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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)

ANNOUNCEMENT OF 2012 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	First half of 2012 *RMB'000*	**First half of 2011** *RMB'000*	**Change**
Revenues	**42,562,724**	42,007,265	1.3%
Loss attributable to equity holders of the Company	**4,871,535**	2,757,578	76.7%
Basic loss per share	**RMB0.4768**	RMB0.2699	76.7%

Our Board announces the unaudited consolidated interim results of our Group for the six months ended 30 June 2012. The unaudited condensed consolidated interim financial information has been reviewed by the audit committee of our Company, comprising a majority of independent non-executive directors of our Company.

The unaudited condensed consolidated interim income statement, the unaudited condensed consolidated interim statement of comprehensive income and the unaudited condensed consolidated interim balance sheet of our Group and its explanatory notes 1 to 10 as presented below are extracted from the unaudited condensed consolidated interim financial information of our Group for the six months ended 30 June 2012 (the "**unaudited Condensed Consolidated Interim Financial Information**"), which has been reviewed by the international auditor of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June 2012 *RMB'000*	Six months ended 30 June 2011 *RMB'000*
Revenues	3	**42,562,724**	42,007,265
Cost of services and inventories sold		**(44,466,316)**	(42,737,779)
Gross loss		**(1,903,592)**	(730,514)
Other income, net	4	**717,288**	501,387
Selling, administrative and general expenses		**(2,491,329)**	(2,464,666)
Operating loss	4	**(3,677,633)**	(2,693,793)
Finance income	5	**436,822**	386,148
Finance costs	5	**(1,188,832)**	(777,686)
Net related exchange (loss)/gain	5	**(110,313)**	431,904
Net finance (costs)/income	5	**(862,323)**	40,366
		(4,539,956)	(2,653,427)
Share of profits less losses of			
- jointly controlled entities		**358,960**	346,055
- associates		**460,432**	877,394
Loss before income tax		**(3,720,564)**	(1,429,978)
Income tax expenses	6	**(398,947)**	(360,657)
Loss for the period		**(4,119,511)**	(1,790,635)
Loss attributable to:			
Equity holders of the Company		**(4,871,535)**	(2,757,578)
Non-controlling interests		**752,024**	966,943
		(4,119,511)	(1,790,635)
		RMB	*RMB*
Loss per share for loss attributable to equity holders of the Company			
- basic	8(a)	**(0.4768)**	(0.2699)
- diluted	8(b)	**(0.4768)**	(0.2700)

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2012

	Note	**As at 30June 2012** *RMB'000*	**As at 31 December 2011** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**76,315,066**	73,029,686
Investment properties		**515,483**	478,702
Leasehold land and land use rights		**2,611,738**	2,672,798
Intangible assets		**185,597**	196,051
Jointly controlled entities		**4,962,050**	4,978,206
Associates		**11,065,034**	11,164,646
Available-for-sale financial assets		**513,822**	481,725
Derivative financial assets		**64,985**	87,884
Deferred income tax assets		**473,594**	503,302
Restricted bank deposits		**485,125**	417,108
Loans to a jointly controlled entity and an associate		**213,708**	182,285
Other non-current assets		**532,478**	507,388
Total non-current assets		**97,938,680**	94,699,781
Current assets			
Inventories		**4,067,537**	3,387,032
Trade and other receivables	9	**14,764,673**	11,898,915
Restricted bank deposits		**515,193**	510,432
Cash and cash equivalents		**40,818,164**	46,962,725
Total current assets		**60,165,567**	62,759,104
Total assets		**158,104,247**	157,458,885

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

China COSCO Holdings Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 3rd Floor, No. 1 Tongda Square, Tianjin Port Free Trade Zone, Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

The businesses of the Company and its subsidiaries (the "Group") include the provisions of a range of container shipping, dry bulk shipping, managing and operating container terminals, container leasing and logistics services all over the world.

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

The unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB'') and all values are rounded to the nearest thousand except when otherwise indicated. This unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 (the "unaudited Condensed Consolidated Interim Financial Information") was approved by the Board of Directors for issue on 29 August 2012.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation and significant accounting policies

This unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2011 (the "2011 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below, the significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2011 Annual Financial Statements.

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

(a) **Amended standards adopted by the Group**

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

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

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

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

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

The Group has not early adopted the new and revised standards, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2012, in the unaudited Condensed Consolidated Interim Financial Information, but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 Revenues and segment information

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

	Six months ended 30 June	
	2012	**2011**
	RMB'000	***RMB'000***
Revenues		
Container shipping	**22,641,835**	19,653,911
Dry bulk shipping	**7,744,310**	11,740,488
Logistics	**9,436,189**	8,297,505
Container terminal operations	**1,122,944**	798,707
Container leasing	**636,478**	442,710
	41,581,756	40,933,321
Crew service income	**180,025**	135,541
Others	**800,943**	938,403
Total revenues	**42,562,724**	42,007,265

Operating segments

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

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

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

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investments in jointly controlled entities and associates and other non-current assets (excluding finance lease receivables), including additions resulting from acquisitions through business combinations.

	Six months ended 30 June 2012							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	**23,117,040**	**8,299,768**	**9,479,331**	**1,276,312**	**1,075,506**	**—**	**(685,233)**	**42,562,724**
Inter-segment revenues	**(10,520)**	**(39,175)**	**(43,142)**	**(153,368)**	**(439,028)**	**—**	**685,233**	**—**
Revenues (from external customers)	**23,106,520**	**8,260,593**	**9,436,189**	**1,122,944**	**636,478**	**—**	**—**	**42,562,724**
Segment (loss)/profit	**(1,311,707)**	**(3,424,471)**	**387,972**	**376,540**	**503,213**	**(209,180)**	**—**	**(3,677,633)**
Finance income								**436,822**
Finance costs								**(1,188,832)**
Net related exchange loss								**(110,313)**
Share of profits less losses of								
- jointly controlled entities	**(10,823)**	**27,810**	**30,792**	**311,181**	**—**	**—**	**—**	**358,960**
- associates	**1,708**	**(313)**	**49,316**	**177,193**	**—**	**232,528**	**—**	**460,432**
Loss before income tax								**(3,720,564)**
Income tax expenses								**(398,947)**
Loss for the period								**(4,119,511)**
Depreciation and amortisation	**610,878**	**657,803**	**87,966**	**175,076**	**324,028**	**9,190**	**—**	**1,864,941**
Provision/(reversal of provision) for impairment of trade and other receivables, net	**10,008**	**139**	**1,851**	**9,275**	**(3,053)**	**—**	**—**	**18,220**
Amortised amount of transaction costs on long-term borrowings	**17,712**	**10,589**	**—**	**—**	**5,108**	**6,454**	**—**	**39,863**
Addition to non-current assets	**2,323,370**	**767,888**	**142,116**	**1,137,311**	**756,150**	**1,948**	**—**	**5,128,783**

	Six months ended 30 June 2011							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing, management, sale and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	20,264,864	12,226,246	8,327,117	1,001,423	845,061	—	(657,446)	42,007,265
Inter-segment revenues	(15,840)	(6,927)	(29,612)	(202,716)	(402,351)	—	657,446	—
Revenues (from external customers)	20,249,024	12,219,319	8,297,505	798,707	442,710	—	—	42,007,265
Segment (loss)/profit	(946,853)	(2,675,120)	359,251	288,747	390,100	(109,918)	—	(2,693,793)
Finance income								386,148
Finance costs								(777,686)
Net related exchange gain								431,904
Share of profits less losses of								
- jointly controlled entities	(11,319)	9,563	25,647	322,164	—	—	—	346,055
- associates	2,539	3,297	40,053	190,108	—	641,397	—	877,394
Loss before income tax								(1,429,978)
Income tax expenses								(360,657)
Loss for the period								(1,790,635)
Depreciation and amortisation	655,916	614,633	77,084	160,889	281,993	7,686	—	1,798,201
Provision/(reversal of provision) for impairment of trade and other receivables, net	8,622	4,075	94	68	(5,152)	(811)	—	6,896
Amortised amount of transaction costs on long-term borrowings	17,715	8,788	—	—	4,004	2,532	—	33,039
Addition to non-current assets	887,402	1,157,392	138,222	5,322,446	1,790,487	203	—	9,296,152

	As at 30 June 2012							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing, management, sale and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Balance sheet								
Segment assets	**51,861,799**	**44,528,528**	**12,174,612**	**14,431,129**	**12,389,383**	**27,370,184**	**(21,879,596)**	**140,876,039**
Jointly controlled entities	**428,493**	**713,314**	**445,378**	**3,374,865**	**—**	**—**	**—**	**4,962,050**
Associates	**30,867**	**106,617**	**467,069**	**4,838,555**	**—**	**5,621,926**	**—**	**11,065,034**
Loans to jointly controlled entities and associates	**—**	**—**	**—**	**213,708**	**—**	**—**	**—**	**213,708**
Available-for-sale financial assets	**69,417**	**117,637**	**174,970**	**151,798**	**—**	**—**	**—**	**513,822**
Unallocated assets								**473,594**
Total assets								**158,104,247**
Segment liabilities	**49,228,403**	**30,750,169**	**7,214,370**	**9,118,261**	**6,755,107**	**27,585,692**	**(21,879,596)**	**108,772,406**
Unallocated liabilities								**3,360,399**
Total liabilities								**112,132,805**

	As at 31 December 2011							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing, management, sale and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	47,792,937	51,049,787	11,355,964	13,897,053	10,861,514	41,321,058	(36,129,783)	140,148,530
Jointly controlled entities	461,868	738,184	390,158	3,387,996	—	—	—	4,978,206
Associates	30,025	109,515	458,361	4,868,395	—	5,698,350	—	11,164,646
Loans to jointly controlled entities and associates	—	—	—	182,285	—	—	—	182,285
Available-for-sale financial assets	58,173	144,511	171,926	107,115	—	—	—	481,725
Unallocated assets								503,493
Total assets								157,458,885
Segment liabilities	43,501,724	47,988,557	6,682,057	8,541,381	5,712,511	27,581,624	(36,129,783)	103,878,071
Unallocated liabilities								3,410,361
Total liabilities								107,288,432

Geographical information

(a) Revenues

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

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

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

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

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

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

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

(b) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of its property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, jointly controlled entities and associates and other non-current assets (excluding finance lease receivables).

The container vessels, dry bulk vessels and containers (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the container vessels, dry bulk vessels and containers by geographical areas and thus the container vessels, dry bulk vessels, containers and vessels under construction are presented as unallocated non-current assets.

In respect of the remaining Geographical Non-Current Assets, they are presented based on the geographical locations in which the business operations/assets are located.

	As at 30 June 2012	**As at 31 December 2011**
	RMB'000	***RMB'000***
China domestic	**33,363,451**	32,959,497
Non-China domestic	**3,406,965**	3,013,998
Unallocated	**59,320,132**	56,951,225
Total	**96,090,548**	92,924,720

4 Operating loss

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

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

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

5 Finance income and costs

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

6 Income tax expenses

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

Notes:

(a) Current income tax

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

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

(b) Deferred income tax

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted at the balance sheet date.

As at 30 June 2012, the unrecognised deferred income tax liabilities were RMB2,385,129,000 (31 December 2011: RMB3,071,686,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2012 amounted to RMB10,351,208,000 (31 December 2011: RMB13,053,312,000).

As at 30 June 2012, the Group had tax losses of RMB30,126,961,000 (31 December 2011: RMB25,988,177,000), which were not recognised for deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable, of which an amount of RMB29,931,585,000 (31 December 2011: RMB25,781,661,000) will expire within five years.

7 **Dividends**

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

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

8 **Loss per share**

(a) **Basic**

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

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

(b) **Diluted**

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

	Six months ended 30 June	
	2012	**2011**
Loss attributable to equity holders of the Company (RMB)	**(4,871,535,000)**	(2,757,578,000)
Adjustment on the effect of dilution	**(49,000)**	(578,812)
	(4,871,584,000)	(2,758,156,812)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Diluted loss per share (RMB)	**(0.4768)**	(0.2700)

9 **Trade and other receivables**

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

Notes:

(a) Trading balances with related parties are unsecured, interest free and have similar credit periods as third party customers.

(b) The normal credit period granted to trade receivables of the Group is generally within 90 days. Trade receivables primarily consist of voyage-related and logistics related receivables. As at 30 June 2012, the ageing analysis of trade and bills receivables was as follows:

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

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

10 Trade and other payables

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

Notes:

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

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

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

(b) The other payables due to related parties are unsecured, interest free and have no fixed terms of repayment.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONTAINER SHIPPING AND RELATED BUSINESS

Market review

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

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

Operating results

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

Shipping volume by route

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

Revenue by route (RMB)

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

Fleet development

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

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

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

Operating strategies

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

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

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

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

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

Market outlook

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

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

Operation plans

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

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

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

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

DRY BULK SHIPPING BUSINESS

Market review

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

Operating results

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

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

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

Operating strategies

The Group will strengthen its judgement on the market trends to take advantage of temporary excessive demand in securing orders, allocating shipping capacity and arranging vessel berthing reasonably. The Group will improve operating results by developing new shipping routes.

The Group will step up marketing efforts to secure more major customers. Various channels will be adopted to consolidate customer relationships so as to expand its cargo source proportions.

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

The Group will integrate dry bulk resources to increase synergy. The Group will also upgrade its domestic and overseas outlets and centralize its management operations to maximize the synergy between domestic and international businesses.

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

Fleet development

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

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

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

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

Market outlook

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

Operation plans

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

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

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

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

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

LOGISTICS BUSINESS

Market Review

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

Operating results

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

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

Third party logistics

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

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

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

Shipping agency business

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

Freight forwarding business

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

Market outlook

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

Operation plans

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

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

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

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

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

TERMINAL AND RELATED BUSINESS

Market review

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

Operating results

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

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

Throughput of terminal companies

Terminal companies	Six months ended 30 June 2012 (TEUs)	2011 (TEUs)	Change (%)
Bohai Rim Region	**10,673,045**	**9,522,797**	**12.1**
Qingdao Qianwan Container Terminal Co., Ltd.	7,076,924	6,269,091	12.9
Dalian Port Container Terminal Co., Ltd.	983,401	945,716	4
Tianjin Five Continents International Container Terminals Co., Ltd.	1,048,546	976,863	7.3
Tianjin Port Euroasia International Container Terminal Co., Ltd.	745,138	649,091	14.8
Yingkou Container Terminals Co., Ltd.	819,036	682,036	20.1
Yangtze River Delta	**3,928,777**	**3,634,691**	**8.1**
Shanghai Pudong International Container Terminals Co., Ltd.	1,045,154	1,167,619	-10.5
Ningbo Yuan Dong Terminals Operation Co., Ltd.	1,196,903	1,035,691	15.6
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	558,732	484,687	15.3
Yangzhou Yuanyang International Terminals Co., Ltd.	194,128	191,964	1.1
Nanjing Port Longtan Container Co., Ltd.	933,860	754,730	23.7
Pearl River Delta and Southeast Coastal regions	**8,574,737**	**7,969,373**	**7.6**
COSCO-HIT Terminals (Hong Kong) Ltd.	874,455	821,851	6.4
Yantian International Container Terminals Ltd. (Phase I, II and III)	4,824,317	4,734,794	1.9
Guangzhou South China Oceangate Container Terminal Co., Ltd.	2,077,014	1,685,432	23.2
Quanzhou Pacific Container Terminal Co., Ltd.	599,708	576,799	4

Terminal companies	Six months ended 30 June 2012 (TEUs)	2011 (TEUs)	Change (%)
Jinjiang Pacific Ports Development Co., Ltd.	165,703	150,497	10.1
Xiamen Ocean Gate Container Terminal Co., Ltd. (Note)	33,540	—	Not applicable
Overseas	**3,700,301**	**3,122,404**	**18.5**
COSCO-PSA Terminal Private Ltd.	661,731	513,758	28.8
Antwerp Gateway Terminal	549,876	607,633	-9.5
Suez Canal Container Terminal	1,435,435	1,516,733	-5.4
Piraeus Container Terminal	1,053,259	484,280	117.5
Total container terminal throughputs in China	**23,176,559**	**21,126,861**	**9.7**
Total container throughputs	**26,876,860**	**24,249,265**	**10.8**
Total bulk cargo throughputs (tons)	**11,450,486**	**12,945,477**	**-11.5**

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

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

Business expansion

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

Market outlook

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

Operation plans

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

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

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

Container Leasing, Management and Sales Business

Market review

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

Operating results

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

Size of container fleet (unit: TEUs)

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

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

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

Market outlook

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

Operation plans

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

Container manufacturing

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

Production safety

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

Accidents in the first half of 2012:

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

2. Engine accidents: No engine accidents.

3. Pollution accidents: No pollution accidents.

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

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

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

TECHNOLOGY INNOVATION

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

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

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

ENERGY SAVING AND ENVIRONMENTAL PROTECTION

The Group is devoted to environmental protection and energy saving. With continuous emphasis on its shipping companies with substantial fuel consumption and emission in 2012, the Group strengthened its energy management for container and bulk vessels and improved its reporting system for reducing energy consumption and pollutant discharge. It also proactively conducted research on new and clean energy, and the establishment of energy-saving and emission reduction standards. It lowered cost through measures such as adopting speed reduction of routes, applying technological findings, introducing technological inventions, increasing the use of advanced technology and reducing energy consumption and pollutants discharged.

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

Financial review

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

Operating revenues

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

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

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

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

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

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

Operating costs

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

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

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

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

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

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

Other expenses/income, net

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

Selling, administrative and general expenses

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

Finance income

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

Finance cost

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

Net related exchange (loss) / gain

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

Share of profits less losses of jointly controlled entities and associates

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

Income tax expenses

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

Working Capital, financial resources and capital structure

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

The working capital and capital resources of the Group have always been and will continue to be generated from cash flows of operating activities, proceeds from new share issue and loan facilities from banks. Cash of the Group has been and is expected to be utilized for various purposes such as payment of operating costs, purchases of container vessels, dry bulk vessels and containers, investments in terminals, logistics projects and repayment of loans.

Debt analysis

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

Breakdown of borrowings by category:

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

Breakdown of borrowings by currency:

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

Corporate guarantee and contingent liabilities

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

Foreign exchange and interest rate risk management

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

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, qualification and experience of staff with accounting and financial reporting function, effectiveness of internal audit, corporate governance and control, and their training programme and budget), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The audit committee consists of two independent non-executive Directors, Mr. Kwong Che Keung, Gordon (chairman of the audit committee) and Mr. Teo Siong Seng, and one non-executive Director, Ms. Sun Yueying, who will meet regularly with management of the Company and the Company's external auditors, review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2012, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintaining relatively high standards of corporate governance by the Group. The Board considers that effective corporate governance is essential and makes an important contribution to the corporate success and to enhancing shareholder value.

The Company adopted the Company's Corporate Governance Code which incorporates all the code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and in the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules other than the following deviations and a majority of the recommended best practices in Appendix 14 to the Listing Rules.

Code provision A.2.1 in Appendix 14 to the Listing Rules requires separation of the role of chairman and chief executive of a listed issuer. Mr. Wei Jiafu currently assumes the role of both Chairman and Chief Executive Officer of the Company. The Board considers that segregation of the role of the Chairman and the Chief Executive Officer would involve a sharing of power and authority of the existing structure, while assuming both roles has a positive significance on the daily operation of the Company. Notwithstanding the above, the Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

Except for the above deviation, none of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and in the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules or the Company's Corporate Governance Code for any part of the period for the six months ended 30 June 2012.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct ("**Code of Conduct**") regarding securities transactions of the Directors and Supervisors effective on 9 June 2005, on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors and supervisors of the Company, they have confirmed that they complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

INTERIM DIVIDEND AND WARNING AND EXPLANATION FOR THE FORECASTED AGGREGATE NET LOSS FROM THE BEGINNING OF THE YEAR TO THE END OF THE NEXT REPORTING PERIOD

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

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

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained within this interim results announcement are historical in nature, and past performance does not guarantee the future results of the Group. Any forward-looking statements and opinions contained within this interim results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkexnews.hk). An interim report for the six months ended 30 June 2012 containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to our shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share Interim Report prepared under the PRC Accounting Standards on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) for reference by investors.

DEFINITIONS

In this announcement, the following expressions have the following meaning unless the context requires otherwise:

"A-Shares"	PRC listed domestic shares of the Company, with a nominal value of RMB 1.00 each, which are subscribed and traded in RMB and listed on the Shanghai Stock Exchange
"BDI"	Baltic Exchange Dry Index
"Board"	the board of Directors
"China COSCO Bulk"	China COSCO Bulk Shipping (Group) Co., Ltd., a company established under the laws of the PRC and a subsidiary of the Company
"CIMC"	China International Marine Containers (Group) Co., Ltd., a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange, and an associate of the Company
"Company" or "China COSCO"	China COSCO Holdings Company Limited, a joint stock limited company established under the laws of the PRC with limited liability, of which its H-Shares are listed on the Stock Exchange and its A-Shares are listed on the Shanghai Stock Exchange
"COSCO"	中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company), a Chinese State-owned enterprise, the controlling Shareholder of the Company
"COSCO Group"	COSCO and its subsidiaries (excluding the Group)
"COSCO Logistics"	中國遠洋物流有限公司(COSCO Logistics Co., Ltd.), a sino-foreign joint venture company established under the laws of the PRC and a subsidiary of the Company

"COSCO Pacific"	COSCO Pacific Limited, a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange and an indirect subsidiary of the Company
"COSCON"	COSCO Container Lines Company Limited, a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company
"Directors"	the directors of the Company
"DWT"	deadweight tons
"Florens"	Florens Container Holdings Limited, a subsidiary of the Group and a wholly-owned subsidiary of COSCO Pacific
"FFA(s)"	forward freight agreement(s)
"Group"	the Company and its subsidiaries
"H-Shares"	Hong Kong listed foreign shares of the Company, with a nominal value of RMB 1.00 each
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for the Securities Transactions by Directors of Listed Issuers
"PRC"	The People's Republic of China
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Share(s)"	A-Share(s) and/or H-Share(s), being the ordinary share(s) in the registered capital of the Company, with a nominal value of RMB 1.00 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"TEU(s)"	Twenty-foot equivalent unit(s), a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet
"US$" or "USD"	United States dollars, the lawful currency of the United States of America

By Order of the Board
China COSCO Holdings Company Limited
Guo Huawei
Joint Company Secretary

Beijing, the People's Republic of China
29 August 2012

As at the date of this announcement, the Directors are Mr. WEI Jiafu[2] (Chairman), Mr. MA Zehua[1] (Vice Chairman), Mr. LI Yunpeng[2], Ms. SUN Yueying[2], Mr. SUN Jiakang[1], Mr. XU Minjie[1], Mr. JIANG Lijun[1] (President), Mr. TEO Siong Seng[3], Dr. FAN HSU Lai Tai, Rita[3], Mr. KWONG Che Keung, Gordon[3] and Mr. Peter Guy BOWIE[3].

1 Executive director

2 Non-executive director

3 Independent non-executive director

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