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 2008 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	First half of 2008 *RMB'000*	First half of 2007 *RMB'000* *(Restated)*	Change
Revenues	**70,482,130**	47,744,953	47.6%
Operating Profit	**18,948,788**	8,710,395	117.5%
Profit before income tax	**19,752,946**	9,194,291	114.8%
Profit attributable to equity holders of the Company	**15,122,222**	7,227,707	109.2%
Basic earnings per share	**RMB1.4802**	RMB0.898	64.8%

- During the period, shipping volume of containers shipping business reached 3,014,670 TEUs, representing an increase of 8.9% over the same period in 2007. As at 30 June 2008, the Group operated a fleet of 140 container vessels and the shipping capacity reached 458,472 TEUs, representing an increase of 9.9% over the same period of last year.

- During the period, dry bulk shipping business recorded a shipping volume of 135.85 million tons, representing an increase of 4% over the same period last year. As at 30 June 2008, the Group owned, operated and controlled a total of 432 dry bulk cargo vessels, with a total of 33,597,827 DWT, representing an increase of 1.2% over the same period of last year.

- During the period, the operational revenue of the logistics business was RMB7,021,616,000, representing an increase of 32.0% over the same period last year.
- During the period, the aggregate number of containers handled by the Group through the 27 container terminal companies which COSCO Pacific owned interest and operated reached 22,088,046 TEUs, representing an increase of 22.7% over the same period last year.
- As at 30 June 2008, the container fleet owned and managed by Florens amounted to 1,632,356 TEUs in size, representing an increase of 16.8% as compared with that of the same period last year, and representing a market share of approximately 13.2% of the container leasing companies in the world, and ranking the second largest container leasing companies in the world.

The board of directors (the "**Board**") of China COSCO Holdings Company Limited (the "**Company**" or "**China COSCO**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2008. The unaudited condensed consolidated interim financial information have been reviewed by the Company's audit committee, comprising a majority of independent non-executive directors of the Company.

The Group's unaudited condensed consolidated income statement and the unaudited condensed consolidated balance sheet and explanatory notes 1 to 11 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 (collectively the "**unaudited Condensed Consolidated Interim Financial Information**"), which have been reviewed by the Company's international auditors, 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**"), except that the scope of their review did not extend to the Group's share of net asset and result of China International Marine Containers (Group) Co., Ltd., a listed associate of the Group. Accordingly, their independent review report was qualified in this respect.

The Group's share of result and net asset of China International Marine Containers (Group) Co., Ltd, which have been accounted for under the equity method based on its published financial information, have been disclosed in note 3(a)(i) and 3(a)(ii) respectively.

FINANCIAL INFORMATION

Section A. Unaudited Condensed Consolidated Financial Information and notes thereto prepared in accordance with Hong Kong Accounting Standard 34

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	**Six months ended 30 June** **2008** *RMB'000*	**2007** *RMB'000* *(Restated)*
Revenues	3	**70,482,130**	47,744,953
Cost of services		**(51,157,563)**	(38,359,297)
Gross profit		**19,324,567**	9,385,656
Other income		**2,073,071**	1,502,118
Selling, administrative and general expenses		**(2,341,891)**	(2,005,114)
Other expenses		**(106,959)**	(254,310)
Share reform		**—**	82,045
Operating profit	4	**18,948,788**	8,710,395
Finance income	5	**474,713**	196,557
Finance costs	5	**(474,221)**	(572,016)
Operating profit after finance income/costs		**18,949,280**	8,334,936
Share of profits less losses of			
- jointly controlled entities		**431,198**	351,133
- associates		**372,468**	508,222
Profit before income tax expenses		**19,752,946**	9,194,291
Income tax expenses	6	**(3,896,278)**	(1,293,223)
Profit for the period		**15,856,668**	7,901,068
Attributable to:			
Equity holders of the Company		**15,122,222**	7,227,707
Minority interests		**734,446**	673,361
		15,856,668	7,901,068
Distribution	7	**9,940**	3,735,604
Earnings per share for profit attributable to the equity holders of the Company		*RMB*	*RMB*
- basic and diluted	8	**1.4802**	0.898

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment		**53,115,744**	45,998,049
Investment properties		**335,451**	340,377
Leasehold land and land use rights		**1,042,936**	1,045,052
Intangible assets		**155,321**	180,443
Jointly controlled entities		**5,206,592**	5,023,849
Associates		**6,400,998**	4,489,247
Available-for-sale financial assets		**4,328,210**	4,708,917
Deferred income tax assets		**585,629**	524,264
Finance lease receivables		**16,943**	16,910
Derivative financial assets		**611,335**	366,349
Restricted bank deposits		**140,009**	103,599
		71,939,168	62,797,056
Current assets			
Inventories		**1,991,459**	1,559,679
Trade and other receivables	9	**14,989,149**	13,246,568
Current portion of finance lease receivables		**7,059**	8,561
Derivative financial assets		**2,610,227**	2,089,099
Financial assets at fair value through profit or loss		**3,075**	3,664
Deposits and cash and cash equivalents		**32,370,363**	37,615,277
		51,971,332	54,522,848
Total assets		**123,910,500**	117,319,904

	Note	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**10,216,274**	10,216,274
Reserves		**47,808,849**	34,572,860
Proposed final dividend	7	**—**	1,804,358
		58,025,123	46,593,492
Minority interests		**10,501,119**	10,545,764
Total equity		**68,526,242**	57,139,256
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**20,919,762**	14,142,178
Other non-current liabilities		**1,015,552**	946,854
Derivative financial liabilities		**12,973**	6,571
Deferred income tax liabilities		**3,727,025**	1,929,732
		25,675,312	17,025,335
Current liabilities			
Trade and other payables	10	**22,226,810**	36,054,303
Amounts due to a fellow subsidiary		**512,174**	536,779
Derivative financial liabilities		**1,051,251**	536,150
Short-term loans		**2,066,366**	3,916,671
Current portion of long-term borrowings		**2,155,038**	1,271,032
Tax payable		**1,697,307**	840,378
		29,708,946	43,155,313
Total liabilities		**55,384,258**	60,180,648
Total equity and liabilities		**123,910,500**	117,319,904
Net current assets		**22,262,386**	11,367,535
Total assets less current liabilities		**94,201,554**	74,164,591

Notes

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 since 30 June 2005 and The Shanghai Stock Exchange since 26 June 2007 respectively.

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.

In late 2007, the Group acquired from COSCO and its subsidiaries (collectively "COSCO Group") pursuant to three acquisition agreements, the entire equity interests in COSCO Bulk Carrier Co., Ltd, Golden View Investment Ltd ("Golden View") (operated through COSCO (Hong Kong) Shipping Co., Ltd.), Qingdao Ocean Shipping Company and Shenzhen Ocean Shipping Co., Ltd. and their subsidiaries (hereinafter collectively referred to as the "Bulk Subsidiaries"), which are mainly engaged in dry bulk shipping and related businesses.

In late 2007, the Group acquired from COSCO Group the entire equity interests in China Ocean Shipping Agency Guangzhou Company and Penanvico Ningbo Xinyang Shipping Agency Company Limited, and their subsidiaries (collectively "Penanvico Subsidiaries"), which are engaged in logistics and related business.

In February and May 2008, the Group acquired from COSCO Group the entire equity interests in COSCO Panama Maritime S.A. ("COSCO Panama") and COSCO Brazil S/A ("COSCO Brazil").

In June 2008, the Memorandum and Articles of Association of COSCO Europe Bulk Shipping GMBH, COSCO Oceania Chartering Pty Ltd. and COSCO Bulk Carrier Americas Inc. (collectively the "Bulk overseas companies") were revised to reflect the Group's power to govern their financial and operating policies. The Bulk overseas companies were previously jointly controlled entities of the Group.

These transactions are regarded as business combinations under common control.

The comparative figures in respect of the Group's profit for the six months ended 30 June 2007 and the Group's financial positions as at 30 June 2007 and 31 December 2007 have been restated as a result of adoption of merger accounting for the above business combinations under common control.

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

These unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2007 (the "2007 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Adoption of new/revised HKFRSs

The significant accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Interim Financial Information are consistent with the 2007 Annual Financial Statements except that, the Group has adopted the following new interpretations issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2008:

HK (IFRIC)-Int 11	HKFR 2 - Group and Treasury Share Transactions
HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new interpretations in the current period did not have any significant effect on the unaudited Condensed Consolidated Interim Financial Information or result in any significant changes in the Group's significant accounting policies.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31 December 2008. The Group has not early adopted these standards, interpretations and amendments 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 Group's significant accounting policies and presentation of the financial statements will be resulted.

3 **Revenues and segment information**

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

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Container shipping	**23,497,491**	20,920,477
Dry bulk shipping	**38,911,334**	20,607,086
Container terminal operations	**250,880**	187,874
Container leasing	**379,793**	392,077
Logistics	**7,021,616**	5,319,528
Turnover	**70,061,114**	47,427,042
Manning service income	**165,182**	101,783
Others	**255,834**	216,128
Total revenues	**70,482,130**	47,744,953

(a) ***Primary reporting format - business segments***

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format.

The Group is organised on a worldwide basis into the following segments:

- Container shipping and related business
- Dry bulk shipping and related business
- Container terminal and related business
- Container leasing
- Logistics
- Other operations that primarily comprise container manufacturing and investment holding. Other operations for the six months ended 30 June 2007 also included the banking operation which was disposed in November 2007.

Unallocated income mainly represents corporate income. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, inventories, receivables, derivative financial assets and operating cash and cash equivalents, and mainly exclude investments in jointly controlled entities and associates, available-for-sale financial assets, other financial assets at fair value through profit or loss, deferred income tax assets and corporate assets. Segment liabilities comprise operating liabilities and mainly exclude items such as current and deferred income tax liabilities, distribution payable and borrowings. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets, including additions resulting from acquisitions through business combination.

The segment results and other information for the six months ended 30 June 2008 and 30 June 2007 are as follows:

	Six months ended 30 June 2008							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing**	**Other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Revenues								
External sales	**23,497,491**	**39,332,350**	**7,021,616**	**250,880**	**379,793**	**—**	**—**	**70,482,130**
Inter-segment sales	**2,046**	**695**	**72,530**	**45,295**	**477,068**	**—**	**(597,634)**	**—**
	23,499,537	**39,333,045**	**7,094,146**	**296,175**	**856,861**	**—**	**(597,634)**	**70,482,130**
Segment results	**1,002,147**	**17,099,780**	**249,803**	**188,088**	**467,280**	**6,436**	**—**	**19,013,534**
Finance costs								**(474,221)**
Unallocated income								**543,694**
Unallocated expenses								**(133,727)**
Operating profit after finance income/costs								**18,949,280**
Share of profits less losses of								
- jointly controlled entities	**6,057**	**87,895**	**30,170**	**307,076**	**—**	**—**	**—**	**431,198**
- associates *(note i)*	**2,872**	**19,313**	**42,319**	**61,395**	**—**	**246,569**	**—**	**372,468**
Profit before income tax								**19,752,946**
Income tax expenses								**(3,896,278)**
Profit for the period								**15,856,668**
Depreciation, amortisation and impairment	**521,751**	**975,853**	**65,532**	**45,270**	**275,898**	**8,888**	**—**	**1,893,192**
Capital expenditure	**5,444,445**	**3,167,764**	**73,008**	**905,497**	**2,160,513**	**1,906**	**—**	**11,753,133**
(Reversal of)/provision for impairment of trade and other receivables, net	**992**	**3,188**	**(1,859)**	**—**	**(11,706)**	**—**	**—**	**(9,385)**
Amortised amount of transaction costs on long-term borrowings	**2,618**	**—**	**—**	**—**	**643**	**—**	**—**	**3,261**
Other non-cash expenses	**—**	**—**	**—**	**35**	**332**	**1,320**	**—**	**1,687**

	Six months ended 30 June 2007 (Restated)							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing**	**Other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Revenues								
External sales	20,920,477	20,924,997	5,319,528	187,874	392,077	—	—	47,744,953
Inter-segment sales	3,932	—	153,358	2,095	560,255	—	(719,640)	—
	20,924,409	20,924,997	5,472,886	189,969	952,332	—	(719,640)	47,744,953
Segment results	614,393	7,545,276	167,921	163,211	407,505	18,600	—	8,916,906
Share reform						82,045		82,045
Finance costs								(572,016)
Unallocated income								80,184
Unallocated expenses								(172,183)
Operating profit after finance income/costs								8,334,936
Share of profits less losses of								
- jointly controlled entities	2,178	39,205	53,318	240,833	—	15,599	—	351,133
- associates *(note i)*	2,805	12,300	38,226	100,910	—	353,981	—	508,222
Profit before income tax								9,194,291
Income tax expenses								(1,293,223)
Profit for the period								7,901,068
Depreciation, amortisation and impairment	412,509	1,233,819	66,516	24,531	276,277	2,520	—	2,016,172
Capital expenditure	1,026,279	1,913,826	151,620	56,407	2,684,266	451	—	5,832,849
(Reversal of)/provision for impairment of trade and other receivables, net	8,938	(27,343)	2,646	—	(4,307)	—	—	(20,066)
Amortised amount of transaction costs on long-term borrowings	—	—	—	—	1,644	1,984	—	3,628
Other non-cash expenses	—	—	—	—	124	879	—	1,003

The segment assets and liabilities as at 30 June 2008 and 31 December 2007 are as follows:

	As at 30 June 2008							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing**	**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	**31,085,244**	**41,869,257**	**8,132,213**	**3,528,033**	**10,805,819**	**288,802**	**(393,101)**	**95,316,267**
Jointly controlled entities	**51,501**	**873,109**	**319,312**	**3,801,152**	**—**	**161,518**	**—**	**5,206,592**
Associates *(note ii)*	**33,010**	**103,670**	**460,075**	**888,247**	**—**	**4,915,996**	**—**	**6,400,998**
Available-for-sale financial assets	**67,463**	**695,975**	**248,472**	**3,278,650**	**—**	**37,650**	**—**	**4,328,210**
Unallocated assets								**12,658,433**
Total assets								**123,910,500**
Segment liabilities	**7,665,859**	**7,082,203**	**4,931,374**	**362,126**	**1,110,468**	**75**	**(393,101)**	**20,759,004**
Unallocated liabilities								**34,625,254**
Total liabilities								**55,384,258**

	As at 31 December 2007 (Restated)							
	Container shipping and related business	**Dry bulk shipping and related business**	**Logistics**	**Container terminal and related business**	**Container leasing**	**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	28,265,139	38,954,638	7,108,971	2,448,137	9,952,554	34,923	(357,267)	86,407,095
Jointly controlled entities	43,726	669,227	424,308	3,748,969	—	137,619	—	5,023,849
Associates *(note ii)*	170,170	102,107	348,593	816,347	—	3,052,030	—	4,489,247
Available-for-sale financial assets	98,134	461,444	375,636	3,674,214	—	99,489	—	4,708,917
Unallocated assets								16,690,796
Total assets								117,319,904
Segment liabilities	6,946,905	7,221,209	4,476,189	137,443	959,350	—	(357,267)	19,383,829
Unallocated liabilities								40,796,819
Total liabilities								60,180,648

Notes:

(i) For the six months ended 30 June 2008, the Group's share of profit (net of income tax expense) of China International Marine Containers (Group) Co., Ltd. ("CIMC"), a listed associate of the Group, amounted to RMB205,635,000 (2007: RMB220,316,000).

(ii) As at 30 June 2008, the Group's share of net assets of CIMC amounted to RMB4,176,170,000 (31 December 2007: RMB2,556,741,000).

(b) ***Secondary reporting format - geographical segments***

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Container shipping and related business, container terminals and related business and logistics		
America	**6,337,807**	6,730,717
Europe	**7,771,063**	6,206,104
Asia Pacific	**3,440,657**	3,158,240
China domestic	**12,033,483**	9,368,435
Other international market	**1,186,977**	964,383
Dry bulk shipping and manning and related business services		
International	**37,328,259**	19,727,134
China domestic	**2,004,091**	1,197,863
Unallocated	**379,793**	392,077
Total revenues	**70,482,130**	47,744,953

4 **Operating profit**

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposal of property, plant and equipment		
- containers	**5,495**	46,576
- container vessels	**146,314**	408,506
- dry bulk vessels	**96,031**	—
- others	**4,776**	8,922
Gain on deemed disposal of a subsidiary	**—**	50,490
Reversal of provision for impairment of trade and other receivables	**13,600**	31,650
Government subsidy	**44,941**	43,596
Dividend income from listed and unlisted investments	**105,690**	87,475
Gain on disposal of available-for-sale financial assets	**13,831**	22,656
Net gain on derivatives at fair value through profit or loss		
- forward freight agreements	**1,163,309**	679,726
- interest rate swap contracts	**—**	548
Gain on ineffectiveness on cash flow hedges of forward freight agreements	**46,056**	—
Gain on disposal of jointly controlled entities and dissolution of associate, net	**—**	5,527

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Charging:		
Depreciation, amortisation and impairment	**1,893,192**	2,016,172
Cost of bunkers consumed	**6,986,641**	4,549,789
Operating lease rental:		
- container vessels	**1,713,867**	1,561,516
- dry bulk vessels	**15,561,558**	7,988,992
- containers	**361,245**	358,984
- land and buildings	**34,404**	76,241
- other property, plant and equipment	**52,079**	160,231
Provision for impairment of trade and other receivables	**4,215**	11,584
Net loss on derivatives at fair value through profit or loss		
- bunker forward contracts	**5,659**	2,621
Cost of inventories sold		
- resaleable containers	**127,931**	285,349
- marine suppliers and others	**35,538**	39,548
Loss on ineffectiveness on cash flow hedge of forward freight agreements	**—**	72,462
Loss on deemed disposal of a subsidiary	**10**	—

5 Finance income and costs

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Interest expenses on		
- bank loans	**348,127**	402,090
- bond wholly repayable within one year	**—**	25,885
- other loans wholly repayable within five years	**4,211**	507
- loans from an associate	**22,414**	20,509
- finance lease obligations	**6,432**	8,111
- notes not wholly repayable within five years	**60,442**	75,631
- amounts due to a fellow subsidiary	**9,249**	16,142
	450,875	548,875
Amortised amount of transaction costs on long-term borrowings	**3,261**	3,628
Amortised amount of discount on issue of notes	**678**	795
Other incidental borrowing costs and charges	**21,462**	19,590
Amount capitalised in construction in progress	**(2,055)**	(872)
Finance costs	**474,221**	572,016
Interest income from		
- deposits with an associate	**(97,255)**	(17,980)
- loan to a jointly controlled entity	**(14)**	(6,248)
- loans to associates	**(4,759)**	(3,528)
- banks	**(372,685)**	(150,485)
- deposits with a subsidiary of COSCO	**—**	(18,316)
Finance income	**(474,713)**	(196,557)
Net finance (income)/cost	**(492)**	375,459

6 Income tax expenses

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
- PRC enterprise income tax (note a)	**2,096,326**	1,135,616
- Hong Kong profits tax (note b)	**3,039**	4,880
- Overseas taxation (note c)	**143,174**	88,442
Under provision in prior periods	**—**	(10,222)
	2,242,539	1,218,716
Deferred income tax, net (note d)	**1,653,739**	109,414
Impact of the new Corporate Income Tax Law	**—**	(34,907)
	3,896,278	1,293,223

Notes:

(a) PRC enterprise income tax ("EIT") is calculated based on the statutory rate of 25% (2007: 33%) on the taxable income of each of the PRC companies of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the period, except for certain subsidiaries, which are taxed at reduced rates ranging from 12.5% to 18% (2007: 15% to 27%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. Hong Kong profits tax was provided at a rate of 17.5% on the assessable profit in the prior period.

(c) Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 13% to 46% during the period (2007: 20% to 44%).

(d) 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 2008, deferred income tax liabilities of RMB1,398,595,000 (2007: RMB653,222,000) has not been established for the income taxation, that would be payable on the undistributed profits of certain subsidiaries primarily operating overseas as the Directors considered that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

7 Distribution and dividends

(a) *Distribution*

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
		(Restated)
Dividends and distribution of reserves (note i)		
- a subsidary of COSCO	—	2,665,425
- COSCO	—	1,049,805
Other distributions in connection with		
- COSCO Brazil and COSCO Panama (note ii)	**9,940**	—
- Vessel owning companies (note iii)	—	20,374
	9,940	3,735,604

Notes:

(i) It represented distribution of reserve or dividends declared by the Bulk Subsidiaries now comprising the Group to their then shareholders.

(ii) This represented considerations paid by the Group for acquisition of equity interests in COSCO Brazil and COSCO Panama which were treated as deemed distribution to COSCO.

(iii) This represented consideration paid by Golden View for acquisition of 11 vessel owning subsidiaries from a fellow subsidiary prior to the completion of the acquisition of entire equity interest in Golden View by the Group.

(b) *Dividends*

(i) On 22 April 2008, the Board proposed a cash final dividend of RMB0.18 per share, totalling RMB1,838,929,000 for the year ended 31 December 2007. In connection with the shares issued by the Company for the acquisition of certain Bulk Subsidiaries (the "Acquisition Issue"), COSCO has agreed to forfeit the right to receive the dividend declared by the Company in respect of the Group's profits (excluding profits of the Bulk Subsidiaries) for the period from 1 January 2007 to 31 August 2007 in respect of 864,270,817 A-Shares held by COSCO. As such, the amount of approximately RMB34,571,000 as determined has been deducted from the proposed 2007 final dividend.

The net amount of RMB1,804,358,000 was accounted for as the appropriations of retained profits for the six months ended 30 June 2008.

(ii) The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008 (2007: Nil).

8 ***Earnings per share***

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period. The number of shares in issue for the six months ended 30 June 2008 and 2007 has been adjusted for the bonus issue effected on 31 May 2007 and for the Acquisition Issue effected on 19 December 2007 as if this had been issued for all periods presented.

	Six months ended 30 June	
	2008	**2007**
		(Restated)
Profit attributable to equity holders of the Company (RMB)	**15,122,222,000**	7,227,707,000
Weighted average number of ordinary shares in issue	**10,216,274,570**	8,049,018,923
Basic earnings per share (RMB)	**1.4802**	0.898

Diluted

Basic earnings per share for the six months ended 30 June 2008 is the same as the diluted earnings per share as there is no dilutive potential shares.

9 Trade and other receivables

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
Trade receivables (note a and b)		
- third parties	**8,588,005**	8,107,567
- subsidiaries of COSCO	**374,829**	926,582
- jointly controlled entities	**42,692**	116,050
- associates	**1,426**	708
- related companies	**105,055**	235,847
	9,112,007	9,386,754
Bills receivables (note b)	**95,185**	113,032
	9,207,192	9,499,786
Prepayments, deposits and other receivables		
- third parties	**4,447,323**	3,277,400
- COSCO and its subsidiaries of COSCO (note c)	**456,649**	185,734
- jointly controlled entities (note c)	**132,474**	76,180
- associates (note c)	**278,162**	23,223
- related companies (note c)	**467,349**	65,332
	5,781,957	3,627,869
Current portion of loan to jointly controlled entities	**—**	70,913
Current portion of loan to an associate	**—**	48,000
	—	118,913
	14,989,149	13,246,568

Notes:

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

(b) The normal credit period granted to customers is generally in the range of 15 to 90 days. As at 30 June 2008, the ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2008 *RMB'000*	**As at 31 December 2007** *RMB'000* *(Restated)*
1-3 months	**8,626,251**	8,653,654
4-6 months	**476,516**	581,198
7-12 months	**81,840**	250,736
1-2 years	**72,939**	61,428
2-3 years	**16,247**	50,294
Over 3 years	**138,173**	128,571
	9,411,966	9,725,881
Provision for impairment	**(204,774)**	(226,095)
	9,207,192	9,499,786

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

10 Trade and other payables

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
Trade payables (note a and b)		
- third parties	**7,111,984**	5,712,375
- subsidiaries of COSCO	**1,502,821**	1,107,228
- jointly controlled entities	**82,933**	182,607
- associates	**9,927**	206,561
- related companies	**121,377**	145,477
	8,829,042	7,354,248
Bills payables (note b)	**27,669**	39,029
	8,856,711	7,393,277
Advance from customers	**2,677,620**	2,264,499
Other payables and accruals	**7,325,143**	7,301,569
Consideration and dividend payable (note c)	**3,047,754**	17,460,889
Due to related parties (note d)		
- COSCO	**37,888**	1,486,679
- subsidiaries of COSCO	**48,233**	76,392
- jointly controlled entities	**7,848**	—
- associates	**9,449**	—
- related companies	**200,614**	49,993
	304,032	1,613,064
Current portion of other non-current liabilities	**15,550**	21,005
	22,226,810	36,054,303

Notes:

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

(b) As at 30 June 2008, the ageing analysis of trade and bill payables is as follows:

	As at 30 June 2008 *RMB'000*	As at 31 December 2007 *RMB'000* *(Restated)*
1-6 months	**8,469,631**	6,947,868
7-12 months	**205,305**	255,046
1-2 years	**90,444**	105,396
2-3 years	**22,281**	45,784
Above 3 years	**69,050**	39,183
	8,856,711	7,393,277

(c) The balance represented the outstanding dividends payable by certain Bulk Subsidiaries to their then shareholders. The balance of consideration payable of RMB5,904,016,000 to a subsidiary of COSCO as at 31 December 2007 in connection with the acquisition of Golden View was fully settled in this period.

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

11 **Events after the balance sheet date**

(a) On 25 June 2008, COSCO Pacific Limited ("COSCO Pacific") received a formal notification from Piraeus Port Authority SA ("PPA") that COSCO Pacific has been the provisional highest bidder in respect of its bid for the concession of Pier 2 and Pier 3 container terminal of Piraeus Port ("Concession"). The bid price of the 35-year period of Concession was approximately Euro500,000,000 (equivalents to approximately RMB5,415,000,000). COSCO Pacific is currently negotiating with PPA for the related Concession agreement arrangements.

(b) On 2 July 2008, a subsidiary of COSCO Pacific, and CBA USD Investment Pty Limited ("CBA USD Investments") entered into agreements to transfer to CBA USD Investments legal and equitable ownership of and title to certain marine containers owned by the subsidiary with consideration of approximately RMB1,714,800,000. Subsequent to the disposal, the subsidiary has leased back such marine containers from CBA USD Investments. The Group is expected to realise an estimated gain of approximately RMB28,800,000 (after taking into account of taxes and direct expenses) from the disposal.

Section B. Difference between interim financial information reported under A- and H-Shares

The Group's significant accounting policies, which conform to the HKFRSs, differ in certain respect from Corporate Accounting Standards ("CAS") issued by the Ministry of Finance of the PRC. Differences between HKFRSs and CAS which have significant effects on the unaudited consolidated net profit and unaudited consolidated net assets attributable to equity holders of the Company are summarised as follows. The table below is extracted from the interim financial statements prepared under the CAS, as reviewed by the PRC auditor, Zhongruiyuehua Certified Public Accountants Co., Ltd.

Unaudited consolidated net profit and unaudited consolidated net assets attributable to equity holders of the Company

	Unaudited consolidated net profit attributable to equity holders of the Company		Unaudited consolidated net assets attributable to equity holders of the Company	
	For six months ended 30 June		As at 30 June	As at 31 December
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
As prepared under A-shares interim financial information	**14,155,826**	7,047,336	**56,783,308**	44,942,476
1. Under HKFRSs, the functional currency of the Company and its certain PRC subsidiaries is determined as US dollar whereby the functional currency is determined as RMB under CAS	**989,324**	98,226	**(1,084,869)**	(682,903)
2. Difference in cost base of vessels and the related difference in depreciation charge and deferred tax	**(57,124)**	42,472	**713,497**	689,211
3. Difference in valuation of available-for-sale financial assets	**—**	—	**1,648,961**	1,709,210
4. Difference in recognising goodwill for transactions not under common control under HKFRSs and CAS	**—**	—	**3,958**	3,663
5. Difference in employee benefit plans under HKFRSs and CAS	**—**	—	**(39,732)**	(39,731)
6. Others	**34,196**	39,673	**—**	(28,434)
Total differences	**966,396**	180,371	**1,241,815**	1,651,016
As prepared under H-shares interim financial information	**15,122,222**	7,227,707	**58,025,123**	46,593,492

Notes:

1. In the H-Shares financial information, US Dollar is determined as the functional currency of China COSCO, and RMB is the presentation currency in financial information, whereas there is no such differentiation between the functional currency and the financial statement presentation currency in the A-Shares financial information.

2. In the H-Shares financial information, vessels are carried at historical costs less amortisation, whereby under A-Shares financial information, vessels are carried at revaluated amount less amortisation.

3. In the H-Shares financial information, available-for-sale financial assets are carried in the balance sheet based on their fair values. In the A-Shares financial information, such investments are classified as long-term equity investments, and are carried at cost.

4. In the H-Shares financial information, the new HKFRSs were being applied commencing from 1 January 2005, and based on HKFRSs 3, amortisation is no longer made on goodwill (equity investment difference), and impairments are being tested annually and when there are indications of impairment. In the A-Shares financial information, implementation of the new CAS commenced since 1 January 2007, and according to the Article 5(2) of the "Corporate Accounting Standards 38 — Initial implementation of Corporate Accounting Standards", long-term equity investments of enterprises not under common control should adopt equity accounting to account for the debit differences relating to the equity investments, this balance should be recognised as the cost of the investment at the initial implementation date and not to be amortised, but should be assessed for impairment every year. Such difference has been arisen due to the difference in the execution time point in ceasing the amortisation on the difference of the equity investment and making impairment testing in the A- and H-Shares financial information.

5. The A- and H-Shares financial information have difference in recognising the employee benefit plans, thus resulting in the discrepancies.

6. The A- and H-Shares financial information have different recognitions on the accounting estimations and materiality, thus resulting in the discrepancies.

MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2008, the Group recorded revenues of RMB70,482,130,000, realizing an operating profit of RMB18,948,788,000. Profit attributable to the equity holders of the Company amounted to RMB15,122,222,000.

Container shipping and related businesses

Market review

For the first half of 2008, the pace of world economic growth slowed, resulting in a slower growth in demand for Trans-Pacific routes. The increase in the shipping volume of Asia-Europe routes was lower than expected. However, the demand from emerging markets such as Australia, South America and Middle East continued to grow, bringing new opportunities for route development. Under the influence of a weak US dollar and China's policy of encouraging domestic demand, the proportion of return trip cargo increased. The proportion of return trip cargo of most US liner services increased from below 30% to over 50%, further balanced two-way cargo flows of the shipping lines. Though China suffered from severe natural disasters such as snowstorms and earthquakes, inland trade routes maintained rapid growth. On the other hand, high oil prices and the increase in port terminal and inland transshipment costs have made cost management at shipping companies even more important.

Results performance

For the first half of the year, the shipping volume of the Group's container shipping and related business amounted to 3,014,670 TEUs, representing an increase of approximately 8.9% as compared with the same period in 2007. Revenues amounted to RMB23,497,491,000, representing an increase of 12.3% over the same period in 2007.

Shipping volume by routes

	For six months ended 30 June		
	2008	2007	Change
	TEUs	*TEUs*	*%*
Trans-Pacific	**660,175**	712,582	-7.4
Asia-Europe (including Mediterranean)	**766,344**	658,262	16.4
Intra-Asia (including Australia)	**780,207**	741,872	5.2
Other international (including Trans-Atlantic)	**114,529**	118,668	-3.5
PRC	**693,415**	536,155	29.3
Total	**3,014,670**	2,767,539	8.9

Revenues by routes

	For six months ended 30 June		
	2008	2007	Change
	RMB'000	*RMB'000*	*%*
Trans-Pacific	**6,336,179**	6,725,939	-5.8
Asia-Europe (including Mediterranean)	**7,578,525**	6,041,681	25.4
Intra-Asia (including Australia)	**2,955,519**	2,829,527	4.5
Other international (including Trans-Atlantic)	**1,058,580**	964,383	9.8
PRC	**1,847,089**	1,112,450	66.0
Sub-total	**19,775,892**	17,673,980	11.9
Chartered out	**200,834**	119,504	68.1
Related business	**3,520,765**	3,126,993	12.6
Total	**23,497,491**	20,920,477	12.3

Fleet development

In the first half of 2008, the Group had three new container vessels with a total capacity of 30,144 TEUs delivered and put into operation. As at 30 June 2008, the Group's operating fleet included 140 container vessels with a capacity of 458,472 TEUs representing an increase of 9.9% over the same period in 2007, representing an increase of 5.4% as compared to the year end of 2007.

In the first half of the year, the Group placed new orders for 12 container vessels, with a total capacity of 123,800 TEUs. As at 30 June 2008, the Group had an orderbook of 65 container vessels with a total shipping capacity of 488,372 TEUs.

	Owned		**Chartered**		**Total**	
Year	*number*	*TEUs*	*number*	*TEUs*	*number*	*TEUs*
2008	3	30,102	3	13,518	6	43,620
2009	5	30,420	4	29,991	9	60,411
2010	4	20,400	11	80,497	15	100,897
2011	7	29,750	7	91,644	14	121,394
2012	16	95,300	—	—	16	95,300
2013	5	66,750	—	—	5	66,750
Total	40	272,722	25	215,650	65	488,372

Route operation

In the first half of the year, in light of the change in the market environment, the Group timely rearrongs the distribution of its shipping capacity. While allocating more shipping capacity to Europe, Mediterranean and Asia-Pacific routes, the Group further focused on emerging markets, accelerating the construction of regional feeder routes matching those routes with additionally allocated shipping capacity and further improved the efficiency of the routes. While the shipping capacity of Pacific routes was reduced, more shipping capacity was allocated to the emerging Caribbean market. In addition, the Central America feeder routes network was improved and expanded. Furthermore, by grasping the historic opportunity in domestic trade, the Group fully accelerated the allocation of shipping capacity to domestic trade routes, established the marketing strategy of "improving the quality and scale of routes". This improved the profitability of domestic trade routes.

Cost control

Since the beginning of this year, the Group has rationalized the cost procedures and key control points one by one on the major cost items such as bunker costs, cargo costs, port costs and inland transshipment costs. It has established an extensive management system and cost accountability system initiated from the headquarters and to overseas branches, field units and even key positions. This improved the overall strength of the cost management efforts.

With respect to bunker cost controls, besides actively hedging part of bunker to fix costs, the Group also tightened bunker cost controls by implementing measures such as optimizing the route design, increasing the number of vessels and reducing vessel speed, reducing the call time of vessels in ports, strengthening the management of oil consumption and adopting new technology. Compared with the same period last year, under the circumstances of an increase of 9.9% in shipping capacity, there was a slight decrease in the aggregate consumption of fuel. At the same time, separation of fuel surcharges from the basic shipping freight was achieved for all new Trans-Pacific routes contracts, under which, the price varies each month as bunker prices change. The collection of fuel surcharges in other routes is also being actively promoted.

With respect to transshipment cost controls, the Group adhered to the strategy of locking in key areas and trying to choose transshipment routes with lower cost. For example, reducing the transshipment volume in Long Beach and New York and continuing to actively promote the transshipment route through the port of Prince Rupert in North America. In addition, the Group initiated the new model of Far East/Central America route calling at Balboa and transshipping to Cristobal by railway. This not only substantially reduced the transshipment cost in inland North America, but also enabled us to attain benefit from the preferential rate for the inland transportation in North America. In Europe, the Group actively promoted the construction of feeder route network in the East Mediterranean and Black Sea ports to cover emerging markets, with the aim to save transshipments cost while improving the service quality. In China, the Group continued to strengthen the strategy of shifting transshipment ports.

Market outlook and operation plans

In the second half of 2008, shipping capacity for new vessels delivered in the international shipping market will remain at a high level. However, port congestion and the general measures in speed deceleration resulted in a lower rate of increase in effective shipping capacity than the rate of increase in nominal shipping capacity. As a whole, the pressure from supply and demand was a bit greater than that of last year.

The slowdown of US economy will continue to have unfavourable effects on the export cargo volume from the Far East, but the west bound cargo volume of Pacific routes will continue to grow at a faster pace. The growth trend of the west bound cargo volume of European routes is likely to persist. The Asia-Europe routes will gradually become the largest cargo flow direction in the world. However, a substantial increase in newly delivered capacity brings uncertainties to this route. The influence of emerging markets has increased, while the domestic trade market in China will remain prosperous. On the other hand, the high costs will still the toughest challenge faced by container shipping companies.

Facing the risks and opportunities in the market, the Group will flexibly deploy shipping routes capacity to respond quickly to changes. The Group will implement the differentiation competition strategy according to cargo types, further strengthen the development of overseas return trip cargo market, grasp the opportunity of "Three Links" between mainland China and Taiwan and the traditional peak season in the second half of the year, further improve the marketing services model to increase revenue.

Meanwhile, the Group will continue to implement the cost accountability system within the system in order to strictly control costs. Moreover, it will fully systematize the major suppliers of the transportation chain and negotiate for preferential rates and long-term agreements; achieve high efficiency and low costs during the course of cargo transshipment through measures such as actively exploring inland clusters for cargo shipment and distribution channels, accelerating the construction of the global feeder route network, calling at ports through scientific arrangements and designing the optimum transshipment mode; continue to step up efforts in saving energy and reducing discharge, control fuel consumption and conduct fuel hedging actively and prudently.

Dry bulk shipping business

Market review

As a result of strong demand, the growth in the international dry bulk market remained high for the first half of the year. The average of the Baltic Dry Bulk Freight Rate Index (BDI) was 8,550 points in the first half of the year, representing an increase of 61.1% as compared with the same period last year. The domestic coastal bulk market also maintained solid growth. Coal transportation continued to maintain a leading position with prices at high levels. The average of the China Coastal Bulk Freight Index (CCBFI) Index for the first half of the year was 2,518 points, representing an increase of 42.7% over the same period last year.

Results performance

In the first half of 2008, the Group's dry bulk shipping business maintained strong growth. Shipping volume amounted to 135,850,000 tons, representing an increase of 4% as compared with the same period last year. Dry bulk shipment turnover amounted to 679.2 billion ton-miles, representing an increase of 1% year-on-year. Revenues from operations amounted to RMB39,332,350,000, representing an increase of 88% over the same period of last year. The operating results were better than the average level of the industry.

Operation strategy

The Group continued the strategy to strengthen its key accounts. The ocean fleet strictly performed the contracts, provided quality service to further consolidate the cooperation with major clients such as Bao Steel. For major contracts entered into by the coastal fleet, the proportion of locked shipping capacity reached 90%. The increase in freight rates for coastal thermal coal under COA contracts for this year was accepted and supported by major customers. As a result, the standard freight rate increased by 50% - 100% as compared to the previous year.

The Group continued to adopt the strategy of combining stable operations and making flexible responses. In accordance with the principle of "combining maximum yield in the short term with stable yield in the long term", the Group used various approaches of flexible operations, based on the prevention and control of risks, to improve service contract portfolio consisting COA contracts, spot cargo shipping, spot contracts, voyage charters, time charters, long period and short period leasing, so as to even out and stabilize realized gains and timely lock in forward profits.

As at 30 June 2008, fixed operation days accounted for 76.3% of the total in 2008 and the fixed average T/C equivalent revenue per day of all vessel types is higher than the annual average in 2007, with an average increase of about 40%.

The operation strategy of combining self-owned and chartered vessels continues. During the first half of the year, the Group studied the shipping market trend in detail and took advantage of a favourable opportunity to expand the size of the fleet and improve its structure to enhance its competitiveness. In terms of chartered shipping capacity, new chartering contracts signed during the first half of the year for a term of over one year amounted to more than 90 vessels with a total capacity of over seven million DWT.

Lean management was further intensified. Facing the continuous rise in oil prices and the congestion in domestic and international ports this year, the Group adopted target-oriented measures by adding terms of protection in charter contracts, changing the chartering method and avoiding the congested ports, achieved great success.

In short, leveraging on its rich experience, the dry bulk shipping management team of the Group achieved better results by studying the market trend in details, capturing the market changes and optimizing its operations.

Fleet development

As at 30 June 2008, a total of 432 dry bulk vessels with a total of 33,597,827 DWT were operated by the Group, representing an increase of 1.2% over the same period last year, representing an increase of 1.9% over the year end of last year. Among which, 204 vessels were self-owned vessels, with 12,998,584 DWT. The average age of the vessels was 14.9 years; 228 vessels were chartered vessels, with 20,599,243 DWT.

Capacity of the dry bulk vessels (30 June 2008)

Existing capacity	Owned			Chartered-in		Total	
Vessel type	Number	DWT	Average age (years)	Number	DWT	Number	DWT
Capesize	20	3,336,282	7.7	61	10,252,016	81	13,588,298
Panamax	65	4,546,276	14.8	83	6,228,197	148	10,774,473
Handymax	80	3,796,524	13.7	51	2,673,852	131	6,470,376
Handysize	39	1,319,502	21.1	33	1,445,178	72	2,764,680
Total	204	12,998,584	14.9	228	20,599,243	432	33,597,827

As at 30 June 2008, the Group had new orderbook of 66 dry bulk vessels, with 8,497,900 DWT. This includes: 10 VLOC, with 2,976,000 DWT; 12 Capesize vessels, with 2,328,000 DWT; 20 Panamax vessels, with 1,837,900 DWT; 24 Handymax vessels, with 1,356,000 DWT.

Ordered vessels	2008		2009		2010		2011		2012		Total	
Vessel type	Number	DWT	Number	DWT	Number	DWT	Number	DWT	Number	DWT	Number	DWT
VLOC dry bulk vessels	1	298,000	5	1,488,000	4	1,190,000	—	—	—	—	10	2,976,000
Capesize	1	177,000	3	531,000	2	405,000	5	1,010,000	1	205,000	12	2,328,000
Panamax	3	233,900	5	380,000	9	879,000	3	345,000	—	—	20	1,837,900
Handymax	9	513,000	15	843,000	—	—	—	—	—	—	24	1,356,000
Total	14	1,221,900	28	3,242,000	15	2,474,000	8	1,355,000	1	205,000	66	8,497,900

The status of the Company's holding of FFA

Forward Freight Agreements ("FFA") is a contract in the form of over-the-counter transactions specifying voyage routes, prices, quantities, price dates, calculation methods of settlement prices etc., whereby both parties agree to receive or pay the difference in freight or charter hire between the official Baltic Freight Index and the agreed contract price on a certain future time point. FFA plays an important role for shipping companies in avoiding the risks of market fluctuations and hedging for protection of value.

In the course of operating FFA business, China COSCO put strong emphasis on risk control: "Regulations on FFA Business Operation" are formulated and strictly implemented, while management of FFA business was strengthened in the aspects of organization structure, labour division and operating procedures. The FFA Risk Management Policies were promulgated and implemented to improve the risk management system of the business. For operation procedures, experienced personnel are designated to be responsible for the development of FFA business, while authorization procedures are strictly in line with those for existing cargoes and vessels, and qualification for transaction counterparties are duly reviewed. All of the above served to ensure effective risk control.

As at 30 June 2008, the total balance of FFA assets held by China COSCO amounted to RMB3,188,640,000, and the total balance of liabilities amounted to RMB1,055,467,000.

Market Outlook and Operation Plans

In the second half of 2008, the global economy will still be affected by the US sub-prime mortgage crisis and worldwide inflation. However, since new demands for dry bulk cargo transportation are mainly from emerging and developing countries, at the same time, coupled with factors like increased transportation distance and port congestion, the demands for transportation will still grow steadily on the whole while there is a shortage of supply of transportation capacity. As a result, favourable factors are still dominant. Coal transportation is increasingly important in driving the growth of the bulk cargo shipping market.

In the second half of the year, the Group will continue to adhere to its policy of prudent operation with flexible response to changes to enhance risk control, and implementing arrangements for medium to long term capacity while optimizing current capacity of operations. The key account strategy will be promoted continuously to enhance cooperation with major customers. Meanwhile, proportion of self-owned and chartered vessels will be adjusted reasonably. Structure of the fleet will be optimized according to market situation. Strategy for coastal transportation will be intensified to increase the market shares of coastal transportation. China COSCO BULK Division newly established in June will better ultilize the size-advantage of China COSCO's fleet, with the aim to significantly raise the competitiveness of China COSCO's dry bulk shipping unit.

Logistics Business

In the first half of 2008, the logistics business of the Group recorded revenues of RMB7,021,616,000, representing an increase of 32.0% over the same period in 2007. The business volumes of major segments of COSCO Logistics are set out in the table below:

	Six months ended 30 June		Change
	2008	**2007**	**%**
Third party logistics			
Product logistics			
Home appliance logistics ('000 pcs)	**29,439**	17,734	66.0
Automobile logistics (units)	**145,694**	197,991	-26.4
Chemical logistics (tons)	**1,965,677**	1,339,832	46.7
Engineering logistics (RMB million)	**501**	428	17.1
Ship agency (voyages)	**65,336**	63,497	2.9
Freight forwarding			
Marine shipping			
Bulk cargoes (tons)	**76,065,620**	70,762,066	7.5
Containers (TEUs)	**1,147,911**	1,039,453	10.4
Air-freight (tons)	**58,540**	52,044	12.5

Third Party Logistics

Operation of logistics for system products for the first half of 2008 remained stable:

Regarding home appliances logistics, a total of 29,439,000 units of home electrical appliances were handled, representing an increase of 66.0% over the same period in 2007;

Regarding automobile logistics, a total of 145,694 units of automobiles for logistics were handled, representing a decrease of 26.4% over the same period in 2007, mainly due to changes in sales volume to major automobile customers.

Regarding chemical logistics, the volume handled for the first half of 2008 amounted to 1,966,000 tons, representing an increase of 46.7% over the same period of 2007.

In the area of engineering logistics, turnover for the first half of the year amounted to RMB0.5 billion, representing an increase of 17.1% over the same period in 2007. Major projects included "Air Bus 320 Project", "Indian RELIANCE Project", "SINOPEC's Fujian Refining Project", and "CNOOC's Huaizhao Oil Refinement Project" etc. New contracts for engineering logistics services signed in the first half of the year totalled 45, including significant projects such as "Chemical Fertilizer Project in Burma", "SINOPEC's ARAK Petroleum and Chemical Project in Iran", "10 million Ton/Year Oil Refinement Project in Qin Zhou", "Ambala, India Project", "CGNPG's Coastal Nuclear Power Station Project" etc.

Shipping agency business

COSCO Logistics continued to improve service quality through staff deployment, business training, service innovation, technology improvement and service expansion, and expanded the development of ship agency operations as well as increasing turnover and reducing costs. Marketing to core customers was enhanced through the establishment of a three-dimensional marketing system which included the Beijing head office, Shanghai marketing center, port companies and overseas organisations. Innovation was made in service in order to continuously provide personalized services and products. In the first half of the year, total visits handled by our ship agency amounted to 65,336 units, representing an increase of 2.9% over the same period last year, further consolidate our advantageous position in the domestic ship agency market.

Freight forwarding business

In the first half of 2008, the sea freight forwarding business of COSCO Logistics completed a total of 1,147,911 TEUs, representing an increase of more than 10.4% as compared with the same period last year. Total volume for bulk cargo forwarding was 76,065,620 tonnes, representing an increase of 7.5% as compared with the same period last year. The overall business condition for air freight was good. Both the business volume and the operating benefits increased substantially as compared to last year.

Market outlook and operation plans

The modern logistics industry of the PRC has gradually entered into a new stage of continued and steady development. With a great potential in the domestic market and a continuous increase in the demand for cross-boundary logistics, the competitive situation in the market will also become increasingly complicated.

The Group will expedite development of logistics business, and make positive efforts to develop cross-boundary operations and value-added services and will closely integrate with the shipping services of COSCO to increase the added value of product logistics projects. It will also further develop overseas engineering logistics operations and fully leverage its self-owned core technologies to make use of its competitive advantages of differentiation which are different from its local counterparts.

Regarding shipping agency, the Group will continue to actively change its capacity to the general agent for shipowners, consolidate its market share of 50% in the public vessel agency market and maintain a steady increase in profits from vessel agency. As for the freight forwarding business, the Group is changing towards "rendering services to direct cargo owners", and will enhance the development of integrated freight projects and increase business profitability.

Terminal and related businesses

Business Performance

In the first half of 2008, the throughput of the container terminals of COSCO Pacific Limited reached 22,088,046 TEUs, representing an increase of 22.7% as compared with the same period of last year, among which, the throughput of 18 container terminal joint ventures in China and three overseas container terminal joint ventures reached 19,737,223 TEUs and 2,350,823 TEUs respectively, representing an increase of 14.5% and 206.7% as compared with the same period of last year, respectively.

The total throughput of terminals in the Bohai Rim reached 8,400,703 TEUs, representing an increase of 8.2% as compared with the same period of last year. The total throughput of terminals in the Yangtze River Delta reached 4,576,107 TEUs, representing an increase of 17.9% as compared with the same period of last year; and the total throughput of terminals in the Pearl River Delta and Southeast Coastal area reached 6,760,413 TEUs, representing an increase of 21.0% as compared with the same period of last year. Among which, Quanzhou Pacific Terminal (71.43% equity interest is currently held by COSCO Pacific), Xiamen Yuanhai Terminal (70% equity interest is held by COSCO Pacific and still under construction) and Fuzhou Port Group (a letter of intent was signed for acquiring its interests) will benefit from the historical opportunities arising from the Three Links Reform between Taiwan and China mainland.

The total throughout of overseas terminals amounted to 2,350,823 TEUs, the percentage of throughput of overseas terminals to the total throughput of COSCO Pacific increased from 4.3% during the first half of last year to 10.7%. COSCO-PSA Terminal in Singapore increased one additional berth in January 2008, which brought an increase of 69.3% as compared with the same period of last year. The throughput of Antwerp Gateway NV in Belgium increased by 56.7% as compared with the same period of last year to 574,087 TEUs. The Suez Canal Terminal in Egypt, in which COSCO Pacific completed the shares transfer in October 2007, handled 1,099,428 TEUs for the first half of 2008.

Container terminal throughput

Container terminal joint-ventures	**Six months ended 30 June**		
	2008	**2007**	**Changes**
	(TEUs)	*(TEUs)*	*(%)*
Bohai Rim	**8,400,703**	7,766,815	8.2
Qingdao Qianwan Container Terminal Co., Ltd.	**4,315,000**	4,026,677	7.2
Qingdao Cosport International Container Terminals Co., Ltd.	**572,260**	492,582	16.2
Dalian Port Container Co., Ltd.	**1,272,752**	1,335,157*	-4.7
Dalian Port Container Terminal Co., Ltd.	**794,296**	414,210	91.8
Tianjin Five Continents International Container Terminal Co., Ltd.	**962,681**	952,673	1.1
Yingkou Container Terminals Co., Ltd.	**483,714**	545,516	-11.3
Yangtze River Delta	**4,576,107**	3,881,561	17.9
Shanghai Container Terminals Ltd.	**1,848,826**	1,618,337	14.2
Shanghai Pudong International Container Terminals Ltd.	**1,314,428**	1,357,173	-3.1
Ningbo Yuan Dong Terminals Limited	**394,914**	39,896	889.9
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**377,091**	300,389	25.5
Yangzhou Yuanyang International Ports Co., Ltd.	**127,285**	138,871	-8.3
Nanjing Port Longtan Container Co., Ltd.	**513,563**	426,895	20.3
Pearl River Delta and Southeast Coastal	**6,760,413**	5,588,253	21.0
COSCO-HIT Terminals (HK) Ltd.	**883,700**	906,589	-2.5
Yantian International Container Terminals (Phase I, II, III) Ltd.	**4,264,901**	4,164,935	2.4
Guangzhou South China Oceangate Container Terminal Co., Ltd.	**1,078,564**	131,678	719.1
Quanzhou Pacific Container Terminal Co., Ltd.	**469,881**	385,051	22.0
Jinjiang Pacific Ports Development Co., Ltd.	**63,367**	—	N/A
Overseas	**2,350,823**	766,590	206.7
COSCO-PSA Terminal Private Ltd.	**677,308**	400,117	69.3
Antwerp Gateway NV	**574,087**	366,473	56.7
Suez Canal Terminal	**1,099,428**	—	N/A
Total container terminal throughput in PRC	**19,737,223**	17,236,629	14.5
Total container throughput	**22,088,046**	18,003,219	22.7
Total bulk cargoes throughput (ton)	**6,568,015**	3,290,470	99.6

* *Note:* excluding the number of containers of Dalian Port Container Terminal Co., Ltd..

As at 30 June 2008, COSCO Pacific held various equity interests in 27 terminal joint ventures and owned 140 berths in total which comprise 128 container terminal berths, two automobile terminal berths and ten bulk cargo terminal berths. The number of operating container berths amounted to 89, with an annual handling capacity of 48,150,000 TEUs in total. It is expected berths of new terminals investment projects and expansion projects of operating terminals, including Qingdao New Qianwan Terminal, Xiamen Yuanhai Terminal, Jinjiang Pacific Terminal, Suez Canal Terminal and Tianjin Euroasia Terminal etc., will commence operation successively in future, creating additional new driving forces for the Group.

Project expansion

On 25 June 2008, COSCO Pacific received a formal notification from Piraeus Port Authority SA ("PPA") in Greece stating that COSCO Pacific has been the provisional highest bidder in respect of the global tender for concession rights of piers 2 and 3 of Piraeus Port. COSCO Pacific is currently negotiating with PPA on the terms of the formal concession agreement.

Piraeus Port is the largest throughout Greek port located along important commercial and strategic shipping routes, services under such routes cover Europe, Asia, North Africa and the Mediterranean. Piraeus Port is hopefully to become the first overseas holding container terminal invested and operated by COSCO, investing in Piraeus Port is fully in compliance with the development strategy of Cosco Pacific and is favourable for the Group to become a leading global terminal operator.

Market Outlook and Operation Plan

The slowing down of the world economic and trade growth will have an impact on terminal business in the short term. The continuous expansion of terminals' handling capacity will also have an impact on supply and demand to a certain extent. However, in the long term, the cargo containerisation trend will remain unchanged. In addition, domestic ports will also have good development prospects as the domestic consumption demand remains strong. The Group will continue to exert systematic synergies at its best efforts and establish a global terminal network strategically located in China and overseas, so as to strengthen the shareholdings in terminals and maximize profitability.

Container Leasing, Management and Sales Business

Florens Container Holdings Limited (a subsidiary of the Group) continued to adopt the strategy of integrating self-owned containers with managed containers to expand the container fleet and during the period, the Group was ranked the second largest container leasing company in the world.

As at 30 June 2008, the container fleet self-owned and managed by Florens amounted to 1,632,356 TEUs in size, representing an increase of 16.8% as compared with the same period of last year, representing a market share of approximately 13.2% of the container leasing companies in the world. The average utilisation rate of its container was 94.3%, which was above the average industry level.

The Group continued to implement a light asset business model to reduce operation risk and maintained appropriate proportion between self-owned containers and managed containers. As at 30 June 2008, owned container fleet increased to 866,448 TEUs, representing an increase of 16.9% as compared with that of the same period last year, accounting for 53.1% of the total number of containers. Total number of managed container fleet was 765,908 TEUs, representing an increase of 16.6% as compared with that of the same period last year and accounting for 46.9% of the total number of containers.

The slow down of global economy also created negative impact on the container leasing business. The increase in raw material prices has resulted in continuous increases in the price of containers, exposing the container leasing business to challenges. However, the shipping capacity growth of shipping companies will remain stable, which will bring continuous growth in demand for container leasing. The Group will continue to strengthen management, control costs stringently, continue to adopt a light asset business model to expand the container after-sale management business so as to solidify its leading position in the industry.

Container Manufacturing

In the first half of 2008, COSCO Pacific, a subsidiary of the Group, increased shareholding in CIMC, reached 21.8%.

Financial Review

Operational Revenues

In the first half of 2008, the Group's operational revenues amounted to RMB70,482,130,000, representing an increase of RMB22,727,177,000, or 47.6% as compared to RMB47,744,953,000 in the first half of 2007. The rate of increase in operational revenues was 14.2 percentage points higher than the increase in costs, which was the major factor for the substantial growth in profit. The analysis by business segments is set out below:

- Revenue from container shipping and related business increased 12.3% to RMB23,497,491,000. Container shipping volume amounted to 3,014,670 TEUs, representing an increase of 8.9 % as compared with that of the same period last year. Average container freight income amounted to RMB6,560, representing an increase of 2.7% as compared with that of the same period last year. In the first half of 2008, the Group obtained outstanding achievement through establishment of networks in new emerging markets and optimization of customers' structure to strengthen revenues.

- Revenues from the operation of the dry bulk shipping business maintained strong growth, primarily due to the continuous strong growth in demand for dry bulk shipping which resulted in a continuous increase in charter hire rates. In the first half of 2008, revenues from the operation of the Group's dry bulk shipping business increased by RMB18,407,353,000 or 88.0% to RMB39,332,350,000. Of which, revenue from time chartering increased by RMB11,116,011,000 or 80.0% and revenue from voyage chartering increased by RMB7,188,237,000 or 107.2%.

- In the first half of 2008, revenues from logistics operations amounted to RMB7,021,616,000, mainly attributable to the continuous expansion of various key operations.

- Revenues derived from the terminal and related operations of COSCO Pacific recorded stable growth, increased by RMB63,006,000, or 33.5%, to RMB250,880,000. Of these, Yangzhou Yuanyang Terminal was reclassified from a jointly controlled entity to a subsidiary in December 2007 and recorded RMB66,627,000 in revenue during the period. The Group invested in Jinjiang Pacific Terminal in March 2008, and the revenue derived during the period amounted to RMB21,294,000.

- Revenues derived from the container leasing business operated and managed by COSCO Pacific decreased by 3.1% to RMB379,793,000.

Operational Cost Analysis

In the first half of 2008, the operational costs of China COSCO increased by 33.4% to RMB51,157,563,000, of which:

- The operational costs of container shipping and related business amounted to RMB21,064,059,000, representing an increase of RMB1,947,033,000, or 10.2%, 2.1 percentage points lower than the increase in revenues. Of which, bunker cost increased by RMB1,493,363,000, or 43.1%, to RMB4,957,413,000, mainly due to the effect of the increase in oil prices. During the first half of 2008, bunker cost accounted for 23.5% of the operational costs of container shipping and related business. In addition, the Group was able to control cargo and transshipment costs through measures such as the adoption of long term tariff rate agreements and choosing transshipping routes with lower cost requirement.

- Total operational costs of dry bulk shipping and related business amounted to RMB23,122,827,000, representing an increase of RMB9,434,175,000, or 68.9%, as compared with that of the same period last year. Of which, operating lease expenses for the period amounted to RMB15,561,558,000, representing an increase of RMB7,572,566,000, or 94.8%, as compared with the first half of 2007. The increase was due to the expansion in the size of chartered vessels and the higher charter hire price of dry bulk vessels resulting in a rise in the total chartering costs. The bunker costs increased by RMB943,489,000 or 86.9% due to the rise in international oil prices. During the first half of 2008, bunker costs accounted for 8.8% of the operational costs of the dry bulk shipping business.

- The operational costs of the logistics business amounted to RMB6,416,730,000, representing an increase of RMB1,495,272,000, or 30.4%, as compared with the same period last year. The increase was mainly due to the rapid development of the third party logistics business such as home appliance and chemical logistics.

- The operational costs of terminal and related business amounted to RMB155,494,000, representing an increase of RMB104,471,000, or 204.8%, as compared to the first half of 2007. During the period, investment in Jinjiang Pacific Terminal and the reclassification of Yangzhou Yuanyang Terminal as a subsidiary, as well as the increase in the operational costs of the existing terminal companies, contributed to the increase in the overall costs of our terminals business.

- The operational costs of container leasing business amounted to RMB401,740,000, representing a decrease of 30.9% as compared with the same period of last year. The decrease was mainly due to the net book value of returned containers disposed of decreased by RMB126,588,000, or 49.7% as compared with the same period of 2007.

Other income

The Group's other income in the first half of 2008 amounted to RMB2,073,071,000, representing an increase of RMB570,953,000 as compared to RMB1,502,118,000 in the first half of 2007. Of these, gains of RMB1,209,365,000 were derived from Forward Freight Agreement ("FFA") operations, representing an increase of RMB529,639,000 as compared to the first half of 2007. Foreign exchange gains amounted to RMB303,146,000 (during the same period of last year, foreign exchange loss amounted to RMB106,356,000 and charged to Other expenses). In addition, gain from disposal of fixed assets decreased by RMB211,388,000 as compared to the first half of 2007, mainly due to the decrease in gains from the disposal of container vessels during the first half of 2008 as compared to the same period of last year.

Selling, administrative and general expenses

In the first half of 2008, the management expenses of China COSCO increased by RMB336,777,000, or 16.8% to RMB2,341,891,000 year-on-year. During the period, the development of new investment projects and the increase in marketing activities resulted in an increase in the relevant administrative expenses. The new addition of Jinjiang Pacific Terminal and the reclassification of Yangzhou Yuanyang Terminal as a subsidiary also contributed to the increase in administrative expenses.

Other expenses

The Group's other expenses amounted to RMB106,959,000 in the first half of 2008, representing a decrease of 57.9% as compared to the first half of 2007, mainly due to the reduction in foreign exchange losses. During the first half of 2007, the Group incurred foreign exchange losses of RMB106,356,000, while during the first half of 2008, a foreign exchange gain of RMB303,146,000 was recorded (presented under the paragraph headed "Other income").

Share reform

The put options in relation to the share reform of CIMC issued by COSCO Pacific, a subsidiary of the Group, expired on 24 November 2007, as such nil amount was recorded during the current period. The corresponding gain from the put options for the first half of 2007 was RMB82,045,000.

Finance Income

Finance income of the Group was mainly interest income. Finance income for the current period amounted to RMB474,713,000, representing an increase of 141.5% as compared to the first half of 2007. The increase mainly comprises the inflow of funds generated from operating activities and the unused proceeds of funds from A- shares issue.

Finance Costs

During the period, the finance costs of the Group decreased by 17.1% to RMB474,221,000, primarily due to the partial repayment of borrowings, resulting in lower interest charges accordingly.

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities to the Group amounted to RMB431,198,000 during the first half of 2008, while net profit for the same period in 2007 was RMB351,133,000, representing an increase of RMB80,065,000. Net profit contribution from associates amounted to RMB372,468,000, while net profit for the same period in 2007 was RMB508,222,000, representing a decrease of RMB135,754,000. The major reason was the reclassification of Shanghai Pudong International Container Terminals Limited as a jointly controlled entity from an associate, the investment income from which was RMB89,530,000 in the first half of 2008 (2007 first half: RMB88,182,000). Chong Hing Bank Limited was sold by the Group in the second half of 2007, which led to the absence of investment income thereof during the current period, therefore constituting another major reason for the decrease in net profit from associates. The net profit contributed by the Chong Hing Bank Limited during the same period of last year was RMB58,610,000.

Income Tax expenses

In the first half of 2008, the income tax of the Group was RMB3,896,278,000, representing an increase of RMB2,603,055,000 as compared with RMB1,293,223,000 in the first half of 2007. Of which, the increase was mainly because the Group provided deferred income tax in respect of the distributable earnings from the newly acquired dry bulk overseas subsidiaries in the second half of 2007 (in the first half of 2007: the taxes on distributable earnings of the dry bulk overseas subsidiaries were borne by their then shareholders). In the first half of 2008, the profit of the Group has increased significantly, which also resulted in an increase in income tax accordingly.

Working capital, financial resources and capital structure

As at 30 June 2008, the Group's cash and cash equivalents decreased by RMB4,932,725,000 to RMB32,363,318,000 when compared with RMB37,296,043,000 as at 31 December 2007. In the first half of 2008, the net decrease was due to the dividend payments of RMB11,556,873,000 of the dry bulk companies of the Group to their then shareholders and the significant increase in payments of vessel-related expenses offset by the increase in cash flows generated from operating activities.

As at 30 June 2008, total outstanding borrowings of the Group were RMB25,141,166,000. After netting cash and cash equivalents of RMB32,363,318,000, the net amount was RMB-7,222,152,000.

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

Debt analysis

	As at 30 June 2008	**As at 31 December 2007**
	RMB'000	*RMB'000*
By category		
Short-term borrowings	**2,066,366**	3,916,671
Long-term borrowings		
Within one year	**2,155,038**	1,271,031
Between one and two years	**2,224,764**	1,279,259
Between two and five years	**11,054,041**	6,626,914
Over five years	**7,640,957**	6,236,006
Subtotal	**23,074,800**	15,413,210
Total	**25,141,166**	19,329,881

Breakdown of borrowings by category:

As at 30 June 2008, the Group's secured borrowings amounted to RMB8,052,198,000, while unsecured borrowings amounted to RMB17,088,968,000, representing 32.0% and 68.0% of the total borrowings respectively. Equipment and properties of net book value RMB12,519,041,000 were pledged to banks and financial institutions by the Group as primary collaterals for secured borrowings.

Breakdown of borrowings by currency:

The Group had borrowings denominated in U.S. dollars equivalent to RMB23,737,668,000 and borrowings denominated in RMB amounting to RMB1,403,498,000, representing 94.4% and 5.6% of the total borrowings respectively.

As at 30 June 2008, most borrowings of the Group were charged by floating interest rates.

Financial guarantee and contingent liabilities

As at 30 June 2008, the Group had provided a guarantee on a bank borrowing granted to an associate in the amount of RMB280,770,000 (31 December 2007: RMB188,072,000).

Foreign Exchange and interest rate risk management

In the first half of 2008, the Group paid close attention to changes in exchange rates, and further enhanced the collection of strong currencies such as RMB during the collection of freights, or reduced the impact of exchange rate fluctuations on the income and financial position of the Company through measures such as fixing the exchange rate of the US dollar against RMB and the collection of CAF.

The Group continued to actively manage its existing loan interest rate level and control the interest rate level for interest actually paid by making use of various financial instruments. In respect of market trends, the Group continued to monitor and adjust its fixed and variable interest debt portfolios from time to time to reduce potential interest rate risks.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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, the completeness and accuracy of its accounts and to liaise on behalf of the directors of the Company with external auditors. The audit committee consists of two independent non-executive directors, Mr. Alexander Reid Hamilton (chairman of the audit committee) and Mr. Cheng Mo Chi, 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 financial information for the six months ended 30 June 2008, and recommended their adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted its own code on corporate governance practices ("Company's Corporate Governance Code") which incorporates all the code provisions other than the following deviation and a majority of the recommended best practices in the Code on Governance Practices in Appendix 14 to the Listing Rules.

The Code on Governance Practices in Appendix 14 to the Listing Rules requires separation of the role of Chairman and Chief Executive Officer 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 the segregation of the role of the Chairman and CEO would involve a sharing of power and authority of the existing structure which might affect the daily operations 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.

Save for the above deviation, none of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Code on Corporate Governance Practices contained 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 2008.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 33,370 employees as at 30 June 2008. Total staff cost for the Group for the first six-month period, including directors' remuneration, totalled approximately RMB3,112,872,000.

To enhance the quality and capability of our human resources as well as their team spirit and to fully cope with the business expansion of its container shipping, dry bulk shipping, logistics, container terminal, container leasing, freight forwarding and shipping agency business, the Group has organized many professional and comprehensive training programs during the period. The remuneration policies of the Group is regularly reviewed on a regular basis, taking into account the group results and market conditions, in order to formulate better incentives and appraisal measures.

INTERIM DIVIDEND

Given the relevant PRC requirements and conditions of interim audit for payment of interim dividend, the Board does not recommend distribution of an interim dividend for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code ("Model Code") for securities transactions by directors set out in Appendix 10 to the Listing Rules as its own code of conduct ("Code of Conduct") regarding its directors' and supervisors' securities transactions 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 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2008. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the six months ended 30 June 2008.

LITIGATION AND ARBITRATIONS

As at 30 June 2008, the Group was not involved in any litigation and arbitration matters which have material impact to the financial results and position of the Group.

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.hkex.com.hk). An interim report for the six months ended 30 June 2008 containing all the information required by Appendix 16 to the Listing Rules will be despatched to 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 Shanghai Stock Exchange (http://www.sse.com.cn) for the reference by investors.

MEMBERS OF THE BOARD

As at the date of this announcement, the executive directors of the Company are Mr. WEI Jiafu (Chairman and CEO) and Mr. CHEN Hongsheng (President); the non-executive directors of the Company are Mr. ZHANG Fusheng (Vice Chairman), Mr. LI Jianhong, Mr. XU Lirong, MR. ZHANG Liang and Ms. SUN Yueying; and the independent non-executive directors of the Company are Ms. LI Boxi, Mr. HAMILTON Alexander Reid, Mr. CHENG Mo Chi and Mr. TEO Siong Seng.

By Order of the Board
China COSCO Holdings Company Limited
WEI Jiafu
Chairman and CEO

Beijing, the PRC
26 August 2008

* *The Company is registered as an oversea company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name "China COSCO Holdings Company Limited".*