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 2014 INTERIM RESULTS

RESULTS HIGHLIGHTS

	First half of 2014 ***RMB'000***	First half of 2013 *RMB'000* *(Restated)*	**Change**
Revenues	**32,492,273**	31,073,549	**4.6%**
(Loss)/profit attributable to equity holders of the Company arising from:			
- Continuing operations	**(2,276,732)**	(4,193,546)	**-45.7%**
- Discontinued operations	**—**	3,203,578	**-100.0%**
	(2,276,732)	(989,968)	**130.0%**
Basic (loss)/earnings per share			
- From continuing operations	**(0.2229)**	(0.4105)	**-45.7%**
- From discontinued operations	**—**	0.3136	**-100.0%**
	(0.2229)	(0.0969)	**130.0%**

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2014. The unaudited interim financial information has been reviewed by the audit committee of the Company, comprising a majority of independent non-executive Directors.

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 11 as presented below are extracted from the unaudited condensed consolidated interim financial information of our Group for the six months ended 30 June 2014, 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.

FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000 (Restated)
Continuing operations			
Revenues	3	**32,492,273**	31,073,549
Cost of services and inventories sold		**(30,915,704)**	(32,485,410)
Gross profit/(loss)		**1,576,569**	(1,411,861)
Other (expenses)/income, net	4	**(403,287)**	201,189
Selling, administrative and general expenses		**(2,003,885)**	(1,966,050)
Operating loss	4	**(830,603)**	(3,176,722)
Finance income		**539,861**	466,759
Finance costs		**(1,520,185)**	(1,614,044)
Net related exchange (loss)/gain		**(273,350)**	514,647
Net finance costs	5	**(1,253,674)**	(632,638)
Share of profits less losses of			
- joint ventures		**318,633**	244,622
- associates		**384,706**	259,238
Loss before income tax		**(1,380,938)**	(3,305,500)
Income tax expenses	6	**(292,792)**	(299,021)
Loss for the period from continuing operations		**(1,673,730)**	(3,604,521)
Discontinued operations			
Profit for the period from discontinued operations		**—**	4,711,064
(Loss)/profit for the period		**(1,673,730)**	1,106,543
(Loss)/profit attributable to:			
-Equity holders of the Company		**(2,276,732)**	(989,968)
-Non-controlling interests		**603,002**	2,096,511
		(1,673,730)	1,106,543

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000 (Restated)
(Loss)/profit attributable to equity holders of the Company arising from:			
-Continuing operations		**(2,276,732)**	(4,193,546)
-Discontinued operations		**—**	3,203,578
		(2,276,732)	(989,968)
		RMB	*RMB*
(Loss)/earnings per share attributable to equity holders of the Company:			
Basic (loss)/earnings per share			
-From continuing operations	8(a)	**(0.2229)**	(0.4105)
-From discontinued operations	8(a)	**—**	0.3136
		(0.2229)	(0.0969)
Diluted (loss)/earnings per share			
-From continuing operations	8(b)	**(0.2229)**	(0.4105)
-From discontinued operations	8(b)	**—**	0.3136
		(0.2229)	(0.0969)

		Six months ended 30 June 2014 RMB'000	2013 RMB'000
Dividend	7	**—**	—

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2014

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

	Note	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**10,216,274**	10,216,274
Reserves		**11,928,987**	14,006,311
		22,145,261	24,222,585
Non-controlling interests		**18,388,097**	17,891,222
Total equity		**40,533,358**	42,113,807
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**70,777,639**	68,351,377
Provisions and other liabilities		**1,093,854**	1,283,942
Deferred income tax liabilities		**2,100,590**	2,042,587
Total non-current liabilities		**73,972,083**	71,677,906
Current liabilities			
Trade and other payables	10	**18,543,479**	18,151,708
Short-term borrowings		**190,000**	2,765,570
Current portion of long-term borrowings		**16,255,508**	25,278,430
Current portion of provisions and other liabilities		**535,139**	602,657
Tax payable		**1,115,995**	1,272,029
Total current liabilities		**36,640,121**	48,070,394
Total liabilities		**110,612,204**	119,748,300
Total equity and liabilities		**151,145,562**	161,862,107
Net current assets		**14,204,394**	16,440,696
Total assets less current liabilities		**114,505,441**	113,791,713

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 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

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

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

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

The parent company of Seatrade and Welley (hereinafter collectively referred to as "Acquired Subsidiaries") is COSCO and the aforesaid transactions are regarded as business combinations under common control. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 was restated as a result of adoption of merger accounting for the above business combinations under common control.

The unaudited interim financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. This unaudited interim financial information for the six months ended 30 June 2014 (the "Interim Financial Information") was approved by the Board of Directors for issue on 28 August 2014.

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

2 **Basis of preparation and significant accounting policies**

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

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

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

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

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

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

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

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

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

The Group has not early adopted these new and amended standards, in the Interim Financial Information, but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 **Revenues and segment information**

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

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

Operating segments

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

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

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

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

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

	Six months ended 30 June 2014						
	Container shipping and related business(#) *RMB'000*	**Dry bulk shipping and related business(#)** *RMB'000*	**Container terminal and related business** *RMB'000*	**Container leasing, management, sale and related business** *RMB'000*	**Corporate and other operations** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Income statement							
Total revenues	24,010,095	6,425,832	1,584,483	1,129,771	—	(657,908)	32,492,273
Inter-segment revenues	(4,276)	(3,935)	(127,271)	(522,426)	—	657,908	—
Revenues (from external customers)	24,005,819	6,421,897	1,457,212	607,345	—	—	32,492,273
Segment (loss)/profit	(868,632)	(710,228)	477,547	398,787	(128,077)	—	(830,603)
Finance income							539,861
Finance costs							(1,520,185)
Net related exchange gain							(273,350)
Share of profits less losses of							
- joint ventures	(13,989)	20,077	312,545	—	—	—	318,633
- associates	5,318	(100)	189,068	—	190,420	—	384,706
Loss before income tax							(1,380,938)
Income tax expenses							(292,792)
Loss for the period							(1,673,730)
Loss/(gain) on disposals/demolition of property, plant and equipment, net (##)	863,349	23,821	(3,792)	—	—	—	883,378
Depreciation and amortisation	724,995	662,018	252,950	393,632	6,200	—	2,039,795
Provision/(reversal of provision) for impairment of trade and other receivables, net	12,655	(18,910)	—	(2,141)	—	—	(8,396)
Reversal of provision for litigation	—	(155,200)	—	—	—	—	(155,200)
Amortised amount of transaction costs on long-term borrowings	12,607	1,073	—	8,273	17,473	—	39,426
Additions to non-current assets	1,201,952	1,495,340	1,561,696	1,324,588	859	—	5,584,435

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

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

(Restated)	Six months ended 30 June 2013									
	Continuing operations							Discontinued operations		
	Container shipping and related business(#)	Dry bulk shipping and related business(#)	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total	Logistics	Corporate and other operations (###)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement										
Total revenues	22,761,803	6,463,160	1,356,192	1,124,949	—	(632,555)	31,073,549	4,986,050	—	4,986,050
Inter-segment revenues	(6,804)	(2,470)	(124,836)	(498,445)	—	632,555	—	—	—	—
Revenues (from external customers)	22,754,999	6,460,690	1,231,356	626,504	—	—	31,073,549	4,986,050	—	4,986,050
Segment (loss)/profit	(1,985,943)	(1,917,364)	399,457	552,868	(225,740)	—	(3,176,722)	271,229	—	271,229
Finance income							466,759	16,837	—	16,837
Finance costs							(1,614,044)	(10,090)	—	(10,090)
Net related exchange loss							514,647	5,477	—	5,477
Share of profits less losses of										
- joint ventures	(12,609)	14,506	242,725	—	—	—	244,622	19,845	—	19,845
- associates	2,710	(848)	204,852	—	52,524	—	259,238	36,938	143,925	180,863
(Loss)/profit before income tax							(3,305,500)	340,236	143,925	484,161
Income tax expenses							(299,021)	(74,332)	—	(74,332)
(Loss)/profit for the period							(3,604,521)	265,904	143,925	409,829
Profit for the period from discontinued operations								2,111,625	2,599,439	4,711,064
Gain on disposal of property, plant and equipment, net	(17,792)	(70,347)	(173)	—	—	—	(88,312)	—	—	—
Depreciation and amortisation	701,312	644,605	220,522	328,595	9,093	—	1,904,127	75,662	—	75,662
Provision/(reversal of provision) for impairment of trade and other receivables, net	5,734	(36,551)	—	(4,341)	—	—	(35,158)	441	—	441
Amortised amount of transaction costs on long-term borrowings	21,869	7,556	—	9,319	7,271	—	46,015	—	—	—
Additions to non-current assets	2,776,150	799,999	1,012,940	790,239	144	—	5,379,472	117,831	—	117,831

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

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

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

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

Geographical information

(a) Revenues

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

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

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.

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

(b) Non-current assets

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

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

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

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
China domestic	**27,728,010**	26,755,431
Non-China domestic	**5,239,150**	4,502,092
Unallocated	**64,901,276**	64,049,883
Total	**97,868,436**	95,307,406

4 Operating loss

Operating loss is stated after crediting/charging the following:

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

Note:

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

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

5 Finance income and costs

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

6 Income tax expenses

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

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 12.5% to 46% (2013: 12.5% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 12.5% to 15% (2013: 12.5% to 15%).

(b) Deferred income tax

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

As at 30 June 2014, the unrecognised deferred income tax liabilities were RMB1,920,722,000 (31 December 2013: RMB1,781,708,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2014 amounted to RMB8,638,048,000 (31 December 2013: RMB8,050,323,000).

As at 30 June 2014, the Group had tax losses of RMB34,122,578,000 (31 December 2013: RMB32,733,380,000), which were not recognised for deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable, of which an amount of RMB33,709,641,000 (31 December 2013: RMB32,320,394,000) will expire within five years.

7 **Dividend**

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

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

(b) **Diluted**

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

	Six months ended 30 June	
	2014	2013
		(Restated)
Loss from continuing operations attributable to equity holders of the Company (RMB)	**(2,276,732,000)**	(4,193,546,000)
Adjustment of continuing operations on the effect of dilution	**—**	(45,000)
	(2,276,732,000)	(4,193,591,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	**—**	3,203,578,000
Adjustment of discontinued operations on the effect of dilution	**—**	(131,000)
	—	3,203,447,000
	(2,276,732,000)	(990,144,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Diluted (loss)/earnings per share (RMB)		
From continuing operations	**(0.2229)**	(0.4105)
From discontinued operation	**—**	0.3136
	(0.2229)	(0.0969)

9 **Trade and other receivables**

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

Notes:

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

(b) The normal credit period granted to trade receivables of the Group is generally within 90 days. Trade receivables primarily consist of voyage-related receivables. As at 30 June 2014, the ageing analysis of trade and bills receivables was as follows:

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

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

10 Trade and other payables

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

Notes:

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

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

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

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

11 Significant subsequent events

On 11 July 2014, the Group entered into certain shipbuilding agreements with third party shipyards, pursuant to which the Group agreed to construct ten bulk carriers at an aggregate consideration of US$263,100,000 (approximately RMB 1,618,802,000).

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

DIRECTORS' REPORT

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

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

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

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

(i) ***Analysis of principal businesses***

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

Unit: RMB'000

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

Reasons for the change of the operating revenue

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

Container shipping business

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

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

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

Dry bulk shipping business

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

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

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

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

Terminal and related business

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

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

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

Breakdown of terminal throughput

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

Container leasing, management and sales business

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

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

Operating cost analysis

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

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

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

The operating costs of terminal and related business amounted to RMB1,008,785,000, representing an increase of RMB124,405,000, or 14.1%, as compared to the same period of last year. The increase was primarily attributable to the increase in business volume of terminals with controlling interest.

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

Other (expenses)/income, net

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

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

Selling, administrative and general expenses

In the first half of 2014, the selling, administrative and general expenses of the Group amounted to RMB2,003,885,000, representing an increase of 37,835,000, or 1.9%, as compared to the same period of last year. The increase was mainly due to slight increase in labour costs and rental fees as compared to the same period of last year.

Finance cost

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

Net related exchange (loss)/gain

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

Working Capital, financial resources and capital structure

Cash flow

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

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

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

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

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

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

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

Debt analysis

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

Breakdown of borrowings by category:

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

Breakdown of borrowings by currency:

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

Corporate guarantees and contingent liabilities

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

Foreign exchange risk

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

2. **Others**

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

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

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

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

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

Not applicable.

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

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

AUDIT COMMITTEE

The Company has an audit committee established 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. Yang, Liang Yee Philip, and one non-executive Director, Ms. Sun Yueying, who meet regularly with management of the Company and the Company's external auditors, review external auditors' review and audit reports (as applicable) and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited interim financial information for the six months ended 30 June 2014, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted the Company's corporate governance code (the "**Code**") which incorporates all the code provisions in the 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 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct ("**Code of Conduct**") regarding securities transactions of the Directors and supervisors of the Company 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 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

INTERIM DIVIDEND

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

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 materialize or turn out to be incorrect.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

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 2014 containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to the 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 of the investors.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meaning in this announcement:

"Board"	the board of Directors
"Company" or "China COSCO"	China COSCO Holdings Company Limited (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange

"COSCO Logistics"	COSCO Logistics Co., Ltd. (中國遠洋物流有限公司), a sino-foreign joint venture company established under the laws of the PRC and a subsidiary of the Company before 26 April 2013.
"COSCO Pacific"	COSCO Pacific Limited (中遠太平洋有限公司), a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange and an indirect subsidiary of the Company
"COSCO Container"	COSCO Container Industries Limited (中遠集裝箱工業有限公司), a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of COSCO Pacific before 20 May 2013
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules
"PRC"	People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) (including A share(s) and H share(s) of the Company) of RMB1.00 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Beijing, the People's Republic of China
28 August 2014

As at the date of this announcement, the directors of the Company are Mr. MA Zehua[2] (Chairman), Mr. LI Yunpeng[1] (Vice Chairman), Ms. SUN Yueying[2], Mr. SUN Jiakang[1], Mr. YE Weilong[1], Mr. WANG Yuhang[2], Mr. JIANG Lijun[1] (President), Dr. FAN HSU Lai Tai, Rita[3], Mr. KWONG Che Keung, Gordon[3], Mr. Peter Guy BOWIE[3] and Mr. YANG, Liang Yee Philip[3].

[1] *Executive director*
[2] *Non-executive director*
[3] *Independent non-executive director*

* *For identification purpose only*