



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

ANNOUNCEMENT OF 2008 INTERIM RESULTS

RESULTS HIGHLIGHTS

- Turnover increased by 11% to HK\$1,259,947,000.
- Profit attributable to the equity holders was HK\$225,204,000, representing a decrease of 44%. Excluding the share of profit of SOLHL of HK\$123,563,000 (2007: HK\$328,066,000), profit attributable to the equity holders increased 41% on the same basis.
- The Board declared an interim dividend of 1 HK cent per share.
- Strong growth in import and export trade of China in the first half of the year has driven the robust development of the shipping and shipbuilding industry worldwide. Turnover from the shipping services segment recorded a steady increase of 15%.

The board of directors (the “Board” or the “Directors”) of COSCO International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2008. The unaudited condensed consolidated results have been reviewed by the audit committee of the Company.

The Group’s unaudited condensed consolidated income statement, 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 30th June 2008 (the “Unaudited Condensed Consolidated Interim Financial Information”), which has been reviewed by the Company’s independent auditor, 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”).

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

		Unaudited	
		Six months ended 30th June	
		2008	2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	1,259,947	1,139,115
Cost of sales		<u>(887,446)</u>	<u>(857,608)</u>
Gross profit		372,501	281,507
Other income		3,198	7,895
Selling, administrative and general expenses		(182,400)	(173,548)
Other expenses		(54,918)	(22,709)
Operating profit	3	138,381	93,145
Finance income	4	14,062	16,683
Finance costs	4	(7,735)	(4,511)
Finance income – net	4	6,327	12,172
Share of results of jointly controlled entities		18,658	342,651
Share of result of an associated company	2(a)(i)	123,563	–
Profit before income tax		286,929	447,968
Income tax expenses	5	(29,445)	(21,559)
Profit from continuing operations		257,484	426,409
Loss from discontinued operations	6	–	(2,827)
Profit for the period		<u>257,484</u>	<u>423,582</u>
Profit attributable to:			
Equity holders of the Company		225,204	400,297
Minority interests		32,280	23,285
		<u>257,484</u>	<u>423,582</u>
Dividend	7	<u>14,798</u>	<u>14,585</u>
Earnings per share from continuing operations attributable to the equity holders of the Company during the period			
– basic, HK cents	8(a)	<u>15.23</u>	<u>27.73</u>
– diluted, HK cents	8(b)	<u>14.73</u>	<u>27.19</u>
Loss per share from discontinued operations attributable to the equity holders of the Company during the period			
– basic, HK cent	8(a)	<u>–</u>	<u>(0.19)</u>
– diluted, HK cent	8(b)	<u>–</u>	<u>(0.19)</u>

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2008

		Unaudited	Audited
		30th June	31st December
		2008	2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Investment properties		24,051	10,717
Intangible asset		79,616	79,616
Property, plant and equipment		111,244	105,436
Prepaid premium for land leases		13,500	16,421
Jointly controlled entities		116,881	93,624
Associated company	9	3,867,823	3,628,052
Deferred income tax assets		32,114	26,235
Available-for-sale financial assets		64,117	88,952
		<hr/>	<hr/>
		4,309,346	4,049,053
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Completed properties held for sale		2,642	20,717
Inventories		309,787	380,083
Trade and other receivables	10	1,058,967	743,502
Financial assets at fair value through profit or loss		358	608
Cash and cash equivalents		1,195,183	1,031,344
		<hr/>	<hr/>
		2,566,937	2,176,254
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		<u><u>6,876,283</u></u>	<u><u>6,225,307</u></u>

	<i>Note</i>	Unaudited 30th June 2008 HK\$'000	Audited 31st December 2007 HK\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		147,983	147,803
Reserves		5,145,200	4,675,607
Proposed dividends		–	78,336
Interim dividend declared		14,798	–
		5,307,981	4,901,746
Minority interests		275,063	217,517
		5,583,044	5,119,263
LIABILITIES			
Non-current liability			
Deferred income tax liabilities		4,544	798
Current liabilities			
Trade and other payables	<i>11</i>	1,005,967	867,240
Current income tax liabilities		38,934	21,190
Short-term borrowings		243,794	216,816
		1,288,695	1,105,246
Total liabilities		1,293,239	1,106,044
Total equity and liabilities		6,876,283	6,225,307
Net current assets		1,278,242	1,071,008
Total assets less current liabilities		5,587,588	5,120,061

Notes:

1 Basis of preparation and accounting policies

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and methods used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those set out in the 2007 annual financial statements except that the Group has adopted the following new interpretation issued by the HKICPA, which is relevant to its operations and is effective for accounting periods beginning on or after 1st January 2008.

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HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above new interpretation in the current period did not have any material impact on the Unaudited Condensed Consolidated Interim Financial Information nor result in any substantial changes in the Group’s significant accounting policies.

The following new and revised standards and amendments have been issued by the HKICPA, which are relevant to the Group’s operations, but not yet effective for accounting periods beginning on or after 1st January 2008. These new and revised standards and amendments have not been early adopted by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments

The Group has already commenced an assessment of the related impact to the Group, but is not yet in a position to state whether any substantial changes to the Group’s significant accounting policies and presentation of the financial statements will be resulted.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the 2007 annual financial statements.

2 Turnover and segment information

The Group is principally engaged in the provision of shipping services, property development and property investment. Turnover recognised from the continuing operations of the Group during the period is as follows:

	Six months ended 30th June	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Sale of coating products	845,632	818,291
Sale of spare parts and navigation equipment	251,877	165,134
Ship trading and insurance brokerage commission income	94,133	49,909
Sale of properties	66,575	105,646
Rental income	1,730	135
	1,259,947	1,139,115

(a) Primary reporting format - business segments

	Six months ended 30th June 2008			
	Continuing operations			
	Shipping services <i>HK\$'000</i>	Property development and property investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment turnover	1,191,642	68,305	–	1,259,947
Segment results	131,516	34,807	(235)	166,088
Unallocated corporate expenses, net of income				(27,707)
Operating profit				138,381
Finance income				14,062
Finance costs				(7,735)
Finance income – net				6,327
Share of results of jointly controlled entities	18,658	–	–	18,658
Share of result of an associated company (<i>note (i)</i>)	–	123,563	–	123,563
Profit before income tax				286,929
Income tax expenses				(29,445)
Profit for the period				257,484

Six months ended 30th June 2007

	Continuing operations			Total HK\$'000	Discontinued operations (note 6) HK\$'000
	Shipping services HK\$'000	Property development and property investment HK\$'000	Other operations HK\$'000		
Segment turnover	<u>1,033,334</u>	<u>105,781</u>	<u>–</u>	<u>1,139,115</u>	<u>1,064</u>
Segment results	<u>110,502</u>	<u>(5,991)</u>	<u>1,787</u>	106,298	3,420
Unallocated corporate expenses, net of income				(13,153)	–
Operating profit				93,145	3,420
Finance income				16,683	190
Finance costs				(4,511)	(3)
Finance income – net				12,172	187
Share of results of jointly controlled entities (note (i))	14,585	328,066	–	342,651	–
Profit before income tax				447,968	3,607
Income tax expenses				(21,559)	–
				426,409	3,607
Loss on disposal of discontinued operations				–	(6,434)
Profit/(loss) for the period				<u>426,409</u>	<u>(2,827)</u>

Note:

- (i) Share of result of an associated company of HK\$123,563,000 represents the Group's share of result of Sino-Ocean Land Holdings Limited. For the six months ended 30th June 2007, share of result of Sino-Ocean Land Holdings Limited of HK\$328,066,000 was classified under share of results of jointly controlled entities.

(b) Secondary reporting format – geographical segments

	Segment turnover Six months ended 30th June		Segment results Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Continuing operations:				
Hong Kong	322,777	206,289	80,853	41,090
China Mainland	937,170	932,826	85,235	65,208
	<u>1,259,947</u>	<u>1,139,115</u>	<u>166,088</u>	<u>106,298</u>
Discontinued operations:				
Hong Kong	–	1,064	–	3,420
	<u>1,259,947</u>	<u>1,140,179</u>	<u>166,088</u>	<u>109,718</u>
Unallocated corporate expenses, net of income			(27,707)	(13,153)
Operating profit			<u>138,381</u>	<u>96,565</u>

3 Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2008	2007
	HK\$'000	HK\$'000
Crediting		
Net rental income	1,670	45
Fair value gains on investment properties	332	–
Fair value gains on financial assets at fair value through profit or loss	–	462
Gain on disposal of property, plant and equipment	153	–
Recovery of bad debts	52	–
Write-back of provision for capital gains tax	–	4,042
Write-back of provision for impairment of trade receivables	–	239
Write-back of provision for impairment of inventories	77	–
Dividend income from financial assets	52	1,325
	<u>52</u>	<u>1,325</u>
Charging		
Depreciation, net of amount capitalised in inventories totalling HK\$726,000 (2007: HK\$459,000)	6,314	4,622
Amortisation of prepaid premium for land leases	285	253
Staff costs (including employee share option benefits), net of amount capitalised in inventories totalling HK\$5,421,000 (2007: HK\$3,968,000)	73,541	62,066
Pension costs	5,230	6,058
Fair value loss on financial assets at fair value through profit or loss	250	–
Loss on disposal of subsidiaries	–	31
Provision for impairment of properties under development for sale	–	13,744
Provision for impairment of trade receivables	40,923	4,440
Provision for impairment of inventories	318	64
Write-off of inventories	246	–
Cost of inventories sold	867,105	769,832
Cost of properties sold	20,281	87,686
	<u>20,281</u>	<u>87,686</u>

4 Finance income – net

	Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Interest income from bank deposits	13,859	16,357
Interest income from a jointly controlled entity	203	326
Total finance income	<u>14,062</u>	<u>16,683</u>
Interest expenses on bank loans wholly repayable within five years	(6,557)	(3,759)
Other finance costs	(1,178)	(752)
Total finance costs	<u>(7,735)</u>	<u>(4,511)</u>
Finance income – net	<u>6,327</u>	<u>12,172</u>

5 Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

China Mainland taxation has been calculated on the estimated assessable profit derived from the Group's operations in China Mainland for the period at the rates of taxation prevailing in China Mainland. These rates range from 18% to 25% (2007: 12% to 33%) during the period.

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

The amount of income tax charged for the period to the condensed consolidated income statement represents:

	Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Current income tax		
– Hong Kong profits tax	13,031	7,549
– China Mainland taxation	16,842	14,955
– over-provision for Hong Kong profits tax in prior years	–	(904)
Deferred income tax credit	(428)	(41)
Income tax expenses	<u>29,445</u>	<u>21,559</u>

6 Discontinued operations

On 5th February 2007, the Group entered into an agreement to dispose of the entire issued share capital of, and the shareholder's loan to, COSCO International Construction Limited ("CICL"), a wholly-owned subsidiary, to COSCO (H.K.) Property Development Limited, a fellow subsidiary at a consideration of HK\$2. The principal activity of CICL and its subsidiaries (together "CICL Group") is building construction and maintenance. The disposal was effected pursuant to the Group's strategy of disposing its non-core businesses and assets, and was completed on 15th March 2007.

The results of CICL Group for the period from 1st January 2007 to the date of disposal on 15th March 2007 are as follows:

	1st January 2007 to 15th March 2007 <i>HK\$'000</i>
Turnover	
Building construction	904
Rental income	160
	<hr/>
	1,064
Operating costs	(1,088)
	<hr/>
Gross loss	(24)
Other income	
Write-back of provision for claims and foreseeable losses on certain construction contracts	1,627
Claims received	2,807
Others	25
	<hr/>
	4,459
Administrative and general expenses	(1,015)
	<hr/>
Operating profit	3,420
Finance income	190
Finance costs	(3)
Finance income – net	187
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Profit for the period	<u>3,607</u>

Loss from discontinued operations is presented separately in the income statement and is analysed as follows:

	1st January 2007 to 15th March 2007 <i>HK\$'000</i>
Profit for the period from CICL Group	3,607
Loss on disposal of CICL Group	(6,434)
	<hr/>
Loss from discontinued operations	<u>(2,827)</u>

7 Dividend

	Six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, declared, of HK\$0.01 (2007: HK\$0.01) per ordinary share	<u>14,798</u>	<u>14,585</u>

Notes:

- (a) At the board meeting held on 28th March 2008, the directors proposed a final dividend of HK\$0.035 per ordinary share and a special dividend of HK\$0.018 per ordinary share for the year ended 31st December 2007, which were paid on 11th June 2008 and have been reflected as an appropriation of retained profits for the six months ended 30th June 2008.
- (b) At the board meeting held on 12th September 2008, the directors declared an interim dividend of HK\$0.01 per ordinary share for the six months ended 30th June 2008. This dividend is not reflected as dividend payable in the unaudited condensed consolidated interim financial information for the six months ended 30th June 2008, but will be reflected as an appropriation of retained profits for the year ending 31st December 2008.

8 Earnings/(loss) per share

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

	2008	2007
Profit/(loss) attributable to the equity holders of the Company		
– from continuing operations	HK\$225,204,000	HK\$403,124,000
– from discontinued operations	–	(HK\$2,827,000)
Weighted average number of ordinary shares in issue	1,478,492,280	1,453,699,976
Basic earnings/(loss) per share		
– from continuing operations	15.23 HK cents	27.73 HK cents
– from discontinued operations	–	(0.19 HK cent)

- (b) Diluted earnings/(loss) per share is calculated based on the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect in respect of outstanding share options.

	2008	2007
Profit/(loss) attributable to the equity holders of the Company		
– from continuing operations	HK\$225,204,000	HK\$403,124,000
– from discontinued operations	–	(HK\$2,827,000)
Adjusted weighted average number of ordinary shares in issue	1,528,530,722	1,482,502,020
Diluted earnings/(loss) per share		
– from continuing operations	14.73 HK cents	27.19 HK cents
– from discontinued operations	–	(0.19 HK cent)

9 Associated company

This represents the Group's share of equity interest of Sino-Ocean Land Holdings Limited.

10 Trade and other receivables

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Trade receivables – net	944,010	683,685
Deposits, prepayments, other receivables and amounts due from related companies	114,957	59,817
	<u>1,058,967</u>	<u>743,502</u>

The ageing analysis of trade receivables after provision for impairment is as follows:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Within 90 days	452,683	339,801
91 – 180 days	340,176	245,286
Over 180 days	151,151	98,598
	<u>944,010</u>	<u>683,685</u>

For sale of coating products, spare parts and navigation equipment, the majority of sales are on credit terms from 30 days to 90 days. Revenues from sale of properties and other operating revenue are billed according to the terms of the relevant contracts governing the transactions.

11 Trade and other payables

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Trade payables	411,963	389,107
Accrued liabilities, other payables and amounts due to related companies	594,004	478,133
	<u>1,005,967</u>	<u>867,240</u>

The ageing analysis of trade payables is as follows:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Within 90 days	344,506	325,337
91 – 180 days	54,336	50,284
Over 180 days	13,121	13,486
	<u>411,963</u>	<u>389,107</u>

FINANCIAL REVIEW

Overall results

For the six months ended 30th June 2008, the Group recorded a turnover of HK\$1,259,947,000 (2007: HK\$1,139,115,000), increased by 11% as compared to the same period of last year. Unaudited profit attributable to the equity holders of the Company for the period was HK\$225,204,000 (2007: HK\$400,297,000), decreased by 44% as compared to the same period of last year. Excluding the Group's share of profit of Sino-Ocean Land Holdings Limited ("SOLHL") of HK\$123,563,000 (2007: HK\$328,066,000), the profit attributable to the equity holders of the Company grew 41% to HK\$101,641,000 (2007: HK\$72,231,000). Basic earnings per share was 15.23 HK cents (2007: 27.54 HK cents), decreased by 45% as compared to the same period of last year.

Turnover

For the six months ended 30th June 2008, turnover rose 11% to HK\$1,259,947,000 (2007: HK\$1,139,115,000). Driven by a strong business performance in ship trading agency services, marine insurance brokerage services and sales of marine equipment, spare parts, communications and navigation equipment, turnover from the core shipping services segment grew 15% to HK\$1,191,642,000 (2007: HK\$1,033,334,000) and accounted for 94.6% of the total turnover (2007: 90.7%). Turnover from the property development and property investment segment represented mainly the sale of retail shops and carparking spaces of the Shanghai Fragrant Garden and decreased following the disposal of Shenyang COSCO Yihe Garden and the segment turnover further fell to 5.4% of the total turnover (2007: 9.3%).

Gross profit

Gross profit rose 32% to HK\$372,501,000 (2007: HK\$281,507,000) as the ship trading agency business achieved a strong and profitable growth in both business volume and commission income during the period. Besides, contribution from property sales and rental income also helped increase the overall gross profit.

Operating profit

Operating profit rose 49% to HK\$138,381,000 (2007: HK\$93,145,000). Facing the full year operation of the new coating plant in Zhuhai which commenced operation in September 2007, rising employee costs including the expenses related to the employee share options issued in March 2007 and increased office rental expenses, the management has exercised vigorous control over operating costs and has been able to partially relieve these cost pressures by lowering the level of selling expenses.

Finance income

Finance income represented interest income. Interest income decreased by 16% to HK\$14,062,000 (2007: HK\$16,683,000) due to the lower bank deposit interest rates during the period.

Finance costs

Finance costs increased by 71% to HK\$7,735,000 (2007: HK\$4,511,000) due to the increase in average borrowing balance and higher borrowing rates.

Profit attributable to the equity holders

Profit attributable to the equity holders was HK\$225,204,000 (2007: HK\$400,297,000). Excluding the Group's share of profit of SOLHL of HK\$123,563,000 (2007: HK\$328,066,000), the profit attributable to the equity holders grew 41% to HK\$101,641,000 (2007: HK\$72,231,000) on the same basis.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30th June 2008, the equity holders' funds of the Company increased by 8% to HK\$5,307,981,000 (31st December 2007: HK\$4,901,746,000).

As at 30th June 2008, cash in hand of the Group was HK\$1,195,183,000 (31st December 2007: HK\$1,031,344,000).

The Group had a net draw down of bank loans in the amount of HK\$26,978,000 (2007: HK\$77,747,000) during the period. As at 30th June 2008, total banking facilities available to the Group amounted to HK\$594,122,000 (31st December 2007: HK\$475,024,000), of which HK\$243,794,000 (31st December 2007: HK\$216,816,000) had been utilised. The increase in utilisation of banking facilities was mainly attributable to the financial needs for the rapid expansion of coating business. The gearing ratio, which represents total borrowings over total assets, remained approximately at 3.5% since last year end.

As at 30th June 2008, borrowings of the Group were denominated in Renminbi, United States dollars and Hong Kong dollars and carried interest at rates calculated with reference to the benchmark interest rates announced by the People's Bank of China, the London Interbank Offered Rate or the Hong Kong Interbank Offered Rate. The Group had no financial instruments for interest rate hedging purposes.

FOREIGN EXCHANGE EXPOSURE

The Group conducts operations principally in Hong Kong and China Mainland. Sales revenues are mainly transacted in United States dollars and Hong Kong dollars. The Group also receive revenues in Renminbi. The Group's exposure to exchange rate fluctuations results primarily from the sales of products in United States dollars and Hong Kong dollars and purchase of raw materials in Renminbi. The Group has been actively matching the foreign currency revenue and expenditure in order to minimise the potential foreign currency risk.

EMPLOYEES

As at 30th June 2008, excluding the associated company and jointly controlled entities, the Group had 631 (31st December 2007: 610) employees of which 105 (31st December 2007: 104) are employed in Hong Kong. During the period, total staff costs, including directors' emoluments, employee share option benefits and pension costs amounted to approximately HK\$84,192,000 (2007: HK\$72,092,000). Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary, a year-end discretionary bonus which is determined with reference to market conditions and individual performance. During the period, all the Hong Kong employees have participated in the Mandatory Provident Fund Scheme.

On 26th November 2003, the Directors (excluding independent non-executive Directors) and certain employees of the Group were granted share options to subscribe for a total of 44,800,000 shares of the Company at a price of HK\$0.57 per share. These share options are exercisable at any time from 23rd December 2003 to 22nd December 2008. On 2nd December 2004, the Directors (excluding independent non-executive Directors) and certain employees of the Group were granted share options to subscribe for a total of 32,650,000 shares of the Company at a price of HK\$1.37 per share. These share options are exercisable at any time from 29th December 2004 to 28th December 2014. On 10th May 2005, certain employees of a subsidiary of the Company were granted share options to subscribe for a total of 2,400,000 shares of the Company at a price of HK\$1.21 per share. These share options are exercisable at any time from 6th June 2005 to 5th June 2015. On 9th March 2007, the Directors (excluding independent non-executive Directors) and certain employees of the Group and jointly controlled entities were granted share options to subscribe for a total of 25,930,000 shares of the Company at a price of HK\$3.666 per share. These share options are exercisable from 9th March 2009 to 8th March 2015 in the stipulated proportion at any time namely: (i) no share options shall be exercisable by the grantees within the first two years from 9th March 2007; (ii) up to a maximum of 30% of the share options can be exercised by the grantees from 9th March 2009 onwards; (iii) up to a maximum of 70% of the share options can be exercised by the grantees from 9th March 2010 onwards and (iv) all share options can be exercised by the grantees from 9th March 2011 onwards.

DIVIDEND

The Board has declared an interim dividend of 1 HK cent per share (2007: 1 HK cent per share) for the six months ended 30th June 2008.

The register of members of the Company will be closed from 13th October 2008 to 15th October 2008, both days inclusive, during which no transfer of shares of the Company will be effected. To qualify for the interim dividend, all transfer documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 10th October 2008.

It is expected that the interim dividend will be payable on or about 23rd October 2008 to those shareholders of the Company whose names appear on the register of members of the Company on 15th October 2008.

BUSINESS REVIEW

In the first half of 2008, despite the subprime crisis in the United States, the global inflation and the escalating oil prices, which have caused adverse impacts on the global economic growth, China economy still has maintained a steady and fairly fast growth. In the first half of 2008, the gross domestic product in China Mainland was approximately RMB13,061.9 billion while China import and export trade amounted to USD1,234.17 billion, increased by 10.4% and 25.7% respectively as compared with the corresponding period of last year, according to the economic data released by the National Bureau of Statistics and the General Administration of Customs of The People's Republic of China (the "PRC") respectively. The continuous growth in both import and export trade has given a momentum on the development in the shipping, ship repairing and shipbuilding industries. Benefitted from the continuous growth of the China economy, the results of the Group in shipping services were satisfactory during the period.

1. Shipping services

In the first half of 2008, the turnover of the Group in the segment of shipping services recorded HK\$1,191,642,000 (2007: HK\$1,033,334,000), representing an increase of 15% as compared to the corresponding period of last year. This accounted for 94.6% (2007: 90.7%) of the total turnover of the Group from continuing operations. Segment result was HK\$131,516,000 (2007: HK\$110,502,000), representing an increase of 19% as compared to the corresponding period of last year.

1.1 Ship trading agency services

COSCO International Ship Trading Company Limited (“COSCO Ship Trading”), a non wholly-owned subsidiary of the Company, provides exclusive agency services relating to shipbuilding, ship trading and chartering for the fleet of China Ocean Shipping (Group) Company (“COSCO”) and its subsidiaries (collectively “COSCO Group”), as well as relevant agency services for non-COSCO Group shipping companies. COSCO Ship Trading mainly derives its turnover from agency commissions. In case of new vessels, COSCO Ship Trading is paid commissions by shipbuilders according to shipbuilding progress as stipulated in the contracts. As for second-hand vessels, trading commission is paid to COSCO Ship Trading according to the contracts after the vendors have delivered vessels to buyers.

Affected by the credit crisis in the United States and tight control in banking facilities, orders for new build vessels worldwide decreased in the first half of 2008 as compared to the corresponding period of last year. Due to the long delivery time for new vessels and the forthcoming deadline of the elimination of single hull oil tankers, the demand for second-hand vessels has increased, and hence persistently kept the vessel prices at a high level. During the period, COSCO Ship Trading consummated transactions for the sale and purchase of 55 vessels (2007: 47 vessels), amounting to a total of 4,518,000 dead weight tonnages (2007: 3,278,000 dead weight tonnages), representing an increase of 38% as compared to the corresponding period of last year. This good result has established a favourable foundation for the sustainable development of the Group. COSCO Ship Trading has been well positioned to secure part of its ship trading commission income for the year 2008 through the contracts secured as agent during the preceding years. Due to the delivery of numerous new vessels during the first half year of 2008, the turnover of COSCO Ship Trading has significantly increased by 146% to HK\$62,922,000 (2007: HK\$25,604,000) as compared to the corresponding period of last year. COSCO Ship Trading will endeavour to improve its quality of services in order to ride on the business opportunities driven by ship buying and building plans of each shipping company within the COSCO Group. It will actively explore the provision of ship trading agency services for the customers of non-COSCO Group to enhance its profitability.

The Company, on 22nd July 2008, entered into a conditional share transfer agreement with 中國船舶燃料有限責任公司 (China Marine Bunker (Petro China) Co., Ltd.) in relation to the acquisition of the entire equity interest in COSCO International Trading Company Limited. Upon the completion of acquisition, COSCO Ship Trading will become a wholly-owned subsidiary of the Company and the Group will be entitled to 100% contribution from COSCO Ship Trading.

1.2 Marine insurance brokerage services

COSCO (Hong Kong) Insurance Brokers Limited (“HK COSCO Insurance Brokers”), a wholly-owned subsidiary of the Company, has Lloyd’s broker accreditation and mainly operates intermediary businesses in relation to marine insurance and shipowner’s liability insurance. 深圳中遠保險經紀有限公司 (Shenzhen COSCO Insurance Brokers Limited) (“SZ COSCO Insurance Brokers”), a non wholly-owned subsidiary of the Company, is mainly engaged in the provision of insurance brokerage services for vessels registered in China Mainland. During the period, the turnover of HK COSCO Insurance Brokers and SZ COSCO Insurance Brokers (collectively called “COSCO Insurance Brokers”) amounted to HK\$31,211,000 (2007: HK\$24,305,000), representing an increase of 28% as compared to the corresponding period of last year. The business growth was mainly attributable to the close follow-up on the fleet expansion plan of COSCO Group by COSCO Insurance Brokers and the continuous efforts on developing new business and its customer base.

1.3 Sales of marine equipment, spare parts, communications and navigation equipment

Yuantong Marine Service Co. Limited (“Yuantong”), a wholly-owned subsidiary of the Company, is principally engaged in the sales and installation of marine equipment and spare parts for existing and new vessels, as well as oil drilling project at sea, communications systems, shore-based AIS systems, vessel traffic management systems and information management systems for land users.

Yuantong has benefitted from the rapid development of shipbuilding industry in recent years. It has also been actively exploring the customers of the non-COSCO Group, broadened its product lines and put forward the strategy of VIP services. Therefore, the result of Yuantong during the period was impressive and it recorded a turnover of HK\$251,877,000 (2007: HK\$165,134,000), representing a significant increase of 53% as compared to the corresponding period of last year. Yuantong will continue to seize the market opportunities especially the favourable circumstances arising from the delivery of numerous new vessels in future years. Yuantong will continue to strengthen the relationship with shipowners and shipbuilders, explore the business of non-COSCO Group so as to maintain its continuous business growth.

1.4 Production and sales of coatings

中遠關西塗料化工(天津)有限公司(COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd), 中遠關西塗料化工(上海)有限公司(COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd) and 中遠關西塗料化工(珠海)有限公司(COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd.) (collectively called “COSCO Kansai Companies”), all being non wholly-owned subsidiaries of the Company, are mainly engaged in the production and sales of container coatings and industrial heavy-duty anti-corrosion coatings. The Company’s 50/50 joint venture (the other 50% interests was held by the Norwegian international coatings manufacturer Jotun A/S), Jotun COSCO Marine Coatings (HK) Limited (“Jotun COSCO HK”) is mainly engaged in the production and sales of marine coatings. During the period, the production and sales of coating products recorded a turnover of HK\$845,632,000 (2007: HK\$818,291,000) representing an increase of 3% as compared to the corresponding period of last year.

1.4.1 Container coatings

During the period, the sales volume for container coatings of COSCO Kansai Companies was 34,879 tonnes (2007: 36,514 tonnes), slightly dropped 4% when compared to the corresponding period of last year. Due to the slow down of global economic growth together with the appreciation of Renminbi, rise in steel prices which drove up the production cost of containers, container owners held a “wait-and-see” attitude towards placing orders which led to an overall decrease in the orders for container coatings in the first half year of 2008. Facing fierce market competition, COSCO Kansai Companies secured its sales volume by continuously improving the product formulation to lower the cost, putting great effort on developing new coating products to fulfill the customers’ need and maintaining good relationship with the existing VIP container owners and container manufacturers and successfully exploring new customers. The total annual coating production capacity of the three plants of COSCO Kansai Companies located in Zhuhai, Shanghai and Tianjin reached 100,000 tonnes. The plants are located in three of the areas with the highest economic potential in China, namely the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim Area which will facilitate provision of speedy and efficient services to customers.

1.4.2 Marine coatings

Jotun COSCO HK is engaged principally in the production and sales of marine coatings in China (including Hong Kong and Macau Special Administrative Region). Benefitted from the robust development of China shipbuilding and ship repairing industries in recent years, the marine coating market followed the thriving trend in the previous year. During the period, the marine coating sales volume for Jotun COSCO HK reached 20,380,000 litres (equivalent to 29,511 tonnes) (2007: 13,031,000 litres (equivalent to 18,895 tonnes)), representing a significant increase of 56% as compared to the corresponding period of last year. It is expected that the development of shipbuilding industry will lead to a continuous growth in the demand for marine coatings. Jotun COSCO HK will actively put forward the strategy of important customers, which focuses on important customers, important market and important products and accelerates the pace of market development in order to enhance its profitability.

1.4.3 Industrial heavy-duty anti-corrosion coatings

During the period, COSCO Kansai Companies recorded a sales volume of industrial heavy-duty anti-corrosion coatings of 5,175 tonnes (2007: 4,650 tonnes), representing an increase of 11% as compared to the corresponding period of last year. This was attributable to the increase in demand for industrial heavy-duty anti-corrosion coatings in the area of construction, transportation, infrastructure and energy sectors together with the effort on developing the market by COSCO Kansai Companies during the period. COSCO Kansai Companies will also seek business opportunities arising from the demand for the accessories in relation to industrial heavy-duty anti-corrosion coatings driven by the coming Shanghai World Expo 2010.

2. Property development and property investment

In the first half of 2008, the turnover of property development and property investment segment recorded HK\$68,305,000 (2007: HK\$105,781,000), representing a decrease of 35% as compared to the corresponding period of last year and accounting for 5.4% (2007: 9.3%) of the total turnover of the Group. Segment results recorded a profit of HK\$34,807,000 (2007: a loss of HK\$5,991,000). It was mainly attributable to the disposal of retail shops and carparking spaces in Shanghai Fragrant Garden.

The residential portion of Shanghai Fragrant Garden which is the Company's property development project in Shanghai, has been sold and handed over. As of 30th June 2008, 26 carparking spaces remained unsold. As the project has been completed, Shanghai COSCO Honour Property Development Ltd., the project holding company, is in the process of voluntary liquidation.

3. Investment in Sino-Ocean Land Holdings Limited

The Company holds 20.73% equity interest in SOLHL, the shares of which are listed on the Stock Exchange. SOLHL holds 100% interest in Sino-Ocean Land Limited ("SOLL").

SOLL is a well known property developer in China Mainland. It develops medium to high-end residential properties and premium grade office buildings, retail properties, services apartments and hotels. SOLL also explores property development markets in the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim Area. During the period, the Group's share of profit of SOLHL amounted to HK\$123,563,000 (2007: HK\$328,066,000).

SUBSEQUENT EVENT

On 22nd July 2008, the Company entered into a conditional share transfer agreement in relation to the acquisition of the entire equity interest of COSCO International Trading Company Limited. Details of such acquisition are set out in the circular to the shareholders of the Company dated 20th August 2008. The transaction was approved by independent shareholders of the Company on 5th September 2008.

PROSPECTS

Despite the slowing down in the growth of global economy caused by the subprime crisis of the United States, the Group, relying on the development of shipping industry in the past few years and the tremendous executed new build ship orders worldwide, has achieved a sustainable growth in its core business, shipping services. To cope with the unstable environmental factors and forthcoming challenges, the Group will seize the market opportunities, consolidate the existing market and customer base, focus on technical development of products, explore new markets, new products and new customers, continuously search for new profitable business, expand market share and increase its operational efficiency in order to enhance market competitiveness of the Group.

In addition, with the support of COSCO and COSCO (Hong Kong) Group Limited, the Group entered into an agreement in relation to the acquisition of the entire equity interest of COSCO International Trading Company Limited. Upon completion of the acquisition, the Group will be more effective in generating synergies between its existing shipping services operation arms as well as the business of the newly acquired company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2008.

CORPORATE GOVERNANCE

Maintaining high standards of corporate governance has always been one of the Company's priorities. This is achieved through an effective and timely disclosure of information by the Board and a proactive investor relations programme.

The audit committee of the Company, which comprises three independent non-executive Directors, and the independent external auditor have reviewed the Unaudited Condensed Consolidated Interim Financial Information of the Group for the six months ended 30th June 2008.

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "Securities Code") no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). To ensure Directors' dealing in the securities of the Company are conducted in accordance with the Securities Code, a committee (the "Committee") comprising the Chairman, the Vice Chairman, the Managing Director and Deputy Managing Directors has been set up to deal with such transactions. Prior to any dealing in the securities of the Company, a Director is required to notify the Chairman or the Vice Chairman in writing and obtain a written acknowledgement from the Committee. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Securities Code for the six months ended 30th June 2008.

The Board believed that the Company during the first half of 2008 complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except that (i) although the independent non-executive Directors have not been appointed for any specific terms, they are subject to retirement and eligible for re-election in each annual general meeting in accordance with the Bye-Laws of the Company; and (ii) Mr. Wei Jiafu, the ex-Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23rd May 2008 due to other business commitments.

By Order of the Board
COSCO International Holdings Limited
Liang Yanfeng
Managing Director

Hong Kong, 12th September 2008

As at the date of this announcement, the Board comprises fourteen Directors namely Mr. Zhang Fusheng (Chairman)¹, Mr. Liu Guoyuan (Vice Chairman)¹, Mr. Li Jianhong², Mr. Wang Futian¹, Mr. Jia Lianjun², Mr. Wang Xiaoming¹, Mr. Liang Yanfeng (Managing Director)¹, Mr. Meng Qinghui², Mr. Chen Xuwen², Mr. Wang Xiaodong¹, Mr. Lin Wenjin¹, Mr. Kwong Che Keung, Gordon³, Mr. Tsui Yiu Wa, Alec³ and Mr. Jiang, Simon X.³

¹ *Executive Director*

² *Non-executive Director*

³ *Independent Non-executive Director*