSCO Container. Excluding the effect of such factor, net cash outflow from investing activities amounted to RMB5,137,587,000. During the reporting period, the cash paid by the Group for acquisition of fixed assets, intangible assets and other long-term assets decreased by RMB1,701,460,000 and a net amount of RMB3,501,000,000 was recovered for wealth management product.

The net cash outflow from financing activities amounted to RMB11,417,975,000 as compared to net cash inflow of RMB11,067,441,000 in the first half of 2013. During the reporting period, the cash used for borrowing repayment amounted to RMB21,828,417,000, representing an increase of RMB13,566,176,000 from RMB8,262,241,000 for the same period of last year. In April 2014, the Group repaid RMB10 billion for the first tranche of medium term notes issued in 2009. The proceeds from borrowings obtained amounted to RMB11,960,118,000, representing a decrease of RMB9,022,239,000 as compared to the same period of last year.

As at 30 June 2014, the total outstanding borrowings of the Group were RMB87,223,147,000. After deducting the cash and cash equivalents of RMB37,842,372,000, the net amount was RMB49,380,775,000.

The working capital and capital resources of the Group have 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.

As at 30 June 2014, the net debt to equity ratio of the Group was 122%, as compared to 114% as at 30 December 2013.

Debt analysis

By category	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Short-term borrowings	**190,000**	2,765,570
Long-term borrowings		
Within one year	**16,255,508**	25,278,430
In the second year	**25,966,057**	20,205,401
In the third to fifth years	**14,683,814**	24,130,210
After the fifth year	**30,127,768**	24,015,766
Subtotal	**87,033,147**	93,629,807
Total	**87,223,147**	96,395,377

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB22,093,302,000, while unsecured borrowings amounted to RMB65,129,845,000, representing 25.3% and 74.7% of the total borrowings, respectively. Most of the Group's borrowings bear interest at floating rate.

Breakdown of borrowings by currency:

The Group had borrowings denominated in US dollars equivalent to RMB72,215,300,000 and borrowings denominated in RMB amounted to RMB13,328,048,000, representing 82.8% and 15.3% of the total borrowings, respectively.

Corporate guarantees and contingent liabilities

As at 30 June 2014, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB111,623,000 (31 December 2013: RMB128,608,000). As at 30 June 2014, the Group had no significant contingent liabilities.

Foreign exchange risk

The Group operates internationally and exposes to various foreign exchange risks arising from non-functional currencies. Foreign exchange risks derived from future business transactions and recognized assets and liabilities. The actual foreign exchange risks faced by the Group therefore are primarily with respect to non-functional currency bank balances, receivable and payable balances and bank borrowings. Management monitors foreign exchange exposure and will consider hedging certain foreign currency exposure with derivative financial instruments should the need arise.

2. **Others**

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

During the reporting period, net loss attributable to equity holders of the Company amounted to RMB2,276,732,000, representing an increase in loss of RMB1,286,764,000 as compared to the same period of last year. During the same period of last year, China COSCO disposed of its 100% equity interest in COSCO Logistics and recorded an investment gain of RMB1,845,721,000. COSCO Pacific, a subsidiary of the Company, disposed of its 100% equity interest in COSCO Container and recorded an investment gain of RMB2,455,514,000. However, the Group did not have such disposals during the reporting period. In addition, the Group demolished a total of 31 vessels during the reporting period, which incurred net loss on disposal of RMB909,139,000 in total, while net gain on disposal of RMB70,869,000 was recorded during the same period of last year. Excluding the effects of extraordinary profit and loss, the Group had significant improvement in operating results as compared with the same period last year, of which:

Revenues from container shipping and related business increased with the rise in cargo volume. The bunker costs decreased as compared to the same period of last year. Segment loss of RMB868,632,000 were recorded as compared to RMB1,985,943,000 for the same period of last year.

BDI rose as compared to the same period of last year. The increase in charter hire/freight rate largely offset the impact of the shipping capacity on operating income. Bunker costs and dry bulk operating lease rentals decreased as compared to the same period of last year. The segment loss of dry bulk shipping and related business were RMB710,228,000, as compared to RMB1,917,364,000 for the same period of last year.

(2) **Analysis and explanation of the progress in the implementation of various types of financing and major asset reorganization by the Company in the previous period**

Not applicable.

(3) **Explanation of the progress in the operation plan**

In the first half of 2014, the Group recorded the volume of 4,489,327 TEUs in the container shipping business and the shipment turnover of 418,300 million ton-nautical miles in the dry bulk shipping business. Total container throughput amounted to 32,481,568 TEUs.

I. EQUITY CHANGE

(I) Equity change of Directors, supervisors of the Company (the "Supervisors") and senior management during the reporting period

Unit: Share

Name	Position	Shareholding at the beginning of the period	Shareholding at the end of the period	Change in shareholding during the reporting period
Fan Hsu Lai Tai, Rita	Independent Non-executive Director	10,000(H)	10,000(H)	—
Peter Guy Bowie	Independent Non-executive Director	15,000(H)	15,000(H)	—
Wan Min	Deputy general manager	2,000(H) 35,000(A)	2,500(H) 35,000(A)	—

(II) Share options granted to Directors, Supervisors and senior management during the Reporting Period

Not applicable.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason for change
Ye Weilong	Re-designated as an executive Director	Elected	New session of the Board; approved by the Shareholders' meeting
Wang Yuhang	Non-executive Director	Elected	New session of the Board; approved by the Shareholders' meeting
Teo Siong Seng	Independent Non-executive Director	Resigned	New session of the Board; upon expiry of tenure
Yang, Liang Yee Philip	Independent Non-executive Director	Elected	New session of the Board; approved by the Shareholders' meeting
Song Dawei	Chairman of the supervisory committee of the Company (the "Supervisory Committee"), Supervisor representing the Shareholders	Resigned	New session of the Supervisory Committee; approved by the Shareholders' meeting

Name	Position	Change	Reason for change
Fu Xiangyang	Chairman of the Supervisory Committee, Supervisor representing the Shareholders	Elected	New session of the Supervisory Committee; approved by the Shareholders' meeting and elected by the Supervisory Committee
Luo Jiulian	Supervisor representing the Shareholders	Resigned	New session of the Supervisory Committee; decided by the Shareholders' meeting
Ma Jianhua	Supervisor representing the Shareholders	Elected	New session of the Supervisory Committee; decided by the Shareholders' meeting
Wei Qing	Supervisor representing staff and workers	Resigned	Elected by the meeting of employee representatives of the Company
Zhang Li	Supervisor representing staff and workers	Elected	Elected by the meeting of employee representatives of the Company
Wang Xingru	Deputy general manager	Resigned	Resigned

III. OTHER EXPLANATORY INFORMATION

1. Appointment of and Changes in Directors

On 27 March 2014, the Company held the 26th meeting of the third session of the Board, where it was resolved that Ma Zehua, Li Yunpeng, Sun Yueying, Sun Jiakang, Ye Weilong, Wang Yuhang and Jiang Lijun to be nominated as the candidates for the Directors of the fourth session of the Board, and that Fan Hsu Lai Tai, Rita, Kwong Che Keung, Gordon, Peter Guy Bowie and Yang, Liang Yee Philip to be nominated as the candidates for the independent non-executive Directors of the fourth session of the Board. Such resolutions were proposed for consideration at the general meeting.

On 20 May 2014, the Company held the 2013 annual general meeting, where Ma Zehua, Li Yunpeng, Sun Yueying, Sun Jiakang, Ye Weilong, Wang Yuhang and Jiang Lijun were elected as the Directors of the fourth session of the Board, and Fan Hsu Lai Tai, Rita, Kwong Che Keung, Gordon, Peter Guy Bowie and Yang, Liang Yee Philip were elected as the independent non-executive Directors of the fourth session of the Board.

On 20 May 2014, the Company held the first meeting of the fourth session of the Board, where Ma Zehua and Li Yunpeng, both of whom are Directors, were elected as the Chairman and the Vice Chairman of the fourth session of the Board, respectively.

2. Appointment of and Changes of Supervisors

On 27 March 2014, the Company held the 16th meeting of the third session of the Supervisory Committee, where it was resolved that Song Dawei, Ma Jianhua, Gao Ping, Zhang Li, Meng Yan and Zhang Jianping to be nominated as the candidates for the fourth session of the Supervisory Committee, and agreed to propose the resolution which Song Dawei, Ma Jianhua, Meng Yan and Zhang Jianping to be members of the fourth session of the Supervisory Committee of China COSCO for consideration at the general meeting.

On 4 May 2014, the Company issued a supplemental notice of the 2013 Annual General Meeting. Due to work requirements, Song Dawei did not intend to assume the role of a Supervisor and confirmed that he had no disagreement with the Board, the Supervisory Committee and the Company and there was no other matter that needs to be brought to the attention of the Shareholders. The Company, after obtaining his own consent, nominated Fu Xiangyang as the candidate for the Supervisor representing the Shareholders of the fourth session of the Supervisory Committee.

On 20 May 2014, the Company convened the 2013 annual general meeting, where Fu Xiangyang, Ma Jianhua, Meng Yan and Zhang Jianping were elected as the Supervisors of the fourth session of the Supervisory Committee.

Gao Ping and Zhang Li were elected as the Supervisors representing staff and workers of the fourth session of the Supervisory Committee at the second joint meeting of the fifth session of the Conference of Employee Representatives. Mr. Wei Qing ceased to be a Supervisor representing staff and workers.

On 20 May 2014, the Company held the first meeting of the fourth session of the Supervisory Committee, where Fu Xiangyang was elected as the chairman of the Supervisory Committee.

3. Appointment of and Changes of Members of Senior Management

On 20 May 2014, the Company held the first meeting of the fourth session of the Board where Jiang Lijun was appointed as the president of the Company, Xu Zunwu, Wan Min and Wang Xingru were appointed as the vice presidents, Tang Runjiang was appointed as the chief finance officer, Guo Huawei was appointed as the secretary to the Board and Wang Xiaodong was appointed as the assistant to the president. The term of office of the above senior management officers took effect from 20 May 2014, until the date when the first meeting of the fifth session of the Board will be held. On 8 August 2014, the Company held the fourth meeting of the fourth session of the Board where the application by Wang Xingru for resignation as deputy general manager of the Company was approved.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, there was no material change in the number of employees of the Group as compared with the information disclosed in the 2013 annual report most recently published by the Company. During the six months ended 30 June 2014, 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 2013 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 members of the senior management 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 members of senior management 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 members of senior management 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 2014, the Company had not granted any share appreciation rights since the grant on 4 June 2007.

SHARE APPRECIATION RIGHTS PLAN (Continued)

Movements of the share appreciation rights which were granted pursuant to the Share Appreciation Rights Plan during the six months ended 30 June 2014 are set out below:

				Number of units of share appreciation rights							
Name of Director/ Supervisor/ senior management	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2014	Transfer (to)/from other category during the period	Granted during the period	Exercised during the period	Lapsed duing the period	Outstanding as at 30 June 2014	Approximate percentage of issued share capital of the Company's H shares as at 30 June 2014	Note
LI Yunpeng	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 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)
YE Weilong	Beneficial owner	Personal	HK$9.540	480,000	—	—	—	—	480,000	0.019%	(3)
Fu Xiangyang	Beneficial owner	Personal	HK$3.195	—	100,000	—	—	—	100,000	0.004%	(1) (5)
			HK$3.588	—	90,000	—	—	—	90,000	0.003%	(2) (5)
			HK$9.540	—	85,000	—	—	—	85,000	0.003%	(3) (5)
MA Jianhua	Beneficial owner	Personal	HK$9.540	—	480,000	—	—	—	480,000	0.019%	(3) (4)
GAO Ping	Beneficial owner	Personal	HK$3.195	100,000	—	—	—	—	100,000	0.004%	(1) (6)
			HK$3.588	90,000	—	—	—	—	90,000	0.003%	(2) (6)
			HK$9.540	85,000	—	—	—	—	85,000	0.003%	(3) (6)
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)
TANG Runjiang	Beneficial owner	Personal	HK$3.195	75,000	—	—	—	—	75,000	0.003%	(1)
			HK$3.588	65,000	—	—	—	—	65,000	0.003%	(2)
Other continuous contract employees	Beneficial owner	Personal	HK$3.195	8,660,750	(100,000)	—	—	—	8,560,750	0.332%	(1)
			HK$3.588	10,525,000	(90,000)	—	—	—	10,435,000	0.404%	(2)
			HK$9.540	9,140,000	(85,000)	—	—	—	9,055,000	0.351%	(3)
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK$3.195	5,025,000	—	—	—	—	5,025,000	0.195%	(1)
			HK$3.588	6,410,000	—	—	—	—	6,410,000	0.248%	(2)
			HK$9.540	12,695,000	(480,000)	—	—	—	12,215,000	0.473%	(3)
				58,580,750	—	—	—	—	58,580,750		

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) At the general meeting of China COSCO held on 20 May 2014, the elections of Wang Yuhang as the non-executive Director, Yang, Liang Yee Philip as the independent non-executive Director and Ma Jianhua as the Supervisor representing the Shareholders were considered and approved; Song Dawei ceased to be a Supervisor representing the Shareholders, Teo Siong Seng ceased to be an independent non-executive Director, Luo Jiulian ceased to be a Supervisor and Wei Qing ceased to be a Supervisor representing staff and workers.

(5) On 20 May 2014, China COSCO convened the first meeting of the fourth session of the Board to consider and approve the election of Fu Xiangyang, our Supervisor, as the chairman of the fourth session of the Supervisory Committee.

(6) On 15 April 2014, the Board announced that Gao Ping and Zhang Li were elected democratically as the Supervisors by the staff and workers of the Company, with effect from 20 May 2014.

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 six months ended 30 June 2014 are set out below:

		Number of share option								
Category	Exercise price (HK$)	Outstanding as at 1 January 2014	Transterred (to)/ from other categories during the period	Granted during the period	Excerised during the period	Lapsed during the period	Outstanding as at 30 June 2014	Approximate percentage of total issued share captial of COSCO Pacific as at 30 June 2014	Exercisable period	Note
Directors										
SUN Jiakang	13.75	700,000	–	–	–	–	700,000	0.02%	01/12/2004-30/11/2014	(1) (3)
Others	13.75	12,756,000	–	–	–	120,000	12,636,000	0.43%	(Refer to Note 1)	(1) (4)
	19.30	13,390,000	–	–	–	80,000	13,310,000	0.46%	(Refer to Note 2)	(2) (4)
Total		26,846,000	–	–	–	200,000	26,646,000	0.91%		

Notes:

(1) 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.

(2) 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.

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

(4) 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 2014, 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) (the "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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of Director	Capacity	Nature of interest	Number of H Shares	Approximate percentage of total issued H share capital of the Company
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	0.0006%

Name of Director/Supervisor	Capacity	Nature of interest	Number of A Shares	Approximate percentage of total issued A share capital
LI Yunpeng	Beneficial owner	Family	3,000	0.00004%
LUO Jiulian (resigned during the reporting period)	Beneficial owner	Family	1,000	0.00001%

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

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of ordinary Shares	Approximate percentage of total issued share capital
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	600,000	0.03%
COSCO Pacific	KWONG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.009%

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

(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 2014 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

(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 2014 are set out as below:

					Number of share options							
Name of associated corporation	Name of Director/ Supervisor	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2014	Transterred (to)/ from other categories during the period	Granted during period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2014	Percentage of total issued share capital of associated corporation as at 30 June 2014	Note
COSCO International Holdings Limited	SUN Jiakang	Beneficial owner	Personal	HK$1.37	800,000	–	–	–	–	800,000	0.053%	(1)

Note:

(1) 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.

Save as disclosed above, as at 30 June 2014, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any Shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, 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) ("COSCO")	Beneficial owner	A Shares: 5,313,082,844 H Shares: 81,179,500 Total: 5,394,262,344	52.80	-	-	-	-

Save as disclosed above, as at 30 June 2014, 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 any other interest or short positions in the Shares and underlying Shares 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 OF HONG KONG LIMITED ("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 2014 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	RMB'000
Non-current assets	37,409,522
Current assets	11,301,346
Current liabilities	(8,103,317)
Non-current liabilities	(14,103,399)
Net assets	26,504,152
Share Capital	752,592
Reserves	14,897,135
Non-controlling interests	10,854,425
Capital and reserves	26,504,152

As at 30 June 2014, the Group's share of net assets of these affiliated companies amounted to RMB5,573,433,894.

AUDIT COMMITTEE

The Company has an audit committee established in compliance with the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, qualification and experience of staff with accounting and financial reporting function, effectiveness of internal audit, corporate governance and control, and their training programme and budget), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The audit committee consists of two independent non-executive Directors, Mr. Kwong Che Keung, Gordon (chairman of the audit committee) and Mr. Yang, Liang Yee Philip, and one non-executive Director, Ms. Sun Yueying, who meet regularly with management of the Company and the Company's external auditors, review external auditors' review and audit reports (as applicable) and the interim and annual financial statements of the Group, as the case may be. It has reviewed the unaudited interim financial information for the six months ended 30 June 2014, as the case may be, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance of the Group. The Board considers that effective corporate governance is essential and makes important contribution to the success of the Company and the enhancement of Shareholder value.

The Company adopted the Company's corporate governance code (the "**Code**") which incorporates all the code provisions in the Corporate Governance Code under Appendix 14 to the Listing Rules and a majority of the recommended best practices therein.

Having made all reasonable enquiries, 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 or the Code for any part of the period for the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code under 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. Having made specific enquiry of all Directors and Supervisors, 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 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company had not redeemed any of its listed Shares during the six months ended 30 June 2014. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed Shares during the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 2014.

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 5 road shows in which a total of 529 investors participated and held 77 personal or group meetings. The Company promptly sent emails to investors who 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 as an important foundation for the continuous development of an enterprise. While actively expanding its business, the Group emphasizes on building its corporate culture, creating a corporate value of "maximizing operational efficiency and company value together with 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 "practice 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 2014

	Note	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**82,212,121**	81,404,047
Investment properties	6	**456,098**	401,885
Leasehold land and land use rights	6	**1,961,592**	1,986,279
Intangible assets	6	**110,626**	114,441
Joint ventures		**6,263,382**	4,877,158
Associates		**6,182,644**	5,881,784
Available-for-sale financial assets		**1,467,534**	1,510,630
Derivative financial assets		**6,081**	—
Deferred income tax assets		**119,390**	173,443
Restricted bank deposits		**6,200**	6,106
Loans to joint ventures and an associate		**658,557**	229,683
Other non-current assets		**856,822**	765,561
Total non-current assets		**100,301,047**	97,351,017
Current assets			
Inventories		**2,364,154**	2,374,978
Trade and other receivables	7	**9,820,408**	9,078,897
Tax recoverable		**8,159**	—
Available-for-sale financial assets		**499,000**	4,000,000
Restricted bank deposits		**310,422**	850,825
Cash and cash equivalents		**37,842,372**	48,206,390
Total current assets		**50,844,515**	64,511,090
Total assets		**151,145,562**	161,862,107

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2014

	Note	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8(a)	**10,216,274**	10,216,274
Reserves		**11,928,987**	14,006,311
		22,145,261	24,222,585
Non-controlling interests		**18,388,097**	17,891,222
Total equity		**40,533,538**	42,113,807
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	**70,777,639**	68,351,377
Provisions and other liabilities	10	**1,093,854**	1,283,942
Deferred income tax liabilities		**2,100,590**	2,042,587
Total non-current liabilities		**73,972,083**	71,677,906
Current liabilities			
Trade and other payables	11	**18,543,479**	18,151,708
Short-term borrowings	12	**190,000**	2,765,570
Current portion of long-term borrowings	9	**16,255,508**	25,278,430
Current portion of provisions and other liabilities	10	**535,139**	602,657
Tax payable		**1,115,995**	1,272,029
Total current liabilities		**36,640,121**	48,070,394
Total liabilities		**110,612,204**	119,748,300
Total equity and liabilities		**151,145,562**	161,862,107
Net current assets		**14,204,394**	16,440,696
Total assets less current liabilities		**114,505,441**	113,791,713

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000 (Restated)
Continuing operations			
Revenues	5	**32,492,273**	31,073,549
Cost of services and inventories sold		**(30,915,704)**	(32,485,410)
Gross profit/(loss)		**1,576,569**	(1,411,861)
Other (expenses)/income, net	13	**(403,287)**	201,189
Selling, administrative and general expenses		**(2,003,885)**	(1,966,050)
Operating loss	13	**(830,603)**	(3,176,722)
Finance income		**539,861**	466,759
Finance costs		**(1,520,185)**	(1,614,044)
Net related exchange (loss)/gain		**(273,350)**	514,647
Net finance costs	14	**(1,253,674)**	(632,638)
Share of profits less losses of			
– joint ventures		**318,633**	244,622
– associates		**384,706**	259,238
Loss before income tax		**(1,380,938)**	(3,305,500)
Income tax expenses	15	**(292,792)**	(299,021)
Loss for the period from continuing operations		**(1,673,730)**	(3,604,521)
Discontinued operations			
Profit for the period from discontinued operations		**—**	4,711,064
(Loss)/profit for the period		**(1,673,730)**	1,106,543
(Loss)/profit attributable to:			
Equity holders of the Company		**(2,276,732)**	(989,968)
Non-controlling interests		**603,002**	2,096,511
		(1,673,730)	1,106,543

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000 (Restated)
(Loss)/profit attributable to equity holders of the Company arising from:			
– Continuing operations		**(2,276,732)**	(4,193,546)
– Discontinued operations		—	3,203,578
		(2,276,732)	(989,968)
		RMB	*RMB*
(Loss)/earnings per share attributable to equity holders of the Company:			
Basic (loss)/earnings per share			
– From continuing operations	17	**(0.2229)**	(0.4105)
– From discontinued operations	17	—	0.3136
		(0.2229)	(0.0969)
Diluted (loss)/earnings per share			
– From continuing operations	17	**(0.2229)**	(0.4105)
– From discontinued operations	17	—	0.3136
		(0.2229)	(0.0969)

		Six months ended 30 June 2014 RMB'000	2013 RMB'000
Dividend	16	—	—

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
(Loss)/profit for the period	**(1,673,730)**	1,106,543
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Fair value losses on available-for-sale financial assets, net of tax	**(41,554)**	(48,897)
Share of other comprehensive loss of joint ventures and associates	**(13,871)**	(9,781)
Cash flow hedge, net of tax	—	(353)
Release of reserves upon disposals of subsidiaries and an associate	—	(375,977)
Currency translation differences	**336,388**	(617,887)
Total items that may be reclassified subsequently to profit or loss and other comprehensive income/(loss) for the period, net of tax	**280,963**	(1,052,895)
Total comprehensive (loss)/income for the period	**(1,392,767)**	53,648
Total comprehensive (loss)/income for the period attributable to:		
– Equity holders of the Company	**(2,077,324)**	(1,650,278)
– Non-controlling interests	**684,557**	1,703,926
	(1,329,767)	53,648
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
– Continuing operations	**(2,077,324)**	(4,718,847)
– Discontinued operations	—	3,068,569
	(2,077,324)	(1,650,278)

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2014

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2014	**24,222,585**	**17,891,222**	**42,113,807**
Comprehensive (loss)/income			
(Loss)/profit for the period	**(2,276,732)**	**603,002**	**(1,673,730)**
Other comprehensive (loss)/income:			
Fair value losses on available-for-sale financial assets, net of tax	**(34,671)**	**(6,883)**	**(41,554)**
Share of other comprehensive loss of joint ventures and associates	**(6,092)**	**(7,779)**	**(13,871)**
Currency translation differences	**240,171**	**96,217**	**336,388**
Total other comprehensive income	**199,408**	**81,555**	**280,963**
Total comprehensive (loss)/income for the period ended 30 June 2014	**(2,077,324)**	**684,557**	**(1,392,767)**
Transactions with owners :			
Contributions from non-controlling interests of subsidiaries	—	**25,500**	**25,500**
Dividends paid to non-controlling interests of subsidiaries	—	**(213,182)**	**(213,182)**
Total transactions with owners	—	**(187,682)**	**(187,682)**
As at 30 June 2014	**22,145,261**	**18,388,097**	**40,533,358**

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2013

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2013, as previously reported	25,136,886	16,560,635	41,697,521
Adoption of merger accounting	4,712	(2,032)	2,680
As at 1 January 2013, as restated	25,141,598	16,558,603	41,700,201
Comprehensive (loss)/income			
(Loss)/profit for the period	(989,968)	2,096,511	1,106,543
Other comprehensive income:			
Fair value loss 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 disposal of subsidiaries and an associate	(144,033)	(231,944)	(375,977)
Currency translation differences	(472,896)	(144,991)	(617,887)
Total other comprehensive loss	(660,310)	(392,585)	(1,052,895)
Total comprehensive (loss)/income for the period ended 30 June 2013	(1,650,278)	1,703,926	53,648
Transaction with owners:			
Contribution 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	(7,952)	(23)	(7,975)
Total transactions with owners	(8,040)	(491,395)	(499,435)
As at 30 June 2013	23,483,280	17,771,134	41,254,414

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from/(used in) operating activities	**1,403,679**	(3,381,195)
Net cash (used in)/generated from investing activities	**(558,544)**	1,831,743
Net cash (used in)/generated from financing activities	**(11,417,975)**	11,067,441
Net (decrease)/increase in cash and cash equivalents	**(10,572,840)**	9,517,989
Cash and cash equivalents as at 1 January	**48,206,390**	46,361,293
Effect of exchange rate changes	**208,822**	(467,631)
Cash and cash equivalents as at 30 June	**37,842,372**	55,411,651

The notes on pages 39 to 75 form an integral part of this unaudited condensed consolidated interim financial information.

1 GENERAL INFORMATION

China COSCO Holdings Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 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 and container leasing services all over the world.

The directors of the Company (the "Directors") regard China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC, as being the Company's parent company. COSCO and its subsidiaries (other than the Group) are collectively referred to as "COSCO Group".

On 31 December 2013, the Group completed the acquisition of 51% equity interest in Sea Trade International Transportation Agency Co., Ltd. ("Seatrade") and 100% equity interest in Welley Shipping Limited ("Welley").

The parent company of Seatrade and Welley (hereinafter collectively referred to as "Acquired Subsidiaries") is COSCO and the aforesaid transactions are regarded as business combinations under common control. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 was restated as a result of adoption of merger accounting for the above business combinations under common control. Details of relevant statements for the common control combinations on the Group's results for the six months ended 30 June 2013 are set out in note 21.

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 2014 (the "Interim Financial Information") was approved by the Board of Directors for issue on 28 August 2014.

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

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2013 (the "2013 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2013 Annual Financial Statements.

(a) Amendments and interpretation to standards adopted by the Group

The amendments and interpretation to standards which are mandatory for the financial year beginning on 1 January 2014 are as follows:

HKAS 32 (Amendment)	"Financial Instruments: Presentation – offsetting Financial Assets and Financial Liabilities"
HKFRS 10, 12 and HKAS 27 (Amendment)	"Investment Entities"
HKAS 36 (Amendment)	"Recoverable Amount Disclosures for Non-Financial Assets"
HKAS 39 (Amendment)	"Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting"
HK(IFRIC) – Int. 21	"Levies"

The adoption of above amendments and interpretation to standards in the current period did not have any significant effect on the Interim Financial Information or result in any significant changes in the Group's significant accounting policies.

(b) New and amended standards not effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group

The HKICPA has issued certain new and amended standards, which are not yet effective for the year beginning on 1 January 2014.

The Group has not early adopted these new and amended standards, 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 2013 Annual Financial Statements.

For the six months ended 30 June 2014, the Group's operating loss and loss for the period amounted to RMB830,603,000 and RMB1,673,730,000 respectively.

The Directors of the Company believe that based on the Group's available unused banking facilities in excess of approximately RMB22,983,630,000 and its cash and cash equivalents of RMB37,842,372,000 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).

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 2014	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial assets	—	**6,081**	—	**6,081**
Available-for-sale financial assets	**82,107**	—	**1,884,427**	**1,966,534**
	82,107	**6,081**	**1,884,427**	**1,972,615**
Less: current portion	—	—	**(499,000)**	**(499,000)**
	82,107	**6,081**	**1,385,427**	**1,473,615**
As at 31 December 2013				
Assets				
Available-for-sale financial assets	94,682	—	5,415,948	5,510,630
Less: current portion	—	—	(4,000,000)	(4,000,000)
	94,682	—	1,415,948	1,510,630

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.

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

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 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 and reference to the market value of similar assets, are used to determine fair value for the remaining financial instruments.

Movements of available-for-sale financial assets classified as level 3 recognised in the Interim Financial Information are as follows:

	Six months ended 30 June 2014 *RMB'000*	Six months ended 30 June 2013 *RMB'000*
As at 1 January	**5,415,948**	42,677
Additions	**5,699,000**	—
Disposals	**(9,200,000)**	(3)
Disposal of a subsidiary	—	(23,000)
Net fair value loss recognised in equity	**(32,000)**	—
Currency translation differences	**1,479**	—
As at 30 June	**1,884,427**	19,674

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables, cash and cash equivalents, restricted bank deposits, finance lease receivables (included in other non-current assets), trade and other payables, long-term borrowings, short-term borrowings, and current portion of long-term borrowings.

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 consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

5 REVENUES AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Container shipping	**23,609,609**	22,320,630
Dry bulk shipping	**5,903,126**	5,943,839
Container terminal operations	**1,457,212**	1,231,356
Container leasing	**607,345**	626,504
	31,577,292	30,122,329
Crew service income	**123,960**	124,427
Others	**791,021**	826,793
Total revenues from continuing operations	**32,492,273**	31,073,549
Discontinued operation		
Logistics	**—**	4,986,050
Total revenues from discontinued operation	**—**	4,986,050

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 (discontinued operation)

– 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 and tax recoverable. 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.

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 30 June 2014						
	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*
Income statement							
Total revenues	24,010,095	6,425,832	1,584,483	1,129,771	—	(657,908)	32,492,273
Inter-segment revenues	(4,276)	(3,935)	(127,271)	(522,426)	—	657,908	—
Revenues (from external customers)	24,005,819	6,421,897	1,457,212	607,345	—	—	32,492,273
Segment (loss)/profit	(868,632)	(710,228)	477,547	398,787	(128,077)	—	(830,603)
Finance income							539,861
Finance costs							(1,520,185)
Net related exchange loss							(273,350)
Share of profits less losses of							
– joint ventures	(13,989)	20,077	312,545	—	—	—	318,633
– associates	5,318	(100)	189,068	—	190,420	—	384,706
Loss before income tax							(1,380,938)
Income tax expenses							(292,792)
Loss for the period							(1,673,730)
Loss/(gain) on disposals/ demolition of property, plant and equipment, net(##)	863,349	23,821	(3,792)	—	—	—	883,378
Depreciation and amortisation	724,995	662,018	252,950	393,632	6,200	—	2,039,795
Provision/(reversal of provision) for impairment of trade and other receivables, net	12,655	(18,910)	—	(2,141)	—	—	(8,396)
Reversal of provision for litigation	—	(155,200)	—	—	—	—	(155,200)
Amortised amount of transaction costs on long-term borrowings	12,607	1,073	—	8,273	17,473	—	39,426
Additions to non-current assets	1,201,952	1,495,340	1,561,696	1,324,588	859	—	5,584,435

(#) Revenues for container shipping and related business and dry bulk shipping and related business including respective crew service income and other income.

(##) It comprised the demolition of 31 aged vessels of the Group during the period, resulting in a net loss on disposal amounting to approximately RMB909,139,000, in accordance with the resolution of the Company's Board of Directors dated 9 August 2013 to restructure the shipping fleet of the Group.

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

(Restated)	Six months ended 30 June 2013 Continuing 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	Discontinued operations Logistics RMB'000	Corporate and other operations(###) RMB'000	Total RMB'000
Income statement										
Total revenues	22,761,803	6,463,160	1,356,192	1,124,949	—	(632,555)	31,073,549	4,986,050	—	4,986,050
Inter-segment revenues	(6,804)	(2,470)	(124,836)	(498,445)	—	632,555	—	—	—	—
Revenues (from external customers)	22,754,999	6,460,690	1,231,356	626,504	—	—	31,073,549	4,986,050	—	4,986,050
Segment (loss)/profit	(1,985,943)	(1,917,364)	399,457	552,868	(225,740)	—	(3,176,722)	271,229	—	271,229
Finance income							466,759	16,837	—	16,837
Finance costs							(1,614,044)	(10,090)	—	(10,090)
Net related exchange loss							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							(3,305,500)	340,236	143,925	484,161
Income tax expenses							(299,021)	(74,332)	—	(74,332)
(Loss)/profit for the period							(3,604,521)	265,904	143,925	409,829
Profit for the period from discontinued operations								2,111,625	2,599,439	4,711,064
Gain on disposals of property, plant and equipment, net	(17,792)	(70,347)	(173)	—	—	—	(88,312)	—	—	—
Depreciation and amortisation	701,312	644,605	220,522	328,595	9,093	—	1,904,127	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	21,869	7,556	—	9,319	7,271	—	46,015	—	—	—
Additions to non-current assets	2,776,150	799,999	1,012,940	790,239	144	—	5,379,472	117,831	—	117,831

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

(#) Revenues for container shipping and related business and dry bulk shipping and related business including respective crew service income and other income.

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

	As at 30 June 2014						
	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*
Balance sheet							
Segment assets	55,494,033	36,235,706	17,680,178	13,675,978	26,140,836	(13,279,835)	135,946,896
Joint ventures	378,517	587,893	5,296,972	-	-	-	6,263,382
Associates	90,377	101,280	5,208,890	-	782,097	-	6,182,644
Loans to joint ventures and an associate	-	-	658,557	-	-	-	658,557
Available-for-sale financial assets	459,503	854,211	153,820	-	499,000	-	1,966,534
Unallocated assets							127,549
Total assets							151,145,562
Segment liabilities	51,555,962	30,871,928	11,323,302	7,119,503	19,804,759	(13,279,835)	107,395,619
Unallocated liabilities							3,216,585
Total liabilities							110,612,204

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	As at 31 December 2013						
	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*
Balance sheet							
Segment assets	55,963,679	37,395,805	17,520,123	13,015,075	34,665,422	(13,370,695)	145,189,409
Joint ventures	410,891	591,358	3,874,909	—	—	—	4,877,158
Associates	71,779	101,185	5,027,492	—	681,328	—	5,881,784
Loans to a joint venture and an associate	—	—	229,683	—	—	—	229,683
Available-for-sale financial assets	469,837	876,177	164,616	—	4,000,000	—	5,510,630
Unallocated assets							173,443
Total assets							161,862,107
Segment liabilities	50,640,317	31,007,899	11,318,860	6,844,757	29,992,546	(13,370,695)	116,433,684
Unallocated liabilities							3,314,616
Total liabilities							119,748,300

Geographical information

(a) Revenues

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

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

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

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

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

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

In respect of container leasing, the movements of containers under operating leases or finance leases are known through reports from the lessees but the Group is not able to control the movements of containers except to the degree that the movements are restricted by the terms of the leases or where safety of the containers is concerned. It is therefore impracticable to present financial information by geographical area and thus the revenues of which are presented as unallocated revenues.

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Container shipping and related business		
– America	**6,915,302**	6,751,018
– Europe	**5,644,078**	5,077,059
– Asia Pacific	**3,840,716**	3,441,605
– China domestic	**6,336,924**	6,409,383
– Other international market	**1,268,799**	1,075,934
Dry bulk shipping and related business		
– International shipping	**5,668,534**	5,737,467
– PRC coastal shipping	**753,363**	723,223
Container terminal and related business, corporate and other operations		
– Europe	**521,385**	430,090
– China domestic	**935,827**	801,266
Unallocated	**607,345**	626,504
Total	**32,492,273**	31,073,549
Discontinued operation		
Logistics		
– Europe	**—**	24,060
– Asia Pacific	**—**	75,388
– China domestic	**—**	4,886,602
Total	**—**	4,986,050

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 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
China domestic	**27,728,010**	26,755,431
Non-China domestic	**5,239,150**	4,502,092
Unallocated	**64,901,276**	64,049,883
Total	**97,868,436**	95,307,406

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Property, plant and equipment (#)	**82,212,121**	81,404,047
Investment properties	**456,098**	401,885
Leasehold land and land use rights	**1,961,592**	1,986,279
Intangible assets	**110,626**	114,441
Total tangible and intangible assets	**84,740,437**	83,906,652

(#) 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 2014 RMB'000	Six months ended 30 June 2013 RMB'000 (Restated)
Opening net book value as at 1 January	**83,906,652**	83,893,736
Currency translation differences	**477,245**	(868,241)
Acquisition of subsidiaries	**—**	539,669
Additions	**4,293,150**	5,433,236
Disposals/write-off	**(1,792,506)**	(377,392)
Depreciation/amortisation	**(2,033,788)**	(1,971,360)
Transfer to inventories	**(110,316)**	(41,463)
Disposal of a subsidiary	**—**	(2,438,868)
Closing net book value as at 30 June	**84,740,437**	84,169,317

7 TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Trade receivables (notes a and b)		
– third parties	**4,599,207**	4,052,880
– fellow subsidiaries	**173,919**	141,517
– joint ventures	**65,840**	58,736
– associates	**2,583**	2,351
– other related companies	**82,244**	62,343
	4,923,793	4,317,827
Bills receivable (note b)	**267,224**	242,239
	5,191,017	4,560,066
Prepayments, deposits and other receivables		
– third parties	**3,318,986**	3,253,475
– fellow subsidiaries (note c)	**737,277**	675,216
– joint ventures (note c)	**330,664**	338,037
– associates (note c)	**54,927**	53,142
– other related companies (note c)	**153,093**	184,916
	4,594,947	4,504,786
Current portion of finance lease receivables	**34,444**	14,045
Total	**9,820,408**	9,078,897

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 receivables. As at 30 June 2014, the ageing analysis of trade and bills receivables was as follows:

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
1-3 months	**4,899,912**	4,393,309
4-6 months	**245,582**	184,285
7-12 months	**68,757**	39,828
Over 1 year	**110,458**	130,669
Trade and bills receivables, gross	**5,324,709**	4,748,091
Provision for impairment	**(133,692)**	(188,025)
	5,191,017	4,560,066

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

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS

(a) Share capital

	As at 30 June 2014		As at 31 December 2013	
	Number of shares *(thousands)*	**Nominal value** *RMB'000*	Number of shares *(thousands)*	Nominal value *RMB'000*
Registered, issued and fully paid:				
H-Shares of RMB1.00 each	**2,580,600**	**2,580,600**	2,580,600	2,580,600
A-Shares of RMB1.00 each	**7,635,674**	**7,635,674**	7,635,674	7,635,674
	10,216,274	**10,216,274**	10,216,274	10,216,274

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS (Continued)

(b) Share appreciation rights

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

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

	Six months ended 30 June 2014 Number of units of SARs				
Exercise price	**Outstanding as at 1 January 2014**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2014**
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	**58,580,750**	—	—	—	**58,580,750**

	Six months ended 30 June 2013 Number of units of SARs				
Exercise price	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2013
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	58,580,750	—	—	—	58,580,750

8 SHARE CAPITAL AND EQUITY LINKED BENEFITS (Continued)

(c) Share options of a subsidiary

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

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

	Six months ended 30 June 2014 Number of share options				
Exercise price	**Outstanding as at 1 January 2014**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2014**
HK$13.75	**13,456,000**	**—**	**—**	**(120,000)**	**13,336,000**
HK$19.30	**13,390,000**	**—**	**—**	**(80,000)**	**13,310,000**
Total	**26,846,000**	**—**	**—**	**(200,000)**	**26,646,000**

	Six months ended 30 June 2013 Number of share options				
Exercise price	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2013
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	29,269,000	—	(174,000)	(70,000)	29,025,000

9 LONG-TERM BORROWINGS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Bank loans		
– secured (note b)	**22,093,302**	20,244,211
– unsecured	**47,700,954**	46,245,280
Loans from COSCO Finance Co., Ltd ("COSCO Finance"), a fellow subsidiary		
– unsecured	**122,133**	121,328
Other loans		
– unsecured	**20**	20
Finance lease obligations	**64,850**	71,126
Notes (note c)	**16,744,249**	26,642,997
Loans from non-controlling shareholders of subsidiaries (note d)	**307,639**	304,845
Total long-term borrowings	**87,033,147**	93,629,807
Current portion of long-term borrowings	**(16,255,508)**	(25,278,430)
	70,777,639	68,351,377

Notes:

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

	RMB'000
Six months ended 30 June 2014	
As at 1 January 2014	**93,629,807**
Repayments of borrowings	**(19,013,098)**
Drawdown of borrowings	**11,709,434**
Currency translation differences	**662,451**
Amortised amount of transaction costs on long-term borrowings	**39,426**
Amortised amount of discount on issue of notes	**5,127**
Effect of fair value hedge	—
As at 30 June 2014	**87,033,147**
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)
As at 30 June 2013	98,871,663

9 LONG-TERM BORROWINGS (Continued)

(b) The secured bank loans as at 30 June 2014 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 RMB35,126,935,000 (31 December 2013: RMB33,098,947,000);

(ii) Two vessels with aggregative net book value of RMB604,683,000 (31 December 2013: RMB613,113,000) under finance lease arrangement;

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

(iv) Shares of certain subsidiaries; and

(v) Restricted bank deposits amounting to approximately RMB270,961,000 (31 December 2013: RMB227,007,000).

(c) Notes issued by the Company and its subsidiaries

(i) Notes issued by the Company

Notes with principal amount of RMB5,000,000,000 and RMB4,000,000,000, which bear interest at a fixed rate of 4.35% and 5.45% per annum, were issued by the Company to investors on 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, 6 September 2020 and 30 November 2018 respectively.

Notes with principal amount of RMB10,000,000,000, which bore interest at a fixed rate of 3.77% per annum, issued by the Company to investors on 21 April 2009 at a price equal to the principal amount. The interest was payable annually in arrears. The notes were matured and repaid at their principal amount on 22 April 2014.

(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 RMB6,152,800,000). 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.

10-year notes with principal amount of US$300,000,000 (equivalent to approximately RMB1,845,840,000) 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 RMB12,552,000). 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, interest free and not due for repayment in the next 12 months.

10 PROVISIONS AND OTHER LIABILITIES

	Retirement benefit obligations *RMB'000*	Provision for onerous contracts *RMB'000* (note)	Provision for one-off housing *RMB'000*	Deferred income and others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2014					
As at 1 January 2014	**1,035,733**	**596,301**	**81,160**	**173,405**	**1,886,599**
Decrease during the period	**(87,982)**	**(454,363)**	**(3,289)**	**(30,561)**	**(576,195)**
Provisions for the period	**45,401**	**221,109**	**2,265**	**40,767**	**309,542**
Currency translation differences	**180**	**4,199**	—	**4,668**	**9,047**
As at 30 June 2014	**993,332**	**367,246**	**80,136**	**188,279**	**1,628,993**
Less: current portion of provisions and other liabilities	**(157,147)**	**(367,246)**	—	**(10,746)**	**(535,139)**
Non-current portion of provisions and other liabilities	**836,185**	—	**80,136**	**177,533**	**1,093,854**
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	(1,648)	—	(99,991)	(7,206)	(108,845)
Currency translation differences	(392)	(14,023)	—	(1,241)	(15,656)
As at 30 June 2013	1,129,869	750,934	83,710	109,508	2,074,021
Less: current portion of provisions and other liabilities	(165,264)	(750,934)	—	(5,663)	(921,861)
Non-current portion of provisions and other liabilities	964,605	—	83,710	103,845	1,152,160

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 2014, 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 RMB9,396,750,000 (31 December 2013: RMB10,322,056,000).

11 TRADE AND OTHER PAYABLES

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Trade payables (note a)		
– third parties	**4,238,882**	3,923,515
– fellow subsidiaries	**1,199,960**	1,242,575
– joint ventures	**150,617**	72,263
– associates	**2,688**	6
– other related companies	**473,855**	195,677
	6,066,002	5,434,036
Bills payables (note a)	**—**	29,020
	6,066,002	5,463,056
Advance from customers	**625,427**	685,414
Other payables and accruals	**10,401,781**	10,426,941
Due to related companies (note b)		
– COSCO	**12**	—
– fellow subsidiaries	**105,557**	280,629
– joint ventures	**211,738**	184,166
– associates	**18,407**	18,035
– other related companies	**1,114,555**	1,093,467
	1,450,269	1,576,297
Total	**18,543,479**	18,151,708

11 TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) As at 30 June 2014, the ageing analysis of trade and bills payables was as follows:

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
1-6 months	**5,579,173**	5,156,073
7-12 months	**245,875**	82,313
1-2 years	**95,617**	122,052
2-3 years	**84,019**	39,877
Over 3 years	**61,318**	62,741
	6,066,002	5,463,056

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 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Bank loans - unsecured	**140,000**	2,715,570
COSCO Finance - unsecured	**50,000**	50,000
	190,000	2,765,570

13 OPERATING LOSS

Operating loss is stated after crediting/charging the following:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Crediting (note i):		
Gain on disposals of property, plant and equipment		
– dry bulk vessels	—	70,869
– containers	**2,798**	1,704
– others	**22,963**	15,739
Reversal of provision for impairment of trade and other receivables	**25,466**	73,482
Reversal of provision for litigation	**155,200**	—
Government subsidies	**130,135**	155,604
Dividend income from listed and unlisted investments	**13,926**	13,000
Investment income from available-for-sale financial assets	**128,200**	—
Net exchange gain	**6,839**	—
Charging:		
Loss on demolition of property, plant and equipment (notes i and ii)		
– dry bulk vessels	**45,124**	—
– container vessels	**864,015**	—
Cost of bunkers consumed	**6,400,945**	7,791,855
Operating lease rentals		
– container vessels	**2,408,456**	2,186,540
– dry bulk vessels	**1,933,532**	2,698,925
– containers	**586,782**	659,165
– land and buildings	**121,381**	88,201
– other property, plant and equipment	**180,660**	143,399
Provision for onerous contracts on dry bulk vessels		
– provision for current period	**221,109**	403,229
– provision made in prior periods	**(454,363)**	(1,071,994)
Provision for impairment of trade and other receivables (notes i)	**17,070**	38,324
Cost of inventories sold		
– resaleable containers	**147,102**	67,790
– marine supplies and others	**6,939**	24,660
– merchandises	**246,808**	312,915
Net exchange loss (notes i)	—	81,619

Note:

(i) Included in other (expenses)/income, net.

(ii) It comprised the demolition of 31 aged vessels of the Group during the period, resulting in a net loss on disposal amounting to approximately RMB909,139,000, in accordance with the resolution of the Company's Board of Directors dated 9 August 2013 to restructure the shipping fleet of the Group.

14 FINANCE INCOME AND COSTS

	Six months ended 30 June 2014 RMB'000	2013 RMB'000 (Restated)
Finance income		
Interest income from:		
– deposits with COSCO Finance	**112,020**	141,397
– loans to joint ventures and an associate	**16,237**	4,829
– banks	**411,604**	320,533
	539,861	466,759
Finance costs		
Interest expenses on:		
– bank loans	**(865,121)**	(955,879)
– other loans wholly repayable within five years	**(23,333)**	(28,133)
– loans with COSCO Finance	**(8,572)**	(8,018)
– finance lease obligations	**(2,988)**	(3,583)
– notes	**(497,419)**	(593,365)
Fair value loss on derivative financial instruments	**—**	(39,285)
Fair value adjustment of notes attributable to interest rate risk	**—**	51,056
	—	11,771
	(1,397,433)	(1,577,207)
Amortised amount of transaction costs on long-term borrowings	**(39,426)**	(46,015)
Amortised amount of discount on issue of notes	**(5,127)**	(5,345)
Other incidental borrowing costs and charges	**(105,396)**	(84,141)
Less: amount capitalised in construction in progress	**27,197**	98,664
	(1,520,185)	(1,614,044)
Net related exchange (loss)/gain	**(273,350)**	514,647
Net finance costs	**(1,253,674)**	(632,638)

15 INCOME TAX EXPENSES

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Current income tax (note a)		
– PRC enterprise income tax	**113,399**	81,062
– Hong Kong profits tax	**1,845**	2,208
– Overseas taxation	**63,024**	58,756
– Under/(over) provision in prior periods	**31**	(350)
	178,299	141,676
Deferred income tax (note b)	**114,493**	157,345
	292,792	299,021

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% (2013: 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% (2013: 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 2014, the unrecognised deferred income tax liabilities were RMB1,920,722,000 (31 December 2013: RMB1,781,708,000), 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 2014 amounted to RMB8,638,048,000 (31 December 2013: RMB8,050,323,000).

As at 30 June 2014, the Group had tax losses of RMB34,122,578,000 (31 December 2013: RMB32,733,380,000), 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 RMB33,709,641,000 (31 December 2013: RMB32,320,394,000) 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 2014 (2013: Nil).

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	
	2014	2013 *(Restated)*
Loss from continuing operations attributable to equity holders of the Company (RMB)	**(2,276,732,000)**	(4,193,546,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	—	3,203,578,000
	(2,276,732,000)	(989,968,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic (loss)/earnings per share (RMB)		
From continuing operations	**(0.2229)**	(0.4105)
From discontinued operations	—	0.3136
	(0.2229)	(0.0969)

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	
	2014	2013 *(Restated)*
Loss from continuing operations attributable to equity holders of the Company (RMB)	**(2,276,732,000)**	(4,193,546,000)
Adjustment of continuing operations on the effect of dilution	—	(45,000)
	(2,276,732,000)	(4,193,591,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	—	3,203,578,000
Adjustment of discontinued operations on the effect of dilution	—	(131,000)
	—	3,203,447,000
	(2,276,732,000)	(990,144,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Diluted (loss)/earnings per share (RMB)		
From continuing operations	**(0.2229)**	(0.4105)
From discontinued operation	—	0.3136
	(0.2229)	(0.0969)

18 CONTINGENT LIABILITIES

(a) The Group was involved in a number of claims, including but not limited to, the claims arising from damage to vessels during transportation, damage to goods, delay in delivery, collision of vessels, early termination of vessel chartering contracts and non-payment of professional fees of certain terminal investment.

As at 30 June 2014, 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 2014.

(b) Guarantee

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Bank guarantee to an associate at face value	**111,623**	128,608

19 COMMITMENTS

(a) Capital commitments

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Authorised but not contracted for		
Containers	**1,275,475**	2,548,504
Terminal equipment	**3,032,457**	2,302,354
Buildings	**1,314,930**	1,162,141
Other property, plant and equipment	**188**	—
Intangible assets	**—**	4,817
Investments in terminals and other company	**205,429**	205,429
	5,828,479	6,223,245
Contracted but not provided for		
Containers	**70,191**	100,843
Container vessels and dry bulk vessels	**6,976,340**	3,491,871
Terminal equipment	**1,353,758**	1,316,211
Buildings	**190**	44,303
Other property, plant and equipment	**60,680**	11,918
Investments in terminals	**3,509,008**	3,855,159
Intangible assets	**10,705**	10,142
	11,980,872	8,830,447

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 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Authorised but not contracted for	**121,745**	36,667
Contracted but not provided for	**64,161**	57,219
	185,906	93,886

19 COMMITMENTS (Continued)

(b) Operating lease commitments

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

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Containers vessels and dry bulk vessels		
– not later than one year	**6,743,261**	7,500,706
– later than one year and not later than five years	**15,809,568**	17,214,850
– later than five years	**8,134,819**	9,744,275
	30,687,648	34,459,831
Concession of Piraeus Port		
– not later than one year	**279,952**	282,091
– later than one year and not later than five years	**1,496,041**	1,042,680
– later than five years	**24,368,798**	24,657,644
	26,144,791	25,982,415
Containers		
– not later than one year	**212,405**	1,512,684
– later than one year and not later than five years	**454,451**	2,031,832
– later than five years	**—**	58,550
	666,856	3,603,066
Leasehold land, buildings and other property, plant and equipment		
– not later than one year	**209,706**	208,324
– later than one year and not later than five years	**178,679**	179,567
– later than five years	**7,024**	2,325
	395,409	390,216
	57,894,704	64,435,528

20 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

In addition to the related party information and transactions disclosed elsewhere in the unaudited 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	
	2014	2013
	RMB'000	*RMB'000*
Transactions with COSCO		
Expenses		
Sub-charter expenses	**58,288**	59,409
Rental expenses	**17,109**	17,014

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Transactions with subsidiaries of COSCO and its related entities (including joint ventures and associates of COSCO)		
Revenues		
Dry bulk shipping income	**2,320**	16,571
Container shipping income	**156,200**	139,721
Freight forwarding and shipping agency income	**4,802**	257
Vessel services income	**8,625**	7,983
Crew service income	**35,761**	40,502
Vessel management income	**523**	726
Expenses		
Vessel costs		
Charterhire expenses	**16,084**	16,374
Sub-charter expenses	**155,499**	170,304
Vessel services expenses	**238,979**	288,557
Crew expenses	**4,174**	8,413
Voyage costs		
Bunker costs	**5,279,010**	7,302,656
Port charges	**323,097**	398,408
Equipment and cargo transportation costs		
Commission and rebates	**66,180**	56,302
Cargo and transhipment and equipment and repositioning expenses	**34,761**	43,356
General services expenses	**13,897**	14,151
Management fee expenses	**3,321**	5,511
Rental expenses	**59,433**	25,682
Others		
Instalments paid for ship building contracts	**—**	89,357
Purchase of containers	**1,081,135**	—

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Transactions with joint ventures of the Group		
Revenues		
Charterhire income	**66,825**	79,428
Management fee and service fee income	**12,464**	13,788
Crew service income	**6,810**	967
Expenses		
Voyage costs		
Port charges	**436,311**	461,937
Rental expenses	**2,380**	2,380
Transactions with associates of the Group		
Revenues		
Crew service income	**6,200**	—
Expenses		
Port charges	**143,624**	152,282
Others		
Purchase of containers (note)	**—**	432,287

Note:

The amount also included the Group's purchase of containers from the subsidiaries of China International Marine Containers (Group) Co., Ltd. ("CIMC"), a then associate of the Group, from 20 May 2013 (date of completion of the disposal of the equity interest in CIMC to a fellow subsidiary of the Group) to 30 June 2013.

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	**140,466**	134,482
Expenses		
Container handling and logistics services fee	**60,417**	52,086
Electricity and fuel expenses	**12,115**	12,340
Others		
Port construction fee and high-frequency communication fee	**504**	325

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

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 2014	As at 31 December 2013
	RMB'000	*RMB'000*
Balances placed with COSCO Finance (note a)	**10,451,259**	5,898,303

Notes:

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

(b) As at 30 June 2014 and 31 December 2013, majority of the Group's bank balances and bank borrowings are with state-owned banks.

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Salaries, bonuses and other allowances	**8,656**	8,554
Contribution to retirement benefit scheme	**147**	148
Fair value change on SARs not yet exercised	**(2,625)**	(3,697)
	6,178	5,005

21 BUSINESS COMBINATIONS UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the acquisition of Seatrade and Welley (collectively the "Acquired Subsidiaries") as mentioned in note 1.

Statements of adjustments for business combinations under common control on the Group's results for the six months ended 30 June 2013 are summarised as follows:

	The Group before Acquired Subsidiaries	Effect of adoption of merger accounting	As restated
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2013			
Continuing operations			
Revenues	31,064,287	9,262	31,073,549
Loss before income tax	(3,305,540)	40	(3,305,500)
Income tax expenses	(299,029)	8	(299,021)
Loss for the period from continuing operations	(3,604,569)	48	(3,604,521)

22 SIGNIFICANT SUBSEQUENT EVENTS

On 11 July 2014, the Group entered into certain shipbuilding agreements with third party shipyards, pursuant to which the Group agreed to construct ten bulk carriers at an aggregate consideration of US$263,100,000 (approximately RMB1,618,802,000).

On 28 August 2014, an ordinary resolution was passed at the Company's Extraordinary General Meeting to approve the construction of five container vessels and six bulk carriers by the Group.

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 31 to 75, 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 2014 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, 28 August 2014

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