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)

2016

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	WAN Min

II. CONTACT PERSONS AND METHODS

	Secretary to Board of Directors	Representative of securities affairs
Name	GUO Huawei	XIAO Junguang, ZHANG Yueming
Contact address	8/F, No. 658 Dong Da Ming Road, Shanghai City, the People's Republic of China (the "PRC")	8/F, No. 658 Dong Da Ming Road, Shanghai City, the PRC
Telephone	(8621) 60298619	(8621) 60298619
Facsimile	(8621) 60298618	(8621) 60298618
E-mail	guohuawei@chinacosco.com	xiaojunguang@chinacosco.com zhangyueming@chinacosco.com

III. BASIC PROFILE

The Company's registered address	2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC
Postal code of the Company's registered address	300461
Place of business of the Company	8/F, No. 658 Dong Da Ming Road, Shanghai City, the PRC
Postal code of the Company's place of business	200080
The Company's website	www.chinacosco.com
Email	investor@chinacosco.com

IV. 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, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC

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

(1) Basic Information

Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade 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

(2) Related information of the first business registration of the Company

Please refer to 2007 to 2012 Annual Report for the details of the first business registration of the Company.

(3) Changes in principal businesses of the Company since its listing

The Company was listed on Shanghai Stock Exchange in 2007 and was principally engaged in container shipping, terminals and container leasing. The Company commenced engaging in logistics business in 2006 and dry bulk cargo shipping business in 2007. The Company disposed of its logistics business in 2013 and disposed of its dry bulk cargo shipping business and container leasing business in March 2016. At present, the principal businesses of the Group include container shipping and terminals services covering the whole container shipping value chain for both international and domestic customers.

(4) Changes in controlling shareholder of the Company since its listing

On 4 May 2016, the Company received notification from China Ocean Shipping (Group) Company* ("COSCO"), its controlling shareholder, that State-owned Assets Supervision and Administration Commission of the PRC ("SASAC") transferred its entire equity interest in COSCO at nil consideration to China COSCO Shipping Corporation Limited* ("COSCO SHIPPING"), a state-owned enterprise wholly-owned and controlled by SASAC, upon completion of which COSCO Shipping indirectly held approximately 45.47% equity interest in the Company through COSCO, and became an indirect controlling shareholder of the Company (the "**Controlling Shareholder Restructuring**"). SASAC has granted its approval of the equity transfer registration in respect of the Controlling Shareholder Restructuring, and the relevant equity transfer registration procedures have been completed. Before and after the Controlling Shareholder Restructuring, COSCO remains the direct controlling shareholder of the Company.

For details, please refer to the announcements of the Company dated 4 May 2016 and 30 May 2016.

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	Su Chunsheng and Wang Shenghui
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
21/F-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
17M Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	Difference
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	
Continuing operations			
Revenues	**29,628,964**	28,872,211	756,753
(Loss)/profit attributable to equity holders of the Company arising from:			
– Continuing operations	**(3,499,294)**	1,262,968	(4,762,262)
– Discontinued operations	**(3,709,883)**	711,138	(4,421,021)
	(7,209,177)	1,974,106	(9,183,283)
Basic (loss)/earnings per share			
– From continuing operations	**(0.3425)**	0.1236	(0.4661)
– From discontinued operations	**(0.3631)**	0.0696	(0.4327)
	(0.7056)	0.1932	(0.8988)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	For the six months ended 30 June 2016 ***RMB'000***	For the six months ended 30 June 2015 *RMB'000* *(Restated)*	Percentage of Change
Continuing operations:			
Revenue	**29,628,964**	28,872,211	2.62%
Operating (loss)/profit	**(3,063,712)**	1,909,675	-260.43%
(Loss)/profit before income tax	**(3,381,185)**	2,298,387	-247.11%
(Loss)/profit after tax from continuing operations	**(3,656,876)**	2,012,886	-281.67%
Discontinued operations:			
(Loss)/profit for the period after tax of discontinued operations	**(708,461)**	725,549	-197.64%
Loss on disposals of subsidiaries	**(2,430,262)**	—	—
(Loss)/profit from discontinued operations	**(3,138,723)**	725,549	-532.60%
(Loss)/profit for the period	**(6,795,599)**	2,738,435	-348.16%
(Loss)/profit attributable to equity holders of the Company	**(7,209,177)**	1,974,106	-465.19%
Basic (loss)/earnings per share	**(0.7056)**	0.1932	-465.22%

I. DISCUSSION AND ANALYSIS OF THE BOARD ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In the first half of 2016, the global economy remained challenging and complicated with slowing growth. The overall demand in container shipping market continued to be sluggish since the second half of 2015. Despite the decrease in growth of shipping capacity as compared to last year, the sector still did not see significant improvement in the imbalanced supply and demand. The freight rate in shipping market stood at low level and repeatedly hit record lows. In the first half of 2016, the Shanghai Containerized Freight Index (SCFI) and China Containerized Freight Index (CCFI) were 533.8 points and 690.9 points, respectively, representing year-on-year decrease of 35.8% and 28.8%, respectively. In mid-March and at the end of April, SCFI and CCGI dropped to the historic low of 400.4 points and 632.4 points, respectively. The prevailing freight rate of main routes in Europe and America recorded a year-on-year decrease of approximately 40%, and the freight rate of Asia and Europe routes even saw a low of US$50/TEU, both of which were significantly lower than the level right after the financial crisis in 2008.

In order to adapt to the new competitive landscape and development trend in the shipping industry, seize the unprecedented opportunities from the “One Belt and One Road” strategy of China and increase competitiveness, in December 2015, China COSCO announced its restructuring plan with a focus on the development of container shipping and terminal businesses. On 1 February 2016, the resolutions regarding the restructuring were overwhelmingly passed with over 99% of the votes casted in favor of the resolutions at the general meeting.

The integration of container shipping business under China COSCO commenced on 1 March 2016. Guided by the concept of “Four Ones” (One Team, One Culture, One Goal and One Dream), China COSCO executed and promoted various complicated and challenging work such as the comprehensive integration of institution and human resources, optimization of allocation of vessel and container fleets resources, communication and integration between customers and suppliers, optimization and integration of domestic and overseas networks, sorting out and improvement of business process, building and comprehensive training of marketing service team and change of shipping routes IT system. With nearly six months of efforts, progress has been made in a stable and efficient manner in every aspect, and major work of business integration have been basically completed with the establishment of standard marketing management system and customer maintenance system as well as standard operational process and operation management system. After the integration, the new container shipping company has diversified its route product portfolio, expanded its service network and achieved continuous improvement in customer experience. The scale of the self-operating container fleets increased significantly with self-operating capacity of 304 vessels and 1.61 million TEUs as of the end of June 2016, representing a year-on-year increase of 83.3%, and climbed to the fourth place in the world in terms of shipping capacity. In the first half of 2016, container shipping volume amounted to 7,413,378 TEUs, representing an increase of 39.19% as compared to the same period last year. As to cost saving, the Company was gradually creating synergy through optimization of shipping routes network and shipping capacity distribution, integration of container fleets, optimization of cost related to suppliers and optimization of management cost. In the first half of 2016, the cost per TEU recorded a year-on-year decrease of 13.17%; and the cost per TEU after deducting the fuel cost recorded a year-on-year decrease of 7.07%.

The integration of the terminal business under China COSCO was also smoothly executed. On 18 March 2016, COSCO SHIPPING Ports Limited (“**COSCO SHIPPING Ports**”) (formerly known as COSCO Pacific Limited), a non-wholly owned subsidiary of China COSCO, completed the acquisition of China Shipping Ports Development Co., Limited (“**CSPD**”), and achieved significant expansion in the size of its terminal assets. As of the end of June, the Company’s terminals operated 171 berths across the coastal area in China and several hub ports in the world, including 149 berths for containers in operation, 20 berths for break-bulk cargo and 2 berths for automobiles. In the first half of the year, the Company made significant progress in project development, which mainly included: the signing of a supplementary agreement in respect of the joint venture of container terminals with PSA Singapore on 28 March 2016 and the signing of equity transfer agreement with Europe Container Terminals B.V. (a subsidiary of Hutchison Port Holdings Limited) in respect of the Rotterdam EUROMAX container terminal project on 11 May 2016. In addition to completing the restructuring and integration of the head office, COSCO SHIPPING Ports also conducted research and formulated new strategic development plan, and actively facilitated the business integration of existing terminals in order to create synergy and enhance efficiency.

As to the performance of social responsibility, China COSCO continued to take various measures to actively protect the sustainable growth of the society and environment. For the container shipping business, the Company actively promoted the slow steaming operation and the usage of low sulfur fuel and reduced the emission of greenhouse gases such as carbon dioxide and sulfur oxides. Recently, the Company reiterated that in order to protect the marine biological environment, it would not accept the cargo space booking and transportation of the products related to whales and sharks. On 26 June 2016, COSCO SHIPPING Panama successfully completed its maiden voyage to the Panama Canal Expansion and became the first Neopanamax vessel to cross the newly constructed locks. For the terminal business, COSCO SHIPPING Ports actively promoted technology improvement and innovation with an aim to protecting the environment, achieving green and low-carbon operation, saving the energy, reducing emissions, saving costs and enhancing efficiency. It effectively reduced the carbon emission of terminals by promoting the implementation of various projects such as the substitution of fuel-powered terminal equipment with electrical-powered terminal equipment, LED lighting, smart and automatic terminal, smart control system of crane lighting and the new air hybrid power drop deck semi-trailers. In addition, the Company's performance of social responsibilities was continuously reflected by other energy-saving and emission-reduction projects such as the power supply for vessels at terminals.

In the first half of 2016, affected by the extremely low freight rate in the container shipping market, the average income per TEU from the Company's container shipping business recorded a year-on-year decrease of 23.93%, which exceeded the decrease in average container freight cost per TEU. In the first half of 2016, with the restructuring, China COSCO realized net loss attributable to equity holders of the parent company of RMB7.209 billion, as compared to net profit attributable to equity holders of the parent company of RMB1.974 billion for the same period of last year. The loss for the reporting period was mainly due to loss on disposal of China COSCO Bulk Shipping (Group) Co., Ltd ("**COSCO Bulk**") and Florens Container Holdings Limited ("**FCHL**") of RMB2.430 billion; and the Company received no government subsidy on vessel demolition during the reporting period, as compared to government subsidy on vessel demolition of RMB3.942 billion which was received by the Group for the same period of last year. Deducting the impact of the aforementioned, net loss attributable to equity holders of the parent company would be RMB4.779 billion for the reporting period, as compared to RMB1.968 billion for the same period of last year.

Looking forward to the second half of 2016, the low growth and high risk situation of the global economy may hardly improve, the uncertainty in the interest rate hike of the US dollar may increase and the level of geopolitical risk may escalate. As set out in the World Economic Outlook published by International Monetary Fund (IMF) on 19 July 2016, the projected global economic growth for 2016 and 2017 were reduced to 3.1% and 3.4%, respectively, due to the potential risk from Brexit. The global economic growth for 2016 will remain the same as that for 2015, the lowest since the financial crisis. It is expected that the global economy and the demand in container shipping market will continue to be in the new normal of slow growth in 2016. Despite the expected slowing growth of the capacity of global container fleet in the second half of 2016 and the pick-up of market demand with the traditional peak season in the third quarter, the overall oversupply of shipping capacity will continue to plague the container shipping industry, and the market situation will remain challenging.

Despite facing various challenges, China COSCO also received unprecedented opportunities. First of all, the overall economy of China is stable, with accelerating implementation of a series of national strategies. The "One Belt and One Road" strategy, construction of the "Yangtze River Economic Belt", Marine Power Strategy and "Made in China 2025" will bring new strategic opportunities to the rapid development of China COSCO in the next few years. In addition, the transformation and restructuring of COSCO SHIPPING (our indirect controlling shareholder) began to show positive effect. As the largest integrated shipping company in the world, COSCO SHIPPING significantly strengthened its leading ability in the industry, and substantially enhanced its market position and influence. With the strong support from its indirect controlling shareholder, China COSCO has achieved initial success in business integration, which is expected to release synergies more thoroughly in the second half of 2016 and 2017.

Confronting a market full of challenges and opportunities, the Company will focus on the four core strategies of "cost-saving, customer-oriented, enhancing the full trip transportation and globalisation" in the aspect of container shipping business, aiming to be the top container shipping enterprise in the world with international competitiveness by continuously enhancing its operation and management capabilities, as well as creating sustainable advantages in diversified services, so as to create higher values for customers and business partners and improve its operating performance. Our major operation strategies in the future include: firstly, implementing cost-saving strategies, exploring potentials in cutting cost, enhancing resources allocation capabilities, strengthening suppliers management and accelerating the achievement of greater synergistic effects; secondly, adhering to customer-oriented strategy, continuously improving services workflows, timely solving the problems of customers and continuously enhancing the service capabilities and customer experience; thirdly, further improving the capabilities in full trip transportation solutions, exploring the demands for extended services, devoting efforts in expanding service business and striving for values creation for customers; fourthly, implementing globalization strategies via the acceleration of the construction of a network of global shipping routes with east-west and north-south connection and regional linkage, and creating a cost-saving network. The Company continues to enhance its operating efficiency by continuously optimizing its alliance cooperation mechanism and routes network.

For the terminal business, COSCO SHIPPING Ports will make full use of the advantages from the expansion of container fleets after the restructuring of China COSCO to strengthen the operational collaboration and strategic synergy with the container shipping business. While consolidating the leading position in the terminal investment sector in China, we will also focus on the international strategy, accelerate the globalized distribution of the terminal business and strengthen the development along the regions of "One Belt and One Road" in order to optimize the global network of container hub ports and thereby enhancing the service capability to shipping companies and shipping alliance. We will seek the opportunities to invest in terminals, increase the number of controlled terminals, strengthen our control over the terminals and enhance the operational capability and efficiency of our terminal portfolio in a more efficient manner. Meanwhile, we will actively facilitate the integration of the existing terminal portfolio in order to optimize the terminal assets and management standard.

2016 is a milestone year in the development history of China COSCO. Although there will be difficulties in the future, the most complicated and challenging work in the restructuring and integration of the Company have been basically completed. In the next step, China COSCO will strive to enhance its efficiency and reduce losses through transformation and restructuring so as to continuously improve its results. Based on the new strategic position, China COSCO will make tireless efforts to create value for its customers and create return for its shareholders with an aim to becoming amongst the top container shipping and terminal service providers in the world.

(I) Analysis of principal businesses of continuing operations

1. Table of movement analysis for the related items in the financial information

Items	**For the six months ended 30 June 2016** ***RMB'000***	For the six months ended 30 June 2015 *RMB'000* *(Restated)*	Difference *RMB'000*	Change
Revenue	**29,628,964**	28,872,211	756,753	2.62%
Cost of services and inventories sold	**(31,128,857)**	(26,803,085)	(4,325,772)	16.14%
Other income, net	**83,627**	1,350,793	(1,267,166)	-93.81%
Selling, administrative and general expenses	**(1,647,446)**	(1,510,244)	(137,202)	9.08%
Finance income	**222,831**	385,917	(163,086)	-42.26%
Finance costs	**(990,785)**	(977,716)	(13,069)	1.34%
Net related exchange (loss)/gain	**(208,923)**	155,986	(364,909)	-233.94%
Net cash flows generated from operating activities	**63,280**	6,463,747	(6,400,467)	-99.02%
Net cash flows generated from/(used in) investing activities	**7,403,733**	(3,609,305)	11,013,038	305.13%
Net cash flows (used in)/ generated from financing activities	**(6,693,998)**	1,441,032	(8,135,030)	-564.53%
Research and development expenses	**1,774**	3,654	(1,880)	-51.45%

Reasons for the change of the revenue

In the first half of 2016, the revenue of the Group amounted to RMB29,628,964,000, representing an increase of RMB756,753,000 or 2.62% as compared to the same period of last year.

Revenue from container shipping and related business

In the first half of 2016, revenue from container shipping and related business amounted to RMB27,965,524,000, representing an increase of RMB612,841,000 or 2.24%.

Since March 2016, COSCO Container Lines Co., Ltd. ("**COSCON**") added original operating lanes of China Shipping Container Lines Company Limited ("**CSCL**") upon the restructuring of COSCO and China Shipping (Group) Company ("**China Shipping**" together with its subsidiaries, "**China Shipping Group**"). Since 1 March 2016, COSCON had started leasing container vessels from CSCL for operation. As at 30 June 2016, the container shipping team operated 304 container vessels with a total capacity of 1,611,208 TEUs. As at 30 June 2016, the Company had 21 orders for container vessels, representing a total of 326,960 TEUs; CSCL and its holding subsidiaries had 14 orders for container vessels, representing a total of 234,000 TEUs, which will be operated by COSCON pursuant to the lease agreement entered into in relation to the restructuring of material assets of China COSCO. The aforementioned 35 orders for container vessels represented a total of 560,960 TEUs.

In the first half of 2016, the overall container shipping market remained weak as in the second half of 2015. The supply and demand landscape was still severe, and the freight rates remained low and showed a downward trend. In the first half of 2016, container shipping volume amounted to 7,413,378 TEUs, representing an increase of 39.19% as compared to the same period of last year. In the first half of 2016, the freight rates of main shipping routes decreased, resulting in the smaller increase in revenue from container shipping than the increase in container shipping volume. Average container freight rate amounted to RMB3,173.51 per TEU, representing a decrease of 23.93% as compared to the same period of last year.

In the first half of 2016, the China Containerized Freight Composite Index was 690.90, representing a decrease of 28.8% as compared to the same period of last year, because the decrease in COSCON's container revenue was lower than the decrease in the China Containerized Freight Index.

Revenue from terminal and related business

In the first half of 2016, total throughput of controlled and participating container terminal business of COSCO SHIPPING Ports amounted to 46,027,400 TEUs, representing an increase of 1,558,500 TEU or 3.5%. In the first half of 2016, the container throughput of controlled terminals of COSCO SHIPPING Ports amounted to 7,880,000 TEUs, representing an increase of 520,000 TEUs or 7.07%; the dry bulk throughput of controlled terminals amounted to 6,960,000 tons, representing a decrease of 2,030,000 tons or 22.61%.

In the first half of 2016, mainly due to the combined effect of the increase in container throughput of controlling terminals of COSCO SHIPPING Ports and the decrease in dry bulk throughput, revenue (before inter-segment elimination) generated from the terminal and related business amounted to RMB1,797,966,000, representing an increase of RMB101,570,000 or 5.99%.

Unit: TEU

Location of terminal	**January to June 2016**	January to June 2015	Difference	Change
Bohai Rim Region	**16,101,111**	15,442,784	658,327	4.3%
Yangtze River Delta Region	**9,306,485**	9,729,740	(423,255)	-4.4%
Southeast Coast and others	**2,114,601**	1,956,226	158,375	8.1%
Pearl River Delta Region	**11,622,980**	11,964,651	(341,671)	-2.9%
Southwest Coast	**530,625**	385,797	144,828	37.5%
Overseas	**6,351,603**	4,989,693	1,361,910	27.3%
Total	**46,027,405**	44,468,890	1,558,515	3.5%
Of which: Controlled terminals	**7,880,362**	7,360,293	520,070	7.07%
Participating terminals	**38,147,043**	37,108,597	1,038,446	2.80%

Analysis of cost of services and inventories sold

In the first half of 2016, the cost of services and inventories sold of the Group amounted to RMB31,128,857,000, representing an increase of RMB4,325,772,000 or 16.14%.

Container shipping and related business cost

In the first half of 2016, the container shipping and related business cost amounted to RMB30,142,540,000, representing an increase of RMB4,246,458,000 or 16.40%. The cost of container shipping amounted to RMB26,691,435,000, representing an increase of RMB4,607,077,000 or 20.86%. The cost of container related business amounted to RMB3,451,105,000, representing a decrease of RMB360,620,000 or 9.46%.

Since March 2016, COSCON began to operate shipping routes originally operated by CSCL upon the restructuring of COSCO and China Shipping. Since 1 March 2016, COSCON had started leasing container vessels from CSCL for operation. The increase in shipping capacity and shipping volume resulted in the increase in the cost of container shipping in the first half of 2016.

Average shipping cost per TEU amounted to RMB3,600.44, representing a decrease of RMB546.05 or 13.17%. After the deduction of fuel prices, average shipping cost per TEU amounted to RMB3,262.81, representing a decrease of RMB248.07 or 7.07%. This was mainly due to:

(1) the adoption of measures such as lane network optimization, rate negotiation with suppliers and synergy of control over container management cost, resulting in the cost synergies after restructuring;

(2) after restructuring, through leasing container vessels from China Shipping, the number of self-operating vessels of over 8000 TEUs increased from 42 at the beginning of the year to 86; while the proportion of capacity of operating vessels of over 8000 TEUs increased from 51% at the beginning of the year to 60% as at 30 June 2016, further achieving economies of cost and scale of large vessels.

Terminal and related business cost

Under the combined effect of the increase in container throughput and the decrease in dry bulk throughput, in the first half of 2016, the terminal and related business cost amounted to RMB1,097,005,000, representing an increase of RMB31,946,000 or 3%.

Other income, net

In the first half of 2016, the Group's net other income amounted to RMB83,627,000, representing a decrease of RMB1,267,166,000 or 93.81% as compared to the same period of last year. The Group received a subsidy of RMB1,548,679,000 for the demolition and decommissioning of vessels of the container shipping business during the last period, while there was no subsidy for the demolition and decommissioning of vessels for this period. In the first half of 2016, 1 container vessel was demolished, resulting in a net loss of RMB74,218,000 on disposal; while 28 container vessels were demolished in the same period of last year, resulting in a total net loss of RMB233,872,000 on disposal.

Selling, administrative and general expenses

In the first half of 2016, the selling, administrative and general expenses of the Group amounted to RMB1,647,446,000, representing an increase of RMB137,202,000 or 9.08%. A significant reason for the increase in the selling, administrative and general expenses as compared to the same period of last year is the professional fees and taxation in connection with the restructuring incurred in the first half of 2016.

Finance income

In the first half of 2016, the finance income of the Group amounted to RMB222,831,000, representing a decrease of RMB163,086,000 or 42.26% as compared to the same period of last year. This was due to the continuous decrease in interest rate on deposits since the beginning of 2015, and with the expectation of USD appreciation in the first half of 2016, the structure of bank deposits was adjusted and the proportion of RMB deposits with higher interest rate was decreased to avoid exchange rate risks.

Finance costs

In the first half of 2016, the finance costs of the Group amounted to RMB990,785,000, representing an increase of RMB13,069,000 or 1.34% as compared to the same period of last year. This was because the structure of bank loans was adjusted and the proportion of RMB loans with higher interest rate was increased to avoid exchange rate risks, with the expectation of USD appreciation in the first half of 2016.

Net related exchange (loss)/gain

In the first half of 2016, the Group's net related exchange loss related to borrowings amounted to RMB208,923,000, as compared to a net related exchange gain borrowings of RMB155,986,000 in the same period of last year mainly due to the appreciation of exchange rate between USD and RMB, since the RMB had been depreciating since the second half of last year, significantly different from the appreciation in the same period of last year.

(II) Analysis of loss in discontinued operations for the period

In the first half of 2016, loss from discontinued operations of the Group amounted to RMB3,138,723,000.

Upon the Group's disposal of COSCO Bulk and FCHL, a net loss on disposal of RMB2,430,262,000 was incurred. The reason for the loss was that the transaction price was higher than the net asset of the companies disposed of and, in accordance with the requirements of Hong Kong Financial Reporting Standards, the currency translation differences related to these two companies and subject to reclassification to the profit or loss for the period was transferred to the loss on disposal on the date of disposal. The companies disposed of recorded net loss of RMB708,461,000 prior to the disposal, which was mainly due to the operating loss incurred by COSCO Bulk before the disposal date.

(III) Working capital, financial resources and capital structure

As at 30 June 2016, the cash and cash equivalents of the Group amounted to RMB34,771,087,000, representing an increase of RMB1,166,310,000 as compared to that as at 31 December 2015. The cash and cash equivalents of the Group were mainly denominated in RMB and USD, and others denominated in Euro, Hong Kong dollars and other currencies.

The net cash inflow from operating activities amounted to RMB63,280,000 as compared to net cash inflow of RMB6,463,747,000 in the same period of last year. This was mainly due to the operating loss of container and dry bulk shipping in the first half of 2016, resulting in the significant decrease in the net cash inflow from operating activities as compared to the same period of last year, and the receipt of subsidy from demolition of vessels in the first half of 2015.

The net cash inflow from investing activities amounted to RMB7,403,733,000 as compared to the net cash outflow of RMB3,609,305,000 in the same period of last year. Disposal of subsidiaries generated net cash of RMB9,458,989,000, which was the proceeds from the disposal of COSCO Bulk and FCHL.

The net cash outflow from financing activities amounted to RMB6,693,998,000 as compared to the net cash inflow of RMB1,441,032,000 in the same period of last year. RMB8,491,077,000 in cash was paid for other financing activities, which was mainly the capital for the purchase of agency companies and the terminal company from CSCL, and for the increase in shareholding of COSCO SHIPPING Ports.

As at 30 June 2016, the total outstanding borrowings of the Group were RMB57,463,129,000. After deducting the cash and cash equivalents, the net amount was RMB22,692,042,000.

The working capital and capital resources of the Group have been and are expected to continue to be generated from cash flows of operating activities, proceeds from new share issuance 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, investments in terminals and repayment of loans.

As at 30 June 2016, the gearing ratio of the Group (total liabilities divided by total assets) was 66.72%, representing a decrease of 0.17 percentage points from 66.89% as at 31 December 2015. Due to the disposal of COSCO Bulk Group which had a higher gearing ratio (87.18% as at 29 February 2016), the gearing ratio of the Group decreased as compared to the beginning of the year, despite the larger amount of loss incurred during the first half of 2016.

DEBT ANALYSIS

Repayment of debts due and performance of obligations due

	As at 30 June 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Short-term borrowings	**4,705,349**	2,955,191
Long-term borrowings		
Less than 1 year	**4,068,738**	8,216,271
1 to 2 years	**15,892,876**	15,457,529
3 to 5 years	**11,862,131**	41,160,877
Over 5 years	**20,934,035**	18,675,016
Sub-total	**52,757,780**	83,509,693
Total	**57,463,129**	86,464,884

Breakdown of borrowings by category

As at 30 June 2016, the secured borrowings of the Group amounted to RMB13,510,166,000 while unsecured borrowings amounted to RMB43,952,963,000, representing 23.51% and 76.49% of the total borrowings, respectively. Most of the Group's borrowings bear interest at floating rate.

Breakdown of borrowings by currency

As at 30 June 2016, the Group had borrowings denominated in US dollars equivalent to RMB32,607,687,000 and borrowings denominated in RMB amounted to RMB19,991,481,000, representing 56.75% and 34.79% of the total borrowings, respectively.

Corporate guarantees and contingent liabilities

As at 30 June 2016, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB82,800,000. Except for that, the Group had no other significant contingent liabilities as at 30 June 2016.

Foreign exchange risk

The Group operates internationally and is exposed to various foreign exchange risks arising from non-functional currencies. Foreign exchange risks are derived from future business transactions and recognized assets and liabilities. The actual foreign exchange risks faced by the Group are therefore 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.

Material acquisitions and disposals regarding subsidiaries, associated companies and joint ventures during the period

The disposal of 100% equity interests in COSCO Bulk to COSCO was completed on 15 March 2016 for a total consideration of RMB4,873,281,000.

On 24 March 2016, COSCO SHIPPING Ports, a non-wholly owned subsidiary of the Company, completed the disposal of all the issued shares in FCHL (representing the container leasing, management and sales, and related businesses of the Group) to China Shipping Group for a total consideration of US$1,223,725,000 (equivalent to approximately RMB7,906,733,000). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 (equivalent to approximately RMB1,940,329,000) were transferred on the same day to China Shipping Group at the consideration of US$285,000,000 (equivalent to approximately RMB1,940,329,000). The consideration is subject to completion audit adjustments.

During the reporting period, the Group had completed the acquisitions from China Shipping Group of the equity interests in the below companies:

(1) On 18 March 2016, the Group completed its acquisition of all the shares in CSPD at a total consideration of RMB7.59 billion (subject to completion audit adjustments);

(2) In the first quarter of 2016, except for the acquisitions of 100% equity interests in China Shipping Container Lines Agency (Shenzhen) Co., Ltd. and Universal Logistics (Shenzhen) Co., Ltd., the Group completed its acquisitions of remaining agency companies at a total consideration of RMB0.76 billion (subject to completion audit adjustments).

For details of the above acquisitions and disposal, please refer to the announcements of the Company dated 11 December 2015, 27 January 2016 and 1 February 2016, and the circular of the Company dated 31 December 2015.

For the first half of 2016, the total external equity investment costs of the Group amounted to RMB170,815,000, of which the Group made additional investments of RMB43,414,000 to Qingdao Qianwan Container Terminal (青島前灣智能集裝箱碼頭). The Group had an increase of three invested associated companies and joint ventures as a result of the restructuring, with an aggregate investment cost of RMB127,401,000.

Invested Companies	Principal business	Shareholding percentage as at the end of the period	Increase in investment costs during the period *(RMB'000)*
Qingdao Qianwan Container Terminal Co.,Ltd.	Shipping port	20%	43,414
Dalian Vanguard International Logistics Co., Ltd.	Cargo agency service	50%	51,968
Angang Vehicle Transportation Co., Ltd.	Transportation	20.07%	73,101
Liaoning Shenha Fortune Logistics Co., Ltd.	Cargo agency service	45%	2,332
Total			170,815

Due to the disposal of COSCO Bulk during the first half of 2016, a decrease of RMB2,030,435,000 in the total investment costs for 13 associated companies and joint ventures prior to the disposal of COSCO Bulk was reflected in the consolidated financial statements of the Company.

Capital commitments

The Company currently owns 21 container vessels under construction. The capital commitments for construction of container vessels amounted to RMB15,489,157,000.

The capital commitments for investment in terminals amounted to RMB6,911,560,000 in aggregate, among which the commitments for purchasing fixed assets amounted to RMB1,757,814,000 and the equity investment commitment of terminals amounted to RMB5,153,746,000.

Financing plans

Pursuant to the resolutions as approved at the 25th meeting of the fourth session of the Board of China COSCO, as at the end of 2016, interest bearing liabilities shall be limited to RMB64.537 billion, with a balance of interest bearing liabilities of RMB57.463 billion as at 30 June 2016. China COSCO shall consolidate its material capital expenditure for the second half of the year, including the construction of container vessels and expenditure for terminal infrastructure projects and overseas network acquisitions, to enhance capital management, optimize the utilization efficiency of funds, control the scale of debts effectively and formulate relevant financing arrangements within the annual financing facilities.

I. EQUITY CHANGE

(I) Equity changes of current directors, supervisors and senior management who resigned during the reporting period

Not applicable.

(II) Share option granted to directors, supervisors and senior management during the reporting period

Not applicable.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Change	Reason for change
MA Zehua	Chairman of the Board, non-executive Director	Resigned	Resigned due to change of work positions
WAN Min	Chairman of the Board	Elected	Elected by the Board
HUANG Xiaowen	Vice chairman, executive director	Elected	Elected by the Shareholders' general meeting and the Board
LI Yunpeng	Vice chairman, executive director	Resigned	Resigned due to change of work positions
XU Zunwu	Executive Director	Elected	Elected by the Shareholders' general meeting
TANG Runjiang	Chief financial officer	Resigned	Resigned due to change in job arrangement
DENG Huangjun	Chief financial officer	Appointed	Elected by the Board
WANG Xiaodong	Assistant to general manager	Resigned	Resigned due to change of work positions
ZHANG Wei	Deputy general manager	Appointed	Elected by the Board

III. OTHER EXPLANATORY INFORMATION

1. Appointment of and Changes in Directors

On 20 January 2016, the Company convened the 22th meeting of the fourth session of the Board, at which resolutions regarding the resignation of Mr. Ma Zehua as the chairman of the Board, a non-executive Director and the chairman and a member of the executive committee of the Company due to change of work positions was approved, Mr. Wan Min was elected as chairman of the Board and the nomination of Mr. Xu Zunwu as the candidate of executive Director of the fourth session of the Board were submitted to the Shareholders' general meeting for consideration.

On 1 February 2016, the Company convened the first extraordinary Shareholders' general meeting for 2016, at which Mr. Xu Zunwu was elected as an executive Director of the fourth session of the Board.

On 30 March 2016, the Company convened the 24th meeting of the fourth session of the Board, at which the resolution regarding the resignation of Mr. Li Yunpeng as an executive Director and the vice chairman of the Board or other position in China COSCO was approved, Mr. Huang Xiaowen was proposed by the Board to be appointed as an executive Director and vice chairman of China COSCO, and the nomination of Mr. Huang Xiaowen as the candidate of executive Director of the fourth session of the Board were submitted to the Shareholders' general meeting for consideration.

On 24 May 2016, the Company convened the 2015 annual general meeting, whereby a resolution regarding the election of Mr. Huang Xiaowen as an executive Director was approved. On the same day, the Company subsequently convened the 26th meeting of the fourth session of the Board, at which a resolution regarding the appointment of Mr. Huang Xiaowen as the vice chairman was approved.

2. Appointment of and Changes in Supervisor

Nil.

3. Appointment of and Changes in Senior Management

On 14 March 2016, the Company convened the 23rd meeting of the fourth session of the Board, at which the resignation of Mr. Tang Runjiang as the chief financial officer of the Company due to change in job arrangement, the resignation of Mr. Wang Xiaodong as the assistant to general manager due to change of work positions and the appointment of Mr. Deng Huangjun as the chief financial officer of China COSCO were approved.

On 28 April 2016, the Company convened the 25th meeting of the fourth session of the Board, at which the appointment of Mr. Zhang Wei as the deputy general manager of China COSCO was approved.

4. Changes in Directors, Supervisors and Senior Management after the Reporting Period

Due to changes in job arrangements, Ms. Sun Yueying has tendered her resignation as a non-executive Director, Mr. Sun Jiakang and Mr. Ye Weilong have tendered their resignation as executive Directors and Mr. Wang Yuhang has tendered his resignation as a non-executive Director. The resignation of the above Directors will only be effective after new Directors have been appointed by the Shareholders at the forthcoming extraordinary general meeting of the Company (the "EGM").

Mr. Wang Haimin and Mr. Zhang Wei (張為) have been proposed by the Board to be appointed as executive Directors of the fourth session of the Board, and Mr. Feng Boming, Mr. Zhang Wei (張煒) and Mr. Chen Dong have been proposed by the Board to be appointed as non-executive Directors of the fourth session of the Board. The proposed appointment of Directors is subject to the approval of the Shareholders at a general meeting.

Due to changes in job arrangements, Mr. Ma Jianhua has tendered his resignation as a supervisor of the Company (the "Supervisor") representing the Shareholders and Mr. Gao Ping and Ms. Zhang Li have tendered their resignation as Supervisors representing the employees of the Company. The resignation of Mr. Ma Jianhua, Mr. Gao Ping and Ms. Zhang will only be effective after new Supervisors have been appointed by the Shareholders at the EGM or by the employee representatives' meeting of the Company.

Mr. Hao Wenyi has been nominated for the election as a Supervisor representing the Shareholders. At the EGM, an ordinary resolution will be proposed to approve the appointment of Mr. Hao Wenyi as a Supervisor of the fourth supervisory committee of the Company. The labour union of the Company has nominated Mr. Qian Weizhong and Mr. Fang Meng as Supervisors representing employees of the fourth supervisory committee of the Company. The appointment of Mr. Qian Weizhong and Mr. Fang Meng are subject to the election of the employees representatives of the Company.

For details in relation to the change of directors and supervisors, please refer to the announcement of the Company dated 25 August 2016.

Mr. Xu Zunwu ("Mr. Xu"), an executive director of the Company, has been appointed as general manager with effect from 9 September 2016. The updated biographical details of Mr. Xu are set out below:

Mr. Xu Zunwu (許遵武), aged 59, is currently an executive director, general manager and deputy secretary of the CPC Committee (in charge of the general affairs of the CPC Committee) of the Company. He previously held positions at various subsidiaries of the controlling shareholder of the Company, including the deputy general manager of Guangzhou Ocean Shipping Company (廣州遠洋運輸公司), the deputy general manager of China COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司), deputy general manager and managing director of COSCO (Hong Kong) Shipping Co., Ltd., vice president of COSCO (Hong Kong) Group Ltd. (中遠 (香港) 集團有限公司), managing director of COSCO (Hong Kong) Shipping Co., Ltd (中遠 (香港) 航運有限公司), the general manager of Shenzhen Ocean Shipping Co., Ltd. (深圳遠洋運輸有限公司), the managing director of China COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司), the vice chairman, managing director of China COSCO Bulk Shipping (Group) Co., Ltd. (中遠散貨運輸 (集團) 有限公司) (originally a subsidiary of the Company and currently a subsidiary of the shareholder of the Company), and deputy general manager and acting general manager of the Company. Mr. Xu has over 30 years of experience in the maritime industry and has extensive experience in corporate operation management. Mr. Xu graduated from Shanghai Maritime University majoring in ocean shipping. He is a senior economist.

For details in relation to the appointment of general manager, please refer to the announcement of the Company dated 9 September 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, there was no material change in the number of employees of the Group as compared with the information disclosed in the 2015 annual report published by the Company. During the six months ended 30 June 2016, there was no material change in the total staff cost, including directors' remuneration, and the remuneration and training policies as compared with the information disclosed in the 2015 annual report published by the Company on 27 April 2016.

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 of the Company with the Company's operating results and market value of the Shares. The issuance of share appreciation rights does not involve any issuance of new Shares, and it does not have any dilutive effect on the Shareholders.

On 16 December 2005, the Board granted share appreciation rights to certain directors, supervisors and 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 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 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 2016, the Company did not grant any share appreciation rights after the grant on 4 June 2007.

(1) The purpose of the Share Appreciation Rights Plan:

The Share Appreciation Rights Plan is formulated in order to meet the Company's strategic development requirements, establish and improve the operational risk control mechanism and enhance the long-term incentive and restraint mechanism for senior management pursuant to domestic laws and regulations and drawing on international practices together with the Company's actual conditions.

The Share Appreciation Rights Plan aims to provide long-term incentives to attract and retain senior management and core business staff, so as to enhance the Company's profitability and value and maximize Shareholders' interests, hence promoting long-term development of the Company.

(2) The participants of the Share Appreciation Rights Plan:

The scope of application of the plan is determined by the Board of Directors, in particular:

1. Directors (excluding independent non-executive Directors), Supervisors (excluding independent Supervisors) and Secretary of the Board.

2. The Company's senior management, including chief executive officer, general manager, deputy general manager, chief financial officer, department general managers, department deputy general managers and other staff of similar levels.

3. Senior management of the level one subsidiaries, including the full time staff, part-time staff, assistants to general managers, department general managers, department deputy general managers of the companies.

4. Full-time and part-time staff of level two companies as well as full-time staff of port companies.

5. Other personnel approved by the Board of Directors: determined according to their importance in business development, mainly referring to personnel and core business staff of the Company and affiliated companies who are crucial to the Company's business development and have made outstanding contributions.

(3) The total number of securities that can be issued in the Share Appreciation Rights Plan and their percentage of the issued shares as at the date of the annual report:

The share appreciation rights were granted in unit, each unit representing one share.

In the absence of special approval, the total number of share appreciation rights granted shall not exceed 10% of the issued and outstanding H shares. The grant shall be made once a year and the number of shares in the first grant shall be in principle not more than 1% of the issued and outstanding H shares.

(4) The maximum entitlement of each participant under the Share Appreciation Rights Plan:

No participants shall be offered or granted share appreciation rights when the total number of unexercised share appreciation rights previously granted to a certain participant according to the plan is more than twenty five percent (25%) of the total number of share appreciation rights currently issued or issuable according to the plan.

(5) The period within which the securities must be taken up under an option:

The securities must be taken up within the third year, the fourth year, the fifth year and the sixth year from the date of grant. The respective percentage of exercise shall be in aggregate not more that 25%, 50%, 75% and 100% of the share appreciation rights granted to such grantee.

(6) The minimum period, if any, for which an option must be held before it can be exercised:

Except that conditions of early termination as provided by the plan are fulfilled, the share appreciation rights granted each time shall be valid for ten years, two of which are the lockup period (i.e., the grantee shall not exercise the rights for two years from the date of grant).

(7) The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:

Not applicable.

(8) The basis of determining the exercise price:

1. At the beginning of the Company's listing, the exercise price of the share appreciation rights first granted shall be the price at the Initial Public Offering.
2. The exercise price of the share appreciation rights granted subsequently shall depends on the higher of the following:
   A. the official closing price of H shares as listed on Stock Exchange's daily quotation on the date of grant;
   B. the official average closing price of H shares as listed on Stock Exchange's daily quotation for the five trading days prior to the date of grant; or
   C. par value of the share.

(9) The remaining life of the Share Appreciation Rights Plan:

1. For the batch with exercise price of HK $3.588, the effective exercise period is from 5 October 2008 to 4 October 2016.
2. For the batch with exercise price of HK$9.54, the effective exercise period is from: 4 June 2009 to 3 June 2017.

Movements of the share appreciation rights, which were granted to Directors, Supervisors or senior management by the Company pursuant to the Share Appreciation Rights Plan during the six months ended 30 June 2016 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 2016	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 2016	Approximate % of issued share capital of the Company's H shares as at 30 June 2016	Note
WAN Min	Beneficial owner	Personal	HK$3.588 HK$9.540	280,000 260,000	– –	– –	– –	– –	280,000 260,000	0.011% 0.010%	(1) (2)
LI Yunpeng	Beneficial owner	Personal	HK$3.588 HK$9.540	600,000 580,000	– –	– –	– –	(600,000) (580,000)	– –	– –	(1) (3) (2) (3)
SUN Yueying	Beneficial owner	Personal	HK$3.588 HK$9.540	600,000 580,000	– –	– –	– –	– –	600,000 580,000	0.023% 0.022%	(1) (2)
SUN Jiakang	Beneficial owner	Personal	HK$3.588 HK$9.540	500,000 480,000	– –	– –	– –	– –	500,000 480,000	0.019% 0.019%	(1) (2)
YE Weilong	Beneficial owner	Personal	HK$9.540	480,000	–	–	–	–	480,000	0.019%	(2)
FU Xiangyang	Beneficial owner	Personal	HK$3.588 HK$9.540	90,000 85,000	– –	– –	– –	– –	90,000 85,000	0.003% 0.003%	(1) (2)
MA Jianhua	Beneficial owner	Personal	HK$9.540	480,000	–	–	–	–	480,000	0.019%	(2)
GAO Ping	Beneficial owner	Personal	HK$3.588 HK$9.540	90,000 85,000	– –	– –	– –	– –	90,000 85,000	0.003% 0.003%	(1) (2)
WANG Haimin	Beneficial owner	Personal	HK$3.588 HK$9.540	90,000 75,000	– –	– –	– –	– –	90,000 75,000	0.003% 0.003%	(1) (2)
TANG Runjiang	Beneficial owner	Personal	HK$3.588	65,000	(65,000)	–	–	–	–	–	(1) (4)
Deng Huangjun	Beneficial Owner	Personal	HK$3.588 HK$9.540	— —	280,000 260,000	– –	– –	– –	280,000 260,000	0.011% 0.010%	(1) (4) (2) (4)
ZHANG Wei	Beneficial Owner	Personal	HK$3.588 HK$9.540	— —	90,000 75,000	– –	– –	– –	90,000 75,000	0.003% 0.003%	(1) (5) (2) (5)
Total number of other continuous contract employees (Under the Company's employment, excluding senior management)	Beneficial owner	Personal	HK$3.588 HK$9.540	9,485,000 8,090,000	(305,000) (335,000)	– –	– –	– –	9,180,000 7,755,000	0.356% 0.301%	(1) (2)
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK$3.588 HK$9.540	7,270,000 13,055,000	– –	– –	– –	– –	7,270,000 13,055,000	0.282% 0.506%	(1) (2)
				43,320,000	–	–	–	(1,180,000)	42,140,000		

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. 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.

(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. 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.

(3) On 30 March 2016, the Company convened the 24th meeting of the fourth session of the Board, whereby Mr. Li Yunpeng resigned as the vice chairman of the Board and an executive Director. For further details, please refer to the announcement of the Company dated 30 March 2016.

(4) Mr. Tang Runjiang has resigned as the chief financial officer of the Company with effect from 14 March 2016 due to change in job arrangement. The Board has appointed Mr. Deng Huangjun as the chief financial officer of the Company with effect from 14 March 2016. For further details, please refer to the announcement of the Company dated 14 March 2016.

(5) On 28 April 2016, the Company convened the 25th meeting of the fourth session of the Board, whereby Mr. Zhang Wei was approved to be appointed as the vice general manager of the Company. For further details, please refer to the announcement of the Company dated 28 April 2016.

SHARE OPTION SCHEME OF COSCO SHIPPING PORTS

At the special general meeting of COSCO SHIPPING Ports held on 23 May 2003, its shareholders approved the adoption of a share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by its shareholders on 30 November 1994. As the expiration of 2003 Share Option Scheme on 22 May 2013, no further option shall thereafter be granted under the 2003 Share Option Scheme. However, for any outstanding options granted, the terms of the 2003 Share Option Scheme shall remain in full force and effect.

Movements of the share options, which were granted under the 2003 Share Option Scheme, during the six months ended 30 June 2016 are set out below:

		Number of share option								
Category	Exercise price (HK$)	Outstanding as at 1 January 2016	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 2016	Approximate percentage of total issued share captial of COSCO Pacific as at 30 June 2016	Exercisable period	Note
Others	19.30	12,980,000	–	–	–	(2,710,000)	10,270,000	0.346%	(Refer to Note 1)	(1) (2)
Total		12,980,000	–	–	–	(2,710,000)	10,270,000	0.346%		

Notes:

(1) 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 can be exercised at any time during a period of ten years commencing from the date when an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme ("Commencing Date"). The Commencement Date was from 17 April 2007 to 19 April 2007.

(2) This category comprises, inter alia, continuous contract employees of COSCO SHIPPING Ports.

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

As at 30 June 2016, 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 of the Company	Approximate percentage of total issued H share capital	Approximate percentage of total issued share capital of the Company
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%	0.00010%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	0.0006%	0.00015%
WAN Min	Beneficial owner	Personal	2,500	0.00010%	0.00002%

Name of Director	Capacity	Nature of interests	Number of A shares of the Company	Approximate percentage of total issued A share capital	Approximate percentage of total issued share capital of the Company
WAN Min	Beneficial owner	Personal	35,000	0.0005%	0.00034%
	Beneficial owner	Family	12,000	0.00016%	0.00012%

(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	0.030%
COSCO SHIPPING Ports	KWONG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.008%

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 2016 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

Save as disclosed above, as at 30 June 2016, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2016, so far as was known to the Directors, Shareholders having interests in the A Shares and H Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

		Number of shares/Percentage of total issued share capital of the Company					
Name	Capacity and nature of interest	Long position	% (approx)	Short position	% (approx)	Lending pool	% (approx)
China Ocean Shipping (Group) Company (a state-owned enterprise in China and the direct controlling shareholder of the Company) ("COSCO")	Beneficial owner	A Shares: 4,557,594,644 H Shares: 87,635,000 Total: 4,645,229,644	45.47	-	-	-	-
China COSCO Shipping Corporation Limited (a state-owned enterprise in China and the indirect controlling shareholder of the Company) ("COSCO SHIPPING") (Note)	Beneficial owner	A Shares: 4,557,594,644 H Shares: 87,635,000 Total: 4,645,229,644	45.47	-	-	-	-

Note:

As at 30 June 2016, COSCO SHIPPING indirectly held approximately 45.47% equity interest in the Company through COSCO and was an indirect controlling shareholder of the Company.

Save as disclosed above, as at 30 June 2016, 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 SHIPPING Ports, a listed subsidiary of the Company, to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2016 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	RMB'000
Non-current assets	6,370,726
Current assets	1,418,228
Current liabilities	(258,305)
Non-current liabilities	(4,403,057)
Net assets	3,127,592
Share Capital	731,541
Reserves	2,101,328
Non-controlling interests	294,723
Capital and reserves	3,127,592

As at 30 June 2016, the Group's share of net assets of these affiliated companies amounted to RMB3,127,592,000.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff, qualification and experience, effectiveness of internal audit, corporate governance and control, and the training programmes and budget of the Company's accounting and financial reporting function), 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 will 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, as the case may be, of the Group. It has reviewed the unaudited interim financial information for the six months ended 30 June 2016, 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 ("**Corporate Governance Code**") 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 2016.

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 enquiries 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 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company had not redeemed any of its listed Shares during the six months ended 30 June 2016. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed Shares during the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2016.

INVESTOR RELATIONS

The Company highly values investor relations at all times and considers the maintenance of investor relations as 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 2 road shows in which a total of 68 investors participated and held 36 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

China COSCO insists on the value of "maximization of business performance, company value, shareholder return and social responsibility". We are always dedicated to winning the recognition of investors with impressive performance in the stock market to maintain healthy and sustainable development of the Company; to promoting customized services based on the principle of safety, convenience, quality and efficiency, so as to actively respond to customers' demands and to strive towards the best brand of integrated shipping and logistics services; to attracting and cultivating the employment of first-class talents to help our staff to fully realize their personal value and grow together with the enterprise; to complying with local laws and regulations; and to fulfilling social responsibility in countries/regions where our offices are established and striving to become the best enterprise in the industry.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2016

	Note	**As at 30 June 2016** *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**47,760,939**	86,189,724
Investment properties	6	**170,830**	313,579
Leasehold land and land use rights	6	**1,692,913**	1,866,303
Intangible assets	6	**142,529**	163,456
Joint ventures		**9,668,529**	10,094,493
Associates		**9,787,855**	11,052,601
Loans to joint ventures and an associate		**591,260**	574,791
Available-for-sale financial assets		**1,662,347**	2,514,923
Deferred income tax assets		**79,195**	129,245
Restricted bank deposits		**7,038**	4,466
Other non-current assets		**308,304**	920,306
Total non-current assets		**71,871,739**	113,823,887
Current assets			
Inventories		**1,294,327**	1,502,291
Trade and other receivables	7	**9,618,025**	10,508,375
Available-for-sale financial assets		**—**	270,000
Restricted bank deposits		**285,164**	325,566
Cash and bank balances		**34,771,087**	33,604,777
Total current assets		**45,968,603**	46,211,009
Total assets		**117,840,342**	160,034,896

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2016

	Note	**As at 30 June 2016 *RMB'000***	As at 31 December 2015 *RMB'000* *(Restated)*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8(a)	**10,216,274**	10,216,274
Reserves		**10,087,782**	18,191,391
		20,304,056	28,407,665
Non-controlling interests		**18,908,928**	24,582,013
Total equity		**39,212,984**	52,989,678
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	**48,689,042**	75,293,422
Provisions and other liabilities	10	**550,743**	1,260,485
Deferred income tax liabilities		**511,242**	586,644
Total non-current liabilities		**49,751,027**	77,140,551
Current liabilities			
Trade and other payables	11	**19,364,362**	17,835,785
Short-term borrowings	12	**4,705,349**	2,955,191
Current portion of long-term borrowings	9	**4,068,738**	8,216,271
Current portion of provisions and other liabilities	10	**13,859**	126,262
Tax payable		**724,023**	771,158
Total current liabilities		**28,876,331**	29,904,667
Total liabilities		**78,627,358**	107,045,218
Total equity and liabilities		**117,840,342**	160,034,896
Net current assets		**17,092,272**	16,306,342
Total assets less current liabilities		**88,964,011**	130,130,229

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations			
Revenues	5	**29,628,964**	28,872,211
Cost of services and inventories sold		**(31,128,857)**	(26,803,085)
Gross (loss)/profit		**(1,499,893)**	2,069,126
Other income, net	13	**83,627**	1,350,793
Selling, administrative and general expenses		**(1,647,446)**	(1,510,244)
Operating (loss)/profit	13	**(3,063,712)**	1,909,675
Finance income	14	**222,831**	385,917
Finance costs	14	**(990,785)**	(977,716)
Net related exchange (loss)/gain	14	**(208,923)**	155,986
Net finance costs	14	**(976,877)**	(435,813)
Share of profits less losses of			
– joint ventures		**376,473**	395,936
– associates		**282,931**	428,589
(Loss)/profit before income tax		**(3,381,185)**	2,298,387
Income tax expenses	15	**(275,691)**	(285,501)
(Loss)/profit for the period from continuing operations		**(3,656,876)**	2,012,886
Discontinued operations			
Loss on disposals of subsidiaries	18	**(2,430,262)**	—
(Loss)/profit for the period after tax of discontinued operations		**(708,461)**	725,549
(Loss)/profit from discontinued operations		**(3,138,723)**	725,549
(Loss)/profit for the period		**(6,795,599)**	2,738,435
(Loss)/profit attributable to:			
– Equity holders of the Company		**(7,209,177)**	1,974,106
– Non-controlling interests		**413,578**	764,329
		(6,795,599)	2,738,435

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2016

	Note	Six months ended 30 June **2016** ***RMB'000***	 2015 *RMB'000* *(Restated)*
(Loss) /profit attributable to equity holders of the Company arising from:			
– Continuing operations		**(3,499,294)**	1,262,968
– Discontinued operations		**(3,709,883)**	711,138
		(7,209,177)	1,974,106
		RMB	*RMB*
(Loss)/earnings per share attributable to equity holders of the Company:			
Basic (loss)/earnings per share			
– From continuing operations	16	**(0.3425)**	0.1236
– From discontinued operations	16	**(0.3631)**	0.0696
		(0.7056)	0.1932

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit for the period	**(6,795,599)**	2,738,435
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Fair value (losses)/gain on available-for-sale financial assets, net of tax	**(45,759)**	46,026
Share of other comprehensive income of joint ventures and associates	**2,643**	4,630
Currency translation differences	**(129,865)**	(182,565)
Recycling of currency translation differences upon disposals of subsidiaries	**3,368,688**	—
Item that may not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	**134,980**	(80)
Total other comprehensive income/(loss)	**3,330,687**	(131,989)
Total comprehensive (loss)/income for the period	**(3,464,912)**	2,606,446
Total comprehensive (loss)/income for the period attributable to:		
– Equity holders of the Company	**(4,123,142)**	1,884,774
– Non-controlling interests	**658,230**	721,672
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
– Continuing operations	**(3,805,682)**	1,173,929
– Discontinued operations	**(317,460)**	710,845
	(4,123,142)	1,884,774

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2016

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2016, as previously reported	24,653,326	20,284,185	44,937,511
Adoption of merger accounting (note 22)	3,754,339	4,297,828	8,052,167
Balance at 1 January 2016, as restated	28,407,665	24,582,013	52,989,678
Comprehensive income			
(Loss)/profit for the period	(7,209,177)	413,578	(6,795,599)
Other comprehensive income:			
Fair value losses on available-for-sale financial assets, net of tax	(31,147)	(14,612)	(45,759)
Share of other comprehensive income of joint ventures and associates	1,249	1,394	2,643
Currency translation differences	(52,903)	(76,962)	(129,865)
Recycling of currency translation differences upon disposals of subsidiaries	3,033,856	334,832	3,368,688
Remeasurements of post employment benefit obligations	134,980	—	134,980
Total other comprehensive income	3,086,035	244,652	3,330,687
Total comprehensive (loss)/income for the period	(4,123,142)	658,230	(3,464,912)
Transactions with owners:			
Contribution from non-controlling interests of subsidiaries	—	56,577	56,577
Dividends paid to non-controlling interests of subsidiaries	—	(1,410,268)	(1,410,268)
Disposals of subsidiaries	—	(4,977,727)	(4,977,727)
Distribution to owner	(4,232,378)	—	(4,232,378)
Others	251,911	103	252,014
Total transactions with owners	(3,980,467)	(6,331,315)	(10,311,782)
As at 30 June 2016	20,304,056	18,908,928	39,212,984

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2016

	Equity holders of the Company *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2015, as previously reported	24,379,162	18,578,796	42,957,958
Adoption of merger accounting (note 22)	3,734,038	4,060,809	7,794,847
Balance at 1 January 2015, as restated	28,113,200	22,639,605	50,752,805
Comprehensive income			
Profit for the period	1,974,106	764,329	2,738,435
Other comprehensive loss:			
Fair value gain on available-for-sale financial assets, net of tax	18,761	27,265	46,026
Share of other comprehensive income of joint ventures and associates	2,062	2,568	4,630
Currency translation differences	(110,075)	(72,490)	(182,565)
Remeasurement of post-employment benefit obligations	(80)	—	(80)
Total other comprehensive loss	(89,332)	(42,657)	(131,989)
Total comprehensive income for the period	1,884,774	721,672	2,606,446
Transactions with owners:			
Contributions from non-controlling interests of subsidiaries	—	286,264	286,264
Dividends paid to non-controlling interests of subsidiaries	—	(256,975)	(256,975)
Others	(67,315)	(443)	(67,758)
Total transactions with owners	(67,315)	28,846	(38,469)
As at 30 June 2015, as restated	29,930,659	23,390,123	53,320,782

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Net cash generated from operating activities	**63,280**	6,463,747
Net cash generated from/(used in) investing activities	**7,403,733**	(3,609,305)
Net cash (used in)/generated from financing activities	**(6,693,998)**	1,441,032
Net increase in cash and cash equivalents	**773,015**	4,295,474
Cash and cash equivalents as at 1 January	**33,604,777**	40,653,222
Exchange gain/(loss)	**393,295**	(98,303)
Cash and cash equivalents as at 30 June	**34,771,087**	44,850,393

The notes on pages 41 to 79 form an integral part of this unaudited condensed consolidated interim financial information.

1 GENERAL INFORMATION

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

On 15 March 2016 and 24 March 2016, the Group completed the disposal of China COSCO Bulk Shipping (Group) Co., Ltd. ("COSCO Bulk") to COSCO and the disposal of Florens Container Holdings Limited ("FCHL") to China Shipping (Group) Company ("China Shipping Group") for considerations of RMB4.87 billion and RMB7.91 billion (subject to completion audit adjustments) respectively. After the disposal, COSCO Bulk and FCHL ceased to be subsidiaries of the Group. The loss on disposals and the operation results of COSCO Bulk and FCHL are disclosed as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the dry bulk shipping and the container leasing businesses each constitutes a separate business segment within the Group. The comparative information in this interim financial information has been restated accordingly (note 18).

During the period, the Group had completed the acquisitions from China Shipping Group the equity interests in the below entities ("Acquired Entities") for considerations as set out below:

(a) On 18 March 2016, the Group completed its acquisition of all the shares in China Shipping Ports Development Co., Limited ("CSPD") at a total consideration of RMB7.59 billion (subject to completion audit adjustments);

(b) In the first quarter of 2016, except for the acquisitions of 100% equity interests in China Shipping Container Lines Agency (Shenzhen) Co., Ltd. and Universal Logistics (Shenzhen) Co., Ltd. the Group completed its acquisitions of remaining agency companies ("Agency Companies"), at a total consideration of RMB0.76 billion (subject to completion audit adjustments).

The Acquired Entities' parent company is China Shipping Group, which is also a state-owned enterprise wholly-owned and controlled by SASAC and therefore, the aforesaid transactions were regarded as business combinations under common control. The comparative information in this interim financial information has been restated accordingly (note 22).

On 29 February 2016, the Company and China Shipping Container Lines Company Limited ("CSCL") entered into the lease agreement (the "Lease Agreement"), pursuant to which the Company conditionally agreed to lease from CSCL, and CSCL conditionally agreed to lease to the Company, vessels and containers owned or operated by CSCL. On 1 March 2016, the Company had begun the leasing arrangements with CSCL.

1 GENERAL INFORMATION (Continued)

On 11 December 2015, CSCL conditionally agreed to make capital contribution to COSCO Finance Co., Ltd ("COSCO Finance") while the Company proposed not to exercise the right to contribute at the same proportion. Upon completion of the transaction, the equity interest held by the Group in COSCO Finance shall decrease from approximately 17.25% (without considering the equity interest held by the Group in COSCO Finance via COSCO Bulk, as COSCO Bulk had been disposed of) to 14.23%. As of 30 June 2016, the above transaction had not been completed.

On 4 May 2016, the Company has received notification from China Ocean Shipping (Group) Company ("COSCO") that State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") has transferred its entire equity interest in COSCO at nil consideration to China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the PRC and wholly-owned and controlled by SASAC. With the completion of this equity transfer from COSCO to COSCO Shipping, the directors of the Company (the "Directors") regard COSCO Shipping as being the Company's parent company. COSCO SHIPPING and its subsidiaries (other than the Group) are collectively referred to as "COSCO SHIPPING Group".

This unaudited interim financial information for the six months ended 30 June 2016 (the "Interim Financial Information") is presented in Renminbi ("RMB'') and all values are rounded to the nearest thousand except when otherwise indicated. The Interim Financial Information was approved by the Board of Directors for issue on 25 August 2016.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The 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 Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainties particularly over the level of demand for the Group's services and the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the Interim Financial Information.

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2015 (the "2015 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015 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 2016 do 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 2016 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 2016.

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 result.

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 2015 Annual Financial Statements.

For the six months ended 30 June 2016, the Group's operating loss and loss for the period from continuing operations amounted to RMB3,063,712,000 and RMB3,656,876,000 respectively. The Directors have reviewed the prevailing environment and believed that based on the Group's available unused banking facilities of approximately RMB18,602,878,000 and its cash and cash equivalents of RMB34,771,087,000, 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 2016	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Available-for-sale financial assets	**466,015**	—	**1,196,332**	**1,662,347**
As at 31 December 2015 (Restated)				
Assets				
Available-for-sale financial assets	821,331	—	1,963,592	2,784,923

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.

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments.

– Other techniques, such as discounted cash flow analysis are used to determine fair value for the remaining financial instruments.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

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 2016 *RMB'000*	Six months ended 30 June 2015 *RMB'000* *(Restated)*
As at 1 January	**1,963,592**	2,182,075
Additions	—	200,000
Disposals	**(270,000)**	—
Currency translation differences	—	(359)
Disposals of subsidiaries	**(497,260)**	—
	1,196,332	2,381,716

As at 30 June 2016, description of the valuation techniques and the inputs used in the fair value measurement in level 3 include:

– The fair value of financial investments in wealth management products are determined by using discounted cash flow method.

– The fair value of investments in unlisted property management companies and a hotel are determined using valuation techniques (including asset-based approach and market comparable approach). The inputs are mainly prices per square metre.

– The fair value of other unlisted available-for-sale financial assets is determined by reference to valuation report or the valuation performed by management using valuation techniques (including price/earnings multiple method and direct market quote). The inputs are mainly price/earnings multiples. Discount rates ranging from 20% to 30% are applied to compute the fair value on top of market price/earnings multiples.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables, cash and bank balances, restricted bank deposits, finance lease receivables, loans to joint ventures and an associate, trade and other payables, short-term and 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 2015 Annual Financial Statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

5 REVENUES AND SEGMENT INFORMATION

Revenues include gross revenues from operations of container shipping, dry bulk shipping, 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	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Container shipping	**27,645,643**	26,978,854
Container terminal operations	**1,693,502**	1,520,266
Turnover	**29,339,145**	28,499,120
Crew service income	**30,015**	25,605
Others	**259,804**	347,486
Total revenues from continuing operations	**29,628,964**	28,872,211
Discontinued operations		
Dry bulk shipping	**1,117,222**	4,463,784
Container leasing	**477,276**	978,323
Total revenues from discontinued operations	**1,594,498**	5,442,107

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 (discontinued operation)
- Container terminal operations and related business
- Container leasing, management, sale and related business (discontinued operation)
- Corporate and other operations that primarily comprise investment holding, management services and financing.

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

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

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investments in joint ventures and an associate and other non-current assets (excluding finance lease receivables).

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 30 June 2016							
	Continuing operations					Discontinued operations		
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*	Dry bulk shipping and related business *RMB'000*	Container leasing management sales and related business *RMB'000*	Total *RMB'000*
Income statement								
Total revenues	27,965,524	1,797,966	–	(134,526)	29,628,964	1,117,222	477,276	1,594,498
Inter-segment revenues	–	(134,526)	–	134,526	–	–	–	–
Revenues (from external customers)	27,965,524	1,663,440	–	–	29,628,964	1,117,222	477,276	1,594,498
Segment (loss)/profit	(3,523,880)	1,252,309	(792,141)	–	(3,063,712)	(555,897)	82,591	(473,306)
Finance income					222,831			11,693
Finance costs					(990,785)			(183,503)
Net related exchange loss					(208,923)			(62,204)
Share of profits less losses of								
– joint ventures	11,700	364,773	–	–	376,473			5,233
– associates	6,998	275,933	–	–	282,931			(17)
Loss before income tax					(3,381,185)			(702,104)
Income tax expenses					(275,691)			(6,357)
Loss for the period					(3,656,876)			(708,461)
Loss on disposals of subsidiaries								(2,430,262)
Loss from discontinued operations								(3,138,723)
Loss/(gain) on disposals of property plant and equipment	71,922	(6,409)	–	–	65,513	–	–	–
Depreciation and amortisation	776,011	289,099	3,972	–	1,069,082	266,334	227,362	493,696
(Reversal of provision)/ provision for impairment of trade and other receivables, net	(29,124)	994	–	–	(28,130)	6,393	–	6,393
Amortised amount of transaction costs on long-term borrowings	13,996	758	6,000	–	20,754	829	–	829
Amortised amount of discount on issue of notes	–	–	4,944	–	4,944	–	843	843
Additions to non-current assets	480,616	516,391	1,749	–	998,756	38,205	2,082,108	2,120,313

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Six months ended 30 June 2015 (Restated)							
	Continuing operations					Discontinued operations		
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*	Dry bulk shipping and related business *RMB'000*	Container leasing management sales and related business *RMB'000*	Total *RMB'000*
Income statement								
Total revenues	27,352,683	1,696,396	—	(176,868)	28,872,211	4,463,784	978,323	5,442,107
Inter-segment revenues	—	(176,868)	—	176,868	—	—	—	—
Revenues (from external customers)	27,352,683	1,519,528	—	—	28,872,211	4,463,784	978,323	5,442,107
Segment profit/(loss)	1,664,117	521,787	(276,229)	—	1,909,675	688,491	380,389	1,068,880
Finance income					385,917			68,245
Finance costs					(977,716)			(450,130)
Net related exchange gain					155,986			6,700
Share of profits less losses of								
– joint ventures	11,958	383,978	—	—	395,936			15,839
– associates	5,796	301,343	121,450	—	428,589			8,805
Profit before income tax					2,298,387			718,339
Income tax (expenses)/credit					(285,501)			7,210
Profit for the period					2,012,886			725,549
Loss on disposals of property plant and equipment	248,740	1,118	—	—	249,858	94,163	—	94,163
Depreciation and amortisation	750,156	299,164	5,403	—	1,054,723	675,945	382,466	1,058,411
(Reversal of provision)/ provision for impairment of trade and other receivables, net	(75)	—	—	—	(75)	9,995	(13,001)	(3,006)
Reversal for provision for litigation	—	—	—	—	—	(20,577)	—	(20,577)
Amortised amount of transaction costs on long-term borrowings	14,888	858	6,000	—	21,746	1,942	—	1,942
Amortised amount of discount on issue of notes	—	—	4,449	—	4,449	—	778	778
Additions to non-current assets	90,981	218,797	1,616	—	311,394	2,834,834	1,074,267	3,909,101

5 REVENUES AND SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	As at 30 June 2016				
	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet					
Segment assets	56,507,302	19,701,191	29,048,169	(9,205,506)	96,051,156
Joint ventures	361,403	9,307,126	—	—	9,668,529
Associates	320,613	9,197,278	269,964	—	9,787,855
Loans to joint ventures and an associate	—	591,260	—	—	591,260
Available-for-sale financial assets	571,990	1,090,357	—	—	1,662,347
Unallocated assets					79,195
Total assets					117,840,342
Segment liabilities	55,141,923	6,270,314	25,185,362	(9,205,506)	77,392,093
Unallocated liabilities					1,235,265
Total liabilities					78,627,358

	As at 31 December 2015 (Restated)						
	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	55,021,069	36,727,783	18,108,347	13,928,813	25,170,407	(13,557,576)	135,398,843
Joint ventures	301,013	616,700	9,938,479	—	—	(761,699)	10,094,493
Associates	49,229	1,252,119	8,931,784	—	819,469	—	11,052,601
Loans to joint ventures and an associate	—	—	574,791	—	—	—	574,791
Available-for-sale financial assets	844,326	555,081	1,431,683	—	270,000	(316,167)	2,784,923
Unallocated assets							129,245
Total assets							160,034,896
Segment liabilities	47,590,229	33,415,579	7,648,573	4,375,299	20,998,916	(8,341,180)	105,687,416
Unallocated liabilities							1,357,802
Total liabilities							107,045,218

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenues

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

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

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

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

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

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

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Six months ended 30 June 2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Continuing operations		
Container shipping and related business		
– America	**7,433,705**	8,352,221
– Europe	**5,834,477**	5,249,834
– Asia Pacific	**5,150,724**	5,103,774
– China domestic	**7,763,404**	7,108,162
– Other international market	**1,783,214**	1,538,692
Container terminal and related business, corporate and other operations		
– Europe	**583,417**	450,801
– China domestic	**1,079,833**	1,030,138
Unallocated	**190**	38,589
Total	**29,628,964**	28,872,211
Discontinued operations		
Dry bulk shipping and related business		
– International shipping	**906,163**	4,043,087
– PRC coastal shipping	**211,059**	420,697
Container leasing and related business, corporate and other operations	**477,276**	978,323
Total	**1,594,498**	5,442,107

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 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
China domestic	**31,521,348**	28,643,821
Non-China domestic	**8,222,245**	13,425,905
Unallocated	**29,788,306**	68,099,753
Total	**69,531,899**	110,169,479

6 TANGIBLE AND INTANGIBLE ASSETS

	As at 30 June 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Property, plant and equipment(#)	**47,760,939**	86,189,724
Investment properties	**170,830**	313,579
Leasehold land and land use rights	**1,692,913**	1,866,303
Intangible assets	**142,529**	163,456
Total tangible and intangible assets	**49,767,211**	88,533,062

(#) As at 30 June 2016, property, plant and equipment included container vessels, 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	
	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Opening net book value as at 1 January	**88,533,062**	84,423,277
Currency translation differences	**671,757**	(203,737)
Additions	**3,119,069**	4,220,495
Disposals/write-off	**(163,820)**	(734,898)
Disposals of subsidiaries	**(40,837,715)**	—
Depreciation/amortisation	**(1,555,142)**	(2,108,219)
Transfer to inventories	**—**	(6,337)
Closing net book value as at 30 June	**49,767,211**	85,590,581

7 TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000 (Restated)
Trade receivables (notes a and b)		
– third parties	**4,134,738**	5,129,308
– fellow subsidiaries	**515,663**	775,568
– joint ventures	**9,319**	79,253
– associates	—	3,758
– other related companies	**147,895**	58,458
	4,807,615	6,046,345
Bills receivable (note b)	**212,710**	205,951
	5,020,325	6,252,296
Prepayments, deposits and other receivables		
– third parties	**2,386,927**	3,050,224
– fellow subsidiaries (note c)	**1,595,151**	623,764
– joint ventures (note c)	**332,861**	231,510
– associates (note c)	**71,574**	32,188
– other related companies (note c)	**211,187**	271,676
	4,597,700	4,209,362
Current portion of finance lease receivables	—	46,717
Total	**9,618,025**	10,508,375

7 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Trading balances with related parties are unsecured 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 2016, the aging analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2016 ***RMB'000***	As at 31 December 2015 *RMB'000* *(Restated)*
1-3 months	**4,663,753**	6,035,385
4-6 months	**251,557**	184,301
7-12 months	**91,719**	58,875
Over 1 year	**84,019**	191,919
Trade and bills receivables, gross	**5,091,048**	6,470,480
Provision for impairment	**(70,723)**	(218,184)
	5,020,325	6,252,296

(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 2016		As at 31 December 2015	
	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 price 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 2016 Number of units of SARs				
Exercise price	**Outstanding as at 1 January 2016**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2016**
HK$3.588	**19,070,000**	—	—	—	**19,070,000**
HK$9.540	**24,250,000**	—	—	—	**24,250,000**
Total	**43,320,000**	—	—	—	**43,320,000**

	Six months ended 30 June 2015 Number of units of SARs				
Exercise price	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2015
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 SHIPPING Ports Limited ("COSCO SHIPPING Ports", formerly known as COSCO Pacific Limited), 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 SHIPPING Ports during the period are set out below:

	Six months ended 30 June 2016 Number of share options				
Exercise price	**Outstanding as at 1 January 2016**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2016**
HK$19.30	**12,980,000**	**—**	**—**	**(2,710,000)**	**10,270,000**

	Six months ended 30 June 2015 Number of share options				
Exercise price	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2015
HK$19.30	13,240,000	—	—	(10,000)	13,230,000

9 LONG-TERM BORROWINGS

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000 (Restated)
Bank loans		
– secured (note b)	**13,510,166**	20,688,122
– unsecured	**20,962,989**	42,720,309
Loans from COSCO Finance, a fellow subsidiary		
– unsecured	**204,820**	324,921
Other loans		
– unsecured	**101,258**	105,488
Finance lease obligations	**540,102**	908,359
Notes (note c)	**17,438,445**	17,241,379
Loans from non-controlling shareholders of subsidiaries	**—**	1,521,115
Total long-term borrowings	**52,757,780**	83,509,693
Current portion of long-term borrowings	**(4,068,738)**	(8,216,271)
	48,689,042	75,293,422

Notes:

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

	RMB'000
Six months ended 30 June 2016	
As at 1 January 2016, as restated	**83,509,693**
Repayments of borrowings	**(6,534,084)**
Drawdown of borrowings	**7,525,816**
Currency translation differences	**2,488,037**
Amortised amount of transaction costs on long-term borrowings	**20,754**
Amortised amount of discount on issue of notes	**4,944**
Disposals of subsidiaries	**(34,257,380)**
As at 30 June 2016	**52,757,780**
Six months ended 30 June 2015	
As at 1 January 2015, as restated	84,824,512
Repayments of borrowings	(12,185,270)
Drawdown of borrowings	16,856,337
Currency translation differences	(185,532)
Amortised amount of transaction costs on long-term borrowings	21,746
Amortised amount of discount on issue of notes	4,449
As at 30 June 2015, as restated	89,336,242

9 LONG-TERM BORROWINGS (Continued)

(b) The secured bank loans as at 30 June 2016 are secured, inter alia, by one or more of the following:

(i) First legal mortgages over certain vessels, property, plant and equipment with aggregate net book value of RMB21,517,217,000 (31 December 2015: RMB35,454,069,000);

(ii) Two vessels with aggregate net book value of RMB591,120,000 (31 December 2015: RMB593,684,000) under finance lease arrangements;

(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 amounted to approximately RMB290,202,000 (31 December 2015: RMB330,032,000).

(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.

(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 RMB6,631,200,000). 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 RMB1,989,360,000) were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent 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 RMB13,528,000). The notes bear interest from 31 January 2013, payable semi-annually in arrears on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. Unless previously redeemed or repurchased by the Company, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

10 PROVISIONS AND OTHER LIABILITIES

	Retirement benefit obligations RMB'000	Provision for onerous contracts RMB'000 (note)	Provision for one-off housing subsidy RMB'000	Deferred income and others RMB'000	Total RMB'000
Six months ended 30 June 2016					
As at 1 January 2016, as restated	**1,009,779**	**75,686**	**79,913**	**221,369**	**1,386,747**
Decrease during the period	**(36,225)**	**(70,504)**	**(24)**	**(171,639)**	**(278,392)**
Provisions for the period	**13,478**	**155,493**	**24**	**183,374**	**352,369**
Currency translation differences	**279**	**798**	—	**4,782**	**5,859**
Disposals of subsidiaries	**(681,198)**	**(161,473)**	**(30,954)**	**(28,356)**	**(901,981)**
As at 30 June 2016	**306,113**	—	**48,959**	**209,530**	**564,602**
Less: current portion of provisions and other liabilities	**(9,821)**	—	—	**(4,038)**	**(13,859)**
Non-current portion of provisions and other liabilities	**296,292**	—	**48,959**	**205,492**	**550,743**
Six months ended 30 June 2015					
As at 1 January 2015, as restated	1,067,986	385,927	78,468	232,674	1,765,055
Decrease during the period	(106,671)	(312,275)	(801)	(28,531)	(448,278)
Provisions for the period	59,912	120,516	1,186	27,202	208,816
Currency translation differences	(12)	94	—	(195)	(113)
As at 30 June 2015, as restated	1,021,215	194,262	78,853	231,150	1,525,480
Less: current portion of provisions and other liabilities	(64,432)	(194,262)	—	(32,079)	(290,773)
Non-current portion of provisions and other liabilities	956,783	—	78,853	199,071	1,234,707

Note:

The balance represented the provision for the non-cancellable chartered-in dry bulk vessel contracts. Those contracts under assessment for onerous provision related 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.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000 (Restated)
Trade payables (note a)		
– third parties	**4,219,054**	5,224,102
– fellow subsidiaries	**2,415,884**	1,515,029
– joint ventures	**164,648**	95,483
– associates	**41,447**	16,504
– other related companies	**155,382**	38,324
	6,996,415	6,889,442
Bills payables (note a)	**107,800**	120,384
	7,104,215	7,009,826
Advance from customers	**312,461**	409,461
Other payables and accruals	**10,420,175**	8,985,056
Due to related companies (note b)		
– fellow subsidiaries	**490,686**	310,899
– joint ventures	**239,683**	329,597
– associates	**2,446**	15,092
– other related companies	**794,696**	775,854
	1,527,511	1,431,442
Total	**19,364,362**	17,835,785

11 TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) As at 30 June 2016, the aging analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2016 ***RMB'000***	As at 31 December 2015 *RMB'000* *(Restated)*
1-6 months	**6,931,483**	6,853,432
7-12 months	**129,485**	70,194
1-2 years	**27,501**	60,026
2-3 years	**5,817**	9,417
Over 3 years	**9,929**	16,757
	7,104,215	7,009,826

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, except for advances of US$8,395,000 (equivalent to approximately RMB55,669,000) (31 December 2015: US$8,395,000 (equivalent to approximately RMB54,514,000)) and US$45,241,000 (equivalent to approximately RMB300,002,000) (31 December 2015: nil) from non-controlling shareholders of subsidiaries that bear interest at 0.6% above 1-year US dollar LIBOR per annum and 3.9% per annum respectively, are unsecured, interest free and have no fixed terms of repayment.

12 SHORT-TERM BORROWINGS

	As at 30 June 2016 ***RMB'000***	As at 31 December 2015 *RMB'000* *(Restated)*
Bank loans - unsecured	**2,928,870**	1,794,242
COSCO Finance - unsecured	**1,656,479**	1,040,949
Other loans -unsecured	**120,000**	120,000
	4,705,349	2,955,191

13 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposals of property, plant and equipment		
– others	**8,705**	—
Reversal of provision for impairment of trade and other receivables	**34,558**	4,456
Government subsidy for demolition of vessels and other government subsidies, included in other income, net	—	1,548,680
Other government subsidy, included in other income,net	**49,017**	120,203
Dividend income from listed and unlisted investments	**26,741**	1,809
Investment income from available-for-sale financial assets	**11,515**	20,693
Net exchange gain	**5,170**	—
Charging:		
Loss on disposals of property, plant and equipment		
– container vessels	**74,218**	233,872
– others	—	10,475
Cost of bunkers consumed	**2,503,003**	3,385,284
Operating lease rentals		
– container vessels	**5,701,650**	3,700,249
– land and buildings	**172,915**	166,608
– other property, plant and equipment	**536,869**	514,704
Provision for impairment of trade and other receivables	**6,428**	4,381
Cost of inventories sold		
– merchandises	**203,078**	252,289
Net exchange loss	—	110,651

14 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Finance income		
Interest income from:		
– deposits in COSCO Finance	**24,615**	46,541
– deposits in China Shipping Finance Company Limited ("CS Finance")	**2,109**	5,021
– loans to joint ventures and an associate	**10,156**	16,448
– banks	**185,951**	317,907
	222,831	385,917
Finance costs		
Interest expenses on:		
– bank loans	**(452,026)**	(485,077)
– other loans wholly repayable within five years	**(4,559)**	(21,845)
– loans from COSCO Finance	**(32,466)**	(2,892)
– finance lease obligations	**(11,058)**	—
– notes	**(390,064)**	(372,282)
	(890,173)	(882,096)
Amortised amount of transaction costs on long-term borrowings	**(20,754)**	(21,746)
Amortised amount of discount on issue of notes	**(4,944)**	(4,449)
Other incidental borrowing costs and charges	**(74,914)**	(69,425)
	(990,785)	(977,716)
Net related exchange (loss)/gain	**(208,923)**	155,986
Net finance costs	**(976,877)**	(435,813)

15 INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Current income tax (note a)		
– PRC enterprise income tax	**140,150**	175,519
– Hong Kong profits tax	**1,902**	2,374
– Overseas taxation	**78,841**	54,674
	220,893	232,567
Deferred income tax (note b)	**54,798**	52,934
	275,691	285,501

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%.

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 25%.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from or arising in Hong Kong for the year.

(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 2016, the unrecognised deferred income tax liabilities were RMB3,674,279,000 (31 December 2015: RMB3,597,842,000), 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 2016 amounted to RMB15,898,141,000 (31 December 2015: RMB15,668,002,000).

As at 30 June 2016, the Group had tax losses of RMB47,499,701,000 (31 December 2015: RMB29,353,183,000), 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 RMB47,191,501,000 (31 December 2015: RMB28,775,961,000) will expire within five years.

16 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2016	2015 *(Restated)*
(Loss)/profit from continuing operations attributable to equity holders of the Company (RMB)	**(3,499,294,000)**	1,262,968,000
(Loss)/profit from discontinued operations attributable to equity holders of the Company (RMB)	**(3,709,883,000)**	711,138,000
	(7,209,177,000)	1,974,106,000
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic (loss)/earnings per share (RMB)		
From continuing operations	**(0.3425)**	0.1236
From discontinued operations	**(0.3631)**	0.0696
	(0.7056)	0.1932

(b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the (loss)/earnings per share for the six months ended 30 June 2016 and 2015, and the diluted (loss)/earnings per share is equal to the basic earnings per share for the six months ended 30 June 2016 and 2015 respectively.

17 DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

18 DISCONTINUED OPERATIONS

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

The disposal of 100% equity interests in COSCO Bulk to COSCO was completed on 15 March 2016 ("Completion Date") for a total consideration of RMB4,873,281,000. Given that COSCO Bulk represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it had been classified as discontinued operation in the Interim Financial Information.

(b) Disposal of 100% equity interest in FCHL

On 24 March 2016 ("Completion Date"), COSCO SHIPPING Ports, a non-wholly owned subsidiary of the Company completed the disposal of all the issued shares in FCHL (representing the container leasing, management and sales, and related businesses of the Group) to China Shipping Group for a total consideration of US$1,223,725,000(approximately RMB7.91 billion). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 (approximately RMB1.94 billion) were transferred on the same day to China Shipping Group at the consideration of US$285,000,000(approximately RMB1.94 billion). The consideration is subject to completion audit adjustments. Given that FCHL represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it is classified as discontinued operation in the Interim Financial Information.

18 DISCONTINUED OPERATIONS (Continued)

(c) The details of the net assets of discontinued operations on disposals are as follows:

	RMB'000
Property, plant and equipment	40,511,561
Investment properties	157,075
Leasehold land and land use rights	150,749
Intangible assets	18,330
Finance lease receivables	562,157
Joint ventures	622,852
Associates	1,252,283
Available-for-sale financial assets	967,212
Other non-current assets	238,283
Deferred income tax assets	22,909
Restricted bank deposits	20,851
Inventories	494,827
Trade and other receivables	3,210,410
Cash and cash equivalents	5,261,355
Trade and other payables	(2,604,553)
Long-term borrowings	(34,257,380)
Other non-current liabilities	(612,258)
Short-term borrowings	(489,811)
Loan from immediate holding company	(1,940,329)
Provisions and other liabilities	(901,981)
Deferred income tax liabilities	(104,133)
Tax payable	(112,159)
Net assets	12,468,250
Non-controlling interests	(626,661)
Net assets disposed of	11,841,589
Sales proceeds - cash received from disposals	14,576,373
- price adjustment	(1,796,358)
Assignment of shareholder's loan	1,940,329
Less: cash and cash equivalents of subsidiaries disposed of	(5,261,355)
Net cash inflow on disposals of subsidiaries	9,458,989

18 DISCONTINUED OPERATIONS (Continued)

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

	For the period from 1 January 2016 to Completion Date RMB'000	Six months ended 30 June 2015 RMB'000
Revenues	**1,594,498**	5,442,107
Expenses	**(2,296,602)**	(4,723,768)
(Loss) /profit before income tax from discontinued operations	**(702,104)**	718,339
Income tax (expense)/credit	**(6,357)**	7,210
(Loss) /profit for the period after tax of discontinued operations	**(708,461)**	725,549
Sales proceeds - cash received from disposals	**14,576,373**	—
- price adjustment	**(1,796,358)**	—
Net assets disposed of	**(11,841,589)**	—
Release of reserves upon disposals	**(3,368,688)**	—
Net loss on disposals of subsidiaries	**(2,430,262)**	—
(Loss) /profit from discontinued operations	**(3,138,723)**	725,549
Attributable to:		
Equity holders of the Company	**(3,145,822)**	711,138
Non-controlling interests	**7,099**	14,411
(Loss) /profit from discontinued operations	**(3,138,723)**	725,549
Net cash used in operating activities	**(295,019)**	(1,905,556)
Net cash used in investing activities	**(1,794,706)**	(3,494,820)
Net cash generated from financing activities	**1,006,007**	5,471,381
Net (decrease)/increase in cash and cash equivalents	**(1,083,718)**	71,005
Cash and cash equivalents at beginning of period	**6,338,558**	7,920,162
Effect of exchange rate changes	**6,515**	(64,975)
Cash and cash equivalents at end of period	**5,261,355**	7,926,192

19 CONTINGENT LIABILITIES

(a) As at 30 June 2016, the Group was involved in a number of claims. The Group is unable to ascertain the likelihood and amounts of these 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.

(b) Guarantee

	As at 30 June 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Bank guarantee to an associate at face value	**82,800**	16,000

The above guarantee was provided by COSCO SHIPPING Ports to an associate of the Group. The directors of the COSCO SHIPPING Ports consider that it is not probable for a claim to be made against the Group under the above guarantee as at the balance sheet date. The fair value of the guarantee contracts was not material and has not been recognised.

As at 30 June 2016, the COSCO SHIPPING Ports provided guarantees for credit facilities and notes granted to its subsidiaries of RMB9,287,712,000 (31 December 2015: RMB20,880,451,000).

20 COMMITMENTS

(a) Capital commitments

	As at 30 June 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Contracted but not provided for		
Container vessels	**15,489,157**	15,553,990
Dry bulk vessels	**—**	6,475,030
Investments in terminals	**5,153,746**	3,624,075
Terminal equipment	**1,757,814**	2,043,724
Intangible assets	**35,244**	20,633
Buildings	**—**	127,273
Other property, plant and equipment	**—**	14,492
	22,435,961	27,859,217

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 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Contracted but not provided for	**442,387**	36,598

20 COMMITMENTS (Continued)

(b) Operating lease commitments

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

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000 (Restated)
Containers vessels		
- not later than one year	**11,803,492**	4,410,332
- later than one year and not later than five years	**22,830,007**	9,913,045
- later than five years	**4,996,570**	3,786,378
	39,630,069	18,109,755
Dry bulk vessels		
- not later than one year	—	1,687,252
- later than one year and not later than five years	—	4,924,814
- later than five years	—	179,853
	—	6,791,919
Concession of Piraeus Port		
- not later than one year	**345,353**	304,408
- later than one year and not later than five years	**1,989,356**	1,788,266
- later than five years	**15,973,514**	15,007,725
	18,308,223	17,100,399
Containers		
- not later than one year	—	221,015
- later than one year and not later than five years	—	321,501
	—	542,516
Leasehold land, buildings and other property, plant and equipment		
- not later than one year	**197,867**	354,884
- later than one year and not later than five years	**140,577**	341,079
- later than five years	**9,522**	104,284
	347,966	800,247
	58,286,258	43,344,836

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company's ultimate parent company is COSCO Shipping, 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 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	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Transactions with COSCO Shipping		
Expenses		
Sub-charter expenses	**60,467**	57,515
Rental expenses	**13,473**	27,011

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Transactions with subsidiaries of COSCO Shipping and its related entities (including joint ventures and associates of COSCO Shipping)		
Revenues		
Charterhire income	—	4,405
Container shipping income	**388,918**	447,411
Freight forwarding and shipping agency income	**541,403**	986,254
Vessel services income	**11,841**	9,276
Crew service income	**24,981**	22,069
Expenses		
Vessel costs		
Sub-charter expenses	**2,567,824**	205,890
Vessel services expenses	**57,861**	155,207
Crew expenses	**166**	506
Voyage costs		
Bunker costs	**2,022,252**	2,729,440
Port charges	**433,965**	377,279
Equipment and cargo transportation costs		
Commission and rebates	**236,975**	78,714
Cargo and transhipment and equipment and repositioning expenses	**117,953**	282,137
General services expenses	**29,652**	6,287
Management fee expenses	**3,621**	11,479
Rental expenses	**53,768**	66,776

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Transactions with joint ventures of the Group		
Revenues		
Management fee and service fee income	**10,227**	12,319
Crew service income	**5,243**	1,452
Expenses		
Voyage costs		
Port charges	**524,127**	419,826
Rental expenses	**2,002**	1,881
Transactions with associates of the Group		
Expenses		
Port charges	**19,061**	12,276
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	**148,030**	130,199
Expenses		
Container handling and logistics services fee	**39,381**	49,663
Electricity and fuel expenses	**28,341**	20,479
Others		
Port construction fee and high-frequency communication fee	**294**	508

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

These transactions also included the Group's transactions with COSCO Bulk and FCHL and their subsidiaries and related entities for the period from 1 January 2016 to Completion Date.

	For the period from 1 January 2016 to Completion Date	Six months ended 30 June 2015
	RMB'000	*RMB'000*
		(Restated)
Discontinued operations		
Transactions with subsidiaries of COSCO Shipping and its related entities (including jointly controlled entities and associates of COSCO Shipping)		
Revenues		
Vessel service income	**1,005**	3,480
Manning income	**4,504**	11,273
General service income	**19,410**	429
Property rental income	**250,535**	563,490
Expenses		
Vessel costs		
Charterhire expense	**4,304**	14,190
Vessel services expense	**29,953**	140,682
Crew expenses	**848**	1,932
Voyage costs		
Bunker cost	**167,438**	956,803
Port charges	**—**	3,684
Freight forwarding expenses	**340**	2,874
Logistics related expenses	**1,568**	1,170
General service expense	**3,219**	10,800
Rental expenses	**9,754**	12,479
Agency fee	**2,103**	4,813
Purchase of containers	**—**	913,004

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	For the period from 1 January 2016 to Completion Date *RMB'000*	Six months ended 30 June 2015 *RMB'000* *(Restated)*
Discontinued operations		
Transactions with joint venture of the Group		
Revenues		
Charterhire income	**5,857**	33,474
Manning income	**1,666**	5,303

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 2016 *RMB'000*	As at 31 December 2015 *RMB'000* *(Restated)*
Balances placed in COSCO Finance (note a)	**6,583,385**	7,441,616
Balances placed in CS Finance (note a)	**474,828**	650,172
	7,058,213	8,091,788

Notes:

(a) Balances placed in COSCO Finance and CS Finance bear interest at prevailing market rates.

(b) As at 30 June 2016 and 31 December 2015, majority of the Group's bank balances and bank borrowings are in state-owned banks.

Key management compensation

	Six months ended 30 June 2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Salaries, bonuses and other allowances	**7,027**	5,001
Contribution to retirement benefit scheme	**127**	156
Fair value change on SARs not yet exercised	**(1,717)**	3,811
	5,437	8,968

22 BUSINESS COMBINATIONS UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the following transactions for the relevant periods.

(i) On 18 March 2016, the Group acquired from China Shipping Group a 100% equity interest in CSPD.

(ii) In the first quarter of 2016, the Group acquired from China Shipping Group a 100% equity interest in Agency Companies.

Statements of adjustments for business combinations under common control on the Group's financial position as 31 December 2015 and the results for the six months ended 30 June 2015 and 2016 are summarised as follows:

	The Group before Acquired Entities	**Effect of adoption of merger accounting**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Six months ended 30 June 2016			
Continuing operations			
Revenues	**24,861,223**	**4,767,741**	**29,628,964**
(Loss)/profit before income tax	**(3,736,934)**	**355,749**	**(3,381,185)**
Income tax expenses	**(234,351)**	**(41,340)**	**(275,691)**
(Loss)/profit for the period	**(3,971,285)**	**314,409**	**(3,656,876)**

	The Group before Acquired Entities	Effect of adoption of merger accounting	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2015			
Continuing operations			
Revenues	25,035,336	3,836,875	28,872,211
Profit before income tax	2,088,468	209,919	2,298,387
Income tax expenses	(259,306)	(26,195)	(285,501)
Profit for the period	1,829,162	183,724	2,012,886

22 BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

	The Group before Acquired Entities *RMB'000*	Effect of adoption of merger accounting *RMB'000*	Total *RMB'000*
As at 31 December 2015			
ASSETS			
Non-current assets	106,345,870	7,478,017	113,823,887
Current assets	41,847,279	4,363,730	46,211,009
Total assets	148,193,149	11,841,747	160,034,896
EQUITY			
Capital and reserves			
Share capital	10,216,274	—	10,216,274
Reserves	14,437,052	3,754,339	18,191,391
	24,653,326	3,754,339	28,407,665
Non-controlling interests	20,284,185	4,297,828	24,582,013
Total equity	44,937,511	8,052,167	52,989,678
LIABILITIES			
Non-current liabilities	76,880,205	260,346	77,140,551
Current liabilities	26,375,433	3,529,234	29,904,667
Total liabilities	103,255,638	3,789,580	107,045,218
Total equity and liabilities	148,193,149	11,841,747	160,034,896

Note:

Adjustments were made to eliminate the investment costs and capitals of the Acquired Entities against reserves and non-controlling interests and eliminate the inter-group balances as at 31 December 2015 and 30 June 2016 and the inter-group transactions for the periods ended 30 June 2015 and 2016.

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

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 33 to 79, which comprises the condensed consolidated interim balance sheet of China COSCO Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") as at 30 June 2016 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim cash flow statement for the six–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, 25 August 2016

China COSCO Holdings Company Limited

8/F, No. 658 Dong Da Ming Road, Shanghai City
the People's Republic of China
http://www.chinacosco.com