中遠海運控股股份有限公司
COSCO SHIPPING Holdings Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 1919)

ANNOUNCEMENT OF 2017 INTERIM RESULTS

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	**Difference**
	RMB'000	*RMB'000*	***RMB'000***
		(Restated)	
Continuing operations			
Revenues	**43,445,690**	29,840,728	**13,604,962**
Profit/(loss) attributable to equity holders of the Company arising from:			
-Continuing operations	**1,863,467**	(4,490,456)	**6,353,923**
-Discontinued operations	**—**	(2,678,356)	**2,678,356**
	1,863,467	(7,168,812)	**9,032,279**
	RMB	*RMB*	***RMB***
Basic earnings/(loss) per share			
-From continuing operations	**0.18**	(0.44)	**0.62**
-From discontinued operations	**—**	(0.26)	**0.26**
	0.18	(0.70)	**0.88**

The Board hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017. The Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 (the "Interim Financial Information") has been reviewed by the Audit Committee, comprising a majority of independent non-executive Directors.

The following financial information, including the Group's unaudited condensed consolidated interim balance sheet, unaudited condensed consolidated interim income statement, unaudited condensed consolidated interim statement of comprehensive income and explanatory notes 1 to 12 as presented below are extracted from the 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").

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	**Six months ended 30 June** **2017** *RMB'000*	2016 *RMB'000* *(Restated)*
Continuing operations			
Revenues	3	**43,445,690**	29,840,728
Cost of services and inventories sold		**(39,695,059)**	(31,205,145)
Gross profit/(loss)		**3,750,631**	(1,364,417)
Other income, net		**2,721,303**	78,968
Selling, administrative and general expenses		**(2,004,016)**	(1,712,434)
Operating profit/(loss)	4	**4,467,918**	(2,997,883)
Finance income	5	**219,432**	224,261
Finance costs	5	**(1,014,186)**	(947,541)
Net foreign exchange loss	5	**(318,545)**	(252,912)
Net finance costs	5	**(1,113,299)**	(976,192)
Share of profits less losses of			
- joint ventures		**295,102**	376,473
- associates		**428,750**	282,931
Profit/(loss) before income tax		**4,078,471**	(3,314,671)
Income tax expenses	6	**(677,111)**	(291,096)
Profit/(loss) for the period from continuing operations		**3,401,360**	(3,605,767)

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

		Six months ended 30 June	
	Note	**2017**	2016
		RMB'000	*RMB'000*
			(Restated)
Discontinued operations			
Loss on disposals of subsidiaries		—	(2,430,262)
Loss for the period after tax of discontinued operations		—	(708,461)
Loss from discontinued operations		—	(3,138,723)
Profit/(loss) for the period		**3,401,360**	(6,744,490)
Profit/(loss) attributable to:			
- Equity holders of the Company		**1,863,467**	(7,168,812)
- Non-controlling interests		**1,537,893**	424,322
		3,401,360	(6,744,490)
Profit/(loss) attributable to equity holders of the Company arising from:			
- Continuing operations		**1,863,467**	(4,490,456)
- Discontinued operations		—	(2,678,356)
		1,863,467	(7,168,812)
		RMB	*RMB*
Earnings/(loss) per share attributable to equity holders of the Company:			
Basic earnings/(loss) per share			
- From continuing operations	8	**0.18**	(0.44)
- From discontinued operations	8	—	(0.26)
		0.18	(0.70)

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) for the period	**3,401,360**	(6,744,490)
Other comprehensive income/(loss)		
Items that have been or may be reclassified subsequently to profit or loss		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**1,486,271**	(45,759)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**(264,099)**	—
Share of other comprehensive income of joint ventures and associates	**1,296**	2,643
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(332,007)**	(131,729)
Recycling of currency translation differences upon disposals of subsidiaries	**—**	3,368,688
Item that may not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	**(15,040)**	134,980
Total other comprehensive income	**876,421**	3,328,823
Total comprehensive income/(loss) for the period	**4,277,781**	(3,415,667)
Total comprehensive income/(loss) for the period attributable to:		
- Equity holders of the Company	**2,103,340**	(4,084,139)
- Non-controlling interests	**2,174,441**	668,472
	4,277,781	(3,415,667)
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
- Continuing operations	**2,103,340**	(3,766,679)
- Discontinued operations	**—**	(317,460)
	2,103,340	(4,084,139)

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2017

	Note	**As at 30 June 2017** *RMB'000*	As at 31 December 2016 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**52,462,011**	48,426,064
Investment properties		**177,952**	195,244
Leasehold land and land use rights		**1,649,626**	1,671,261
Intangible assets		**159,806**	157,036
Joint ventures		**8,606,871**	10,106,369
Associates		**17,034,016**	10,324,185
Loans to joint ventures and associates		**1,444,279**	1,215,244
Available-for-sale financial assets		**3,003,104**	1,662,670
Deferred income tax assets		**81,186**	85,684
Other non-current assets		**435,100**	446,511
Total non-current assets		**85,053,951**	74,290,268
Current assets			
Inventories		**2,315,027**	1,564,690
Trade and other receivables	9	**11,771,036**	11,285,555
Restricted bank deposits		**425,460**	323,648
Cash and bank balances		**24,698,678**	32,188,572
Total current assets		**39,210,201**	45,362,465
Total assets		**124,264,152**	119,652,733

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2017 (CONTINUED)

	Note	**As at 30 June 2017** *RMB'000*	As at 31 December 2016 *RMB'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**10,216,274**	10,216,274
Reserves		**10,156,497**	8,107,022
		20,372,771	18,323,296
Non-controlling interests		**21,228,600**	19,225,573
Total equity		**41,601,371**	37,548,869
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**41,019,493**	47,468,924
Provisions and other liabilities		**558,791**	557,382
Deferred income tax liabilities		**1,069,011**	522,240
Total non-current liabilities		**42,647,295**	48,548,546
Current liabilities			
Trade and other payables	10	**23,022,151**	22,722,039
Short-term borrowings		**6,613,591**	3,246,917
Current portion of long-term borrowings		**9,692,788**	6,661,134
Current portion of provisions and other liabilities		**3,428**	12,624
Tax payable		**683,528**	912,604
Total current liabilities		**40,015,486**	33,555,318
Total liabilities		**82,662,781**	82,103,864
Total equity and liabilities		**124,264,152**	119,652,733
Net current (liabilities)/ assets		**(805,285)**	11,807,147
Total assets less current liabilities		**84,248,666**	86,097,415

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

The Company was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

The businesses of the Group include the provisions of a range of container shipping, managing and operating container terminals on a worldwide basis.

The Interim Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. The Interim Financial Information was approved by the Board for issue on 30 August 2017.

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

2 Basis of preparation and significant accounting policies

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

During the second half of 2016, the Group completed the acquisitions from China Ocean Shipping (Group) Company ("COSCO Group") and China Shipping (Group) Company ("China Shipping Group") of the equity interests in various offshore companies.

As both COSCO Group and China Shipping Group are wholly owned and controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the aforesaid transactions were regarded as business combinations under common control. The comparative information in the Interim Financial Information has been restated accordingly under merger accounting.

As at 30 June 2017, the Group had net current liabilities of approximately RMB805,285,000. The Board has reviewed the prevailing environment and believed that based on the Group's available unused banking facilities of approximately RMB32,886,489,000 and its cash and bank balances of RMB24,698,678,000, the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when they fall due in the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the Interim Financial Information.

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016 (the "2016 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2016 Annual Financial Statements.

2 **Basis of preparation and significant accounting policies (Continued)**

(a) **New standard and amendments to standards adopted by the Group**

New standard and the amendments to standards which are mandatory for the financial year beginning on 1 January 2017 do not have any significant effect on the Interim Financial Information or result in any significant changes in the Group's significant accounting policies.

(b) **New and amended standards not yet effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group**

The HKICPA has issued certain new and amended standards, which are not yet effective for the year beginning on 1 January 2017.

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

3 **Revenues and segment information**

Operating segments

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

- Container shipping and related business

- Container terminal and related business

- Corporate and other operations that primarily comprise investment holding, management services and financing

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

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

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investments in joint ventures and associates and other non-current assets.

3 **Revenues and segment information (Continued)**

Operating segments (Continued)

	Six months ended 30 June 2017 Continuing operations				
	Container shipping and related business	**Container terminal and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement					
Total revenues	41,826,869	1,897,505	—	(278,684)	43,445,690
Comprising:					
- Inter-segment revenues	848	277,836	—	(278,684)	—
- Revenues (from external customers)	41,826,021	1,619,669	—	—	43,445,690
Segment profit/(loss)	1,651,768	3,031,193	(214,628)	(415)	4,467,918
Finance income	137,291	3,159	156,798	(77,816)	219,432
Finance costs	(604,627)	(141,238)	(346,137)	77,816	(1,014,186)
Net foreign exchange loss	(54,583)	(263,962)	—	—	(318,545)
Share of profits less losses of					
- joint ventures	19,584	275,518	—	—	295,102
- associates	(1,616)	394,768	35,598	—	428,750
Profit/(loss) before income tax	1,147,817	3,299,438	(368,369)	(415)	4,078,471
Income tax expenses	(137,180)	(424,298)	(115,767)	134	(677,111)
Profit/(loss) for the period	1,010,637	2,875,140	(484,136)	(281)	3,401,360
Gain/(loss) on disposals of property, plant and equipment	2,509	(137)	—	—	2,372
Depreciation and amortisation	786,527	340,733	12,870	—	1,140,130
Provision for impairment of trade and other receivables, net	4,724	2,914	—	—	7,638
Gain on remeasurement of previously held interest of an available-for-sale financial asset at fair value upon further acquisition to become an associate	—	264,099	—	—	264,099
Gain on disposal of a joint venture	—	1,886,333	—	—	1,886,333
Amortised amount of transaction costs on long-term borrowings	7,435	1,848	6,000	—	15,283
Amortised amount of discount on issue of notes	7,545	735	5,421	—	13,701
Additions to non-current assets	5,223,353	347,818	35,894	—	5,607,065

3 **Revenues and segment information (Continued)**

Operating segments (Continued)

	Six months ended 30 June 2016 (Restated)							
	Continuing operations					Discontinued operations		
	Container shipping and related business	Container terminal and related business	Corporate and other operations	Inter-segment elimination	Total	Dry bulk shipping and related business	Container leasing, management, sales and related business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	28,181,469	1,797,966	—	(138,707)	29,840,728	1,117,222	477,276	1,594,498
Comprising:								
-Inter-segment revenues	247	138,460	—	(138,707)	—	—	—	—
-Revenues (from external customers)	28,181,222	1,659,506	—	—	29,840,728	1,117,222	477,276	1,594,498
Segment (loss)/profit	(3,457,707)	651,626	(191,263)	(539)	(2,997,883)	(555,897)	82,591	(473,306)
Finance income	114,644	2,813	173,367	(66,563)	224,261	11,197	496	11,693
Finance costs	(507,824)	(151,132)	(355,148)	66,563	(947,541)	(152,876)	(30,627)	(183,503)
Net foreign exchange loss	(174,645)	(78,267)	—	—	(252,912)	(61,348)	(856)	(62,204)
Share of profits less losses of								
- joint ventures	11,700	364,773	—	—	376,473	5,233	—	5,233
- associates	6,998	275,933	—	—	282,931	(17)	—	(17)
(Loss)/profit before income tax	(4,006,834)	1,065,746	(373,044)	(539)	(3,314,671)	(753,708)	51,604	(702,104)
Income tax expenses	(98,552)	(95,282)	(97,399)	137	(291,096)	(3,909)	(2,448)	(6,357)
(Loss)/profit for the period	(4,105,386)	970,464	(470,443)	(402)	(3,605,767)	(757,617)	49,156	(708,461)
Loss on disposals of subsidiaries								(2,430,262)
Loss from discontinued operations								(3,138,723)
(Loss)/gain on disposals of property, plant and equipment	(71,932)	6,409	—	—	(65,523)	—	—	—
Depreciation and amortisation	778,371	289,099	3,972	—	1,071,442	266,334	227,362	493,696
Reversal of provision/(provision) for impairment of trade and other receivables, net	29,103	(994)	—	—	28,109	(6,393)	—	(6,393)
Amortised amount of transaction costs on long-term borrowings	6,451	843	6,000	—	13,294	829	—	829
Amortised amount of discount on issue of notes	7,545	758	4,944	—	13,247	—	843	843
Additions to non-current assets	482,222	516,391	1,749	—	1,000,362	38,205	2,082,108	2,120,313

3 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 30 June 2017				
	Container shipping and related business	**Container terminal and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Balance sheet					
Segment assets	**70,234,864**	**19,761,810**	**18,843,757**	**(14,745,735)**	**94,094,696**
Joint ventures	**343,286**	**8,263,585**	**—**	**—**	**8,606,871**
Associates	**344,487**	**16,208,895**	**480,634**	**—**	**17,034,016**
Loans to joint ventures and associates	**—**	**1,444,279**	**—**	**—**	**1,444,279**
Available-for-sale financial assets	**569,619**	**2,433,485**	**—**	**—**	**3,003,104**
Unallocated assets					**81,186**
Total assets					**124,264,152**
Segment liabilities	**62,068,521**	**12,190,965**	**21,396,491**	**(14,745,735)**	**80,910,242**
Unallocated liabilities					**1,752,539**
Total liabilities					**82,662,781**

	As at 31 December 2016				
	Container shipping and related business	Container terminal and related business	Corporate and other operations	Inter- segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet					
Segment assets	64,488,910	19,591,715	23,334,848	(11,156,892)	96,258,581
Joint ventures	331,831	9,774,538	—	—	10,106,369
Associates	125,685	9,752,277	446,223	—	10,324,185
Loans to joint ventures and associates	—	1,215,244	—	—	1,215,244
Available-for-sale financial assets	573,987	1,088,683	—	—	1,662,670
Unallocated assets					85,684
Total assets					119,652,733
Segment liabilities	57,635,980	12,375,998	21,813,934	(11,156,892)	80,669,020
Unallocated liabilities					1,434,844
Total liabilities					82,103,864

3 **Revenues and segment information (Continued)**

Geographical information

(a) **Revenues**

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

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

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

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

3 **Revenues and segment information (Continued)**

Geographical information (Continued)

(a) **Revenues (Continued)**

	Six months ended 30 June 2017		
Continuing operations	**Total revenue**	**Inter segment revenue**	**External revenue**
	RMB'000	*RMB'000*	*RMB'000*
Container shipping and related business			
- America	**10,675,959**	**—**	**10,675,959**
- Europe	**10,187,864**	**—**	**10,187,864**
- Asia Pacific	**7,662,886**	**—**	**7,662,886**
- China domestic	**9,358,595**	**(848)**	**9,357,747**
- Other international market	**3,941,565**	**—**	**3,941,565**
Container shipping and related business	**41,826,869**	**(848)**	**41,826,021**
Container terminal and related business, corporate and other operations			
- Europe	**584,818**	**—**	**584,818**
- China domestic	**1,312,687**	**(277,836)**	**1,034,851**
Container terminal and related business, corporate and other operations	**1,897,505**	**(277,836)**	**1,619,669**
Total	**43,724,374**	**(278,684)**	**43,445,690**

3 **Revenues and segment information (Continued)**

Geographical information (Continued)

(a) **Revenues (Continued)**

	Six months ended 30 June 2016 (Restated)		
Continuing operations	Total revenue	Inter segment revenue	External revenue
	RMB'000	*RMB'000*	*RMB'000*
Container shipping and related business			
- America	7,435,703	—	7,435,703
- Europe	6,020,305	—	6,020,305
- Asia Pacific	5,164,796	—	5,164,796
- China domestic	7,767,585	(247)	7,767,338
- Other international market	1,793,080	—	1,793,080
Container shipping and related business	28,181,469	(247)	28,181,222
Container terminal and related business, corporate and other operations			
- Europe	579,618	—	579,618
- China domestic	1,218,348	(138,460)	1,079,888
Container terminal and related business, corporate and other operations	1,797,966	(138,460)	1,659,506
Total	29,979,435	(138,707)	29,840,728
Discontinued operations			
Dry bulk shipping and related business			
- International shipping	906,163	—	906,163
- PRC coastal shipping	211,059	—	211,059
Dry bulk shipping and related business	1,117,222	—	1,117,222
Container leasing, management, sales and related business	477,276	—	477,276
Total	1,594,498	—	1,594,498

3 **Revenues and segment information (Continued)**

Geographical information (Continued)

(b) **Non-current assets**

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

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

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

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
China domestic	**35,710,430**	29,813,152
Non-China domestic	**10,511,690**	11,208,365
Unallocated	**34,303,262**	30,305,153
Total	**80,525,382**	71,326,670

4 **Operating profit/(loss)**

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Crediting:		
Gain on disposals of property, plant and equipment		
- others	**3,548**	13,049
Reversal of provision for impairment of trade and other receivables	**1,116**	34,558
Government subsidies	**385,404**	49,017
Dividend income from listed and unlisted investments	**5,985**	26,618
Gain on disposal of a subsidiary	**4,357**	11,851
Gain on disposal of available-for-sale financial assets	**—**	11,515
Gain on remeasurement of previously held interest of an available-for-sale financial asset at fair value upon further acquisition to become an associate	**264,099**	—
Gain on disposal of a joint venture	**1,886,333**	—
Net foreign exchange gain	**168,550**	645
Charging:		
Loss on disposals of property, plant and equipment		
- container vessels	**—**	74,218
- others	**1,176**	4,354
Cost of bunkers consumed	**5,104,652**	2,503,003
Operating lease rentals		
- container vessels	**5,999,765**	4,420,778
- land and buildings	**119,459**	85,953
- other property, plant and equipment	**11,051**	34,719
Provision for impairment of trade and other receivables	**8,754**	6,449

5 **Finance income and costs**

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Finance income		
Interest income from:		
- deposits in COSCO Finance Co., Ltd ("COSCO Finance")	**21,372**	25,938
- deposits in China Shipping Finance Company Limited ("CS Finance")	**69**	786
- loans to joint ventures and associates	**24,147**	10,156
- banks	**173,844**	187,381
	219,432	224,261
Finance costs		
Interest expenses on:		
- bank loans	**(508,971)**	(451,183)
- loans from COSCO Group	**(10,192)**	—
- loans from COSCO Finance	**(23,303)**	(27,195)
- loans from CS Finance	**(1,848)**	(2,364)
- loans from a joint venture	**(3,175)**	(2,959)
- loans from non-controlling shareholders of subsidiaries (note 10(b))	**(15,262)**	(6,688)
- loans from and amount due to fellow subsidiaries	**(5,793)**	(11,887)
- other loans	**(1,508)**	(1,820)
- notes	**(398,496)**	(390,064)
	(968,548)	(894,160)
Amortised amount of transaction costs on long-term borrowings	**(15,283)**	(13,294)
Amortised amount of discount on issue of notes	**(13,701)**	(13,247)
Other incidental borrowing costs and charges	**(84,045)**	(70,830)
Less: amount capitalised in construction in progress	**67,391**	43,990
	(1,014,186)	(947,541)
Net foreign exchange loss	**(318,545)**	(252,912)
Net finance costs	**(1,113,299)**	(976,192)

6 Income tax expenses

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current income tax (note a)		
- PRC enterprise income tax	**420,458**	140,166
- Hong Kong profits tax	**7,254**	1,902
- Overseas taxation	**95,864**	94,230
	523,576	236,298
Deferred income tax (note b)	**153,535**	54,798
	677,111	291,096

Notes:

(a) Current income tax

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

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

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

(b) Deferred income tax

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

As at 30 June 2017, the unrecognised deferred income tax liabilities were RMB4,170,725,000 (31 December 2016: RMB3,786,117,000) relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Board considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2017 amounted to RMB18,045,252,000 (31 December 2016: RMB16,632,180,000).

As at 30 June 2017, the Group had tax losses of RMB37,098,342,000 (31 December 2016: RMB38,703,167,000), which were not recognised for deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable, of which an amount of RMB 36,697,520,000 (31 December 2016: RMB38,315,817,000) will expire within five years.

7 **Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

8 **Earnings/(loss) per share**

(a) **Basic**

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

	Six months ended 30 June	
	2017	2016
		(Restated)
Profit/(loss) from continuing operations attributable to equity holders of the Company (RMB)	**1,863,467,000**	(4,490,456,000)
Loss from discontinued operations attributable to equity holders of the Company (RMB)	**—**	(2,678,356,000)
	1,863,467,000	(7,168,812,000)
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic earnings/(loss) per share (RMB)		
From continuing operations	**0.18**	(0.44)
From discontinued operations	**—**	(0.26)
	0.18	(0.70)

(b) **Diluted**

The outstanding share options granted by the Company did not have any dilutive effect on the earnings/(loss) per share for the six months ended 30 June 2017 (30 June 2016: Same), and the diluted earnings/(loss) per share is equal to the basic earnings per share for the six months ended 30 June 2017 (30 June 2016: Same).

9 **Trade and other receivables**

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Trade receivables (notes a and b)		
- third parties	**6,155,509**	5,367,815
- fellow subsidiaries	**443,071**	457,019
- joint ventures	**39,740**	9,941
- associates	**—**	110
- other related companies	**105,172**	96,859
	6,743,492	5,931,744
Bills receivable (note b)	**348,228**	253,996
	7,091,720	6,185,740
Prepayments, deposits and other receivables		
- third parties	**3,301,017**	3,774,199
- fellow subsidiaries (note c)	**483,632**	376,564
- joint ventures (note c)	**479,148**	663,153
- associates (note c)	**285,010**	120,862
- other related companies (note c)	**130,509**	165,037
	4,679,316	5,099,815
Total	**11,771,036**	11,285,555

Notes:

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

9 **Trade and other receivables (Continued)**

(b) The Group's trade receivables are generally within credit terms of 90 days. Trade receivables primarily consist of voyage-related receivables. As at 30 June 2017, the ageing analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
1-3 months	**6,582,184**	5,874,942
4-6 months	**356,739**	200,776
7-12 months	**145,820**	109,957
Over 1 year	**81,617**	71,625
Trade and bills receivables, gross	**7,166,360**	6,257,300
Provision for impairment	**(74,640)**	(71,560)
	7,091,720	6,185,740

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

10 **Trade and other payables**

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Trade payables (note a)		
- third parties	**6,595,504**	5,345,658
- fellow subsidiaries	**1,322,789**	1,970,808
- joint ventures	**270,122**	226,094
- associates	**31,462**	53,153
- other related companies	**41,901**	82,341
	8,261,778	7,678,054
Bills payables (note a)	**52,000**	26,000
	8,313,778	7,704,054
Advance from customers	**232,151**	239,176
Other payables and accruals	**12,462,899**	12,811,738
Due to related companies		
- fellow subsidiaries	**337,221**	362,013
- joint ventures	**317,605**	297,384
- associates	**2,116**	121
- other related companies (note b)	**1,356,381**	1,307,553
	2,013,323	1,967,071
Total	**23,022,151**	22,722,039

10 **Trade and other payables (Continued)**

Notes:

(a) As at 30 June 2017, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
1-6 months	**8,048,674**	6,356,481
7-12 months	**86,388**	1,273,350
1-2 years	**163,448**	38,853
2-3 years	**5,717**	10,101
Over 3 years	**9,551**	25,269
	8,313,778	7,704,054

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

(b) Most of the amounts due to other related parties are unsecured and repayable within twelve months. These balances are interest-free except for the below:

(i) Balance of US$6,242,000 or equivalent to approximately RMB42,286,000 (31 December 2016: US$8,534,000 or equivalent to approximately RMB59,200,000) bears interest at 0.6% above 1-year US dollar LIBOR per annum (31 December 2016: 0.6% above 1-year US dollar LIBOR per annum);

(ii) Balance of US$14,761,000 or equivalent to approximately RMB99,997,000 (31 December 2016: US$57,661,000 or equivalent to approximately RMB399,994,000) bears interest at 3.9% per annum (31 December 2016: 3.9% per annum);

(iii) Balance of US$53,141,000 or equivalent to approximately RMB359,998,000) (31 December 2016: US$51,896,000 or equivalent to approximately RMB360,003,000) bears interest at 3.5% per annum (31 December 2016: 3.5% per annum);

(iv) Balance of US$44,284,000 or equivalent to approximately RMB299,980,000 (31 December 2016: Nil) bears interest at 3.8% per annum; and

(v) Balance of US$4,430,000 or equivalent to approximately RMB30,011,000 (31 December 2016: Nil) bears interest at 4.4% per annum.

11 Discontinued operations

(a) Disposal of 100% equity interest in COSCO SHIPPING Bulk Co., Ltd. ("COSCO Bulk")

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

(b) Disposal of 100% equity interest in Florens Container Holdings Limited ("FCHL")

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

12 Significant subsequent events

Shanghai Pan Asia Shipping Company Limited (上海泛亞航運有限公司) ("Shanghai Pan Asia"), a subsidiary of the Company, solicited Shanghai Fuxing Property Investment Company Limited (上海復星產業投資有限公司) as its strategic investor through public listing on Shanghai United Assets and Equity Exchange and determined Ningbo Hongyang Investment Management Partnership (LLP) (寧波滙陽投資管理合夥企業(有限合夥)) as a new employee stock ownership platform for concurrent pilot of employee stock ownership. The original registered capital of Shanghai Pan Asia is RMB1,259.98 million and the amount of the proposed capital increase is RMB276.58 million, representing 18% of its registered capital after the capital increase. Upon completion of the capital increase, its registered capital will increase to RMB1,536.57 million.

On 4 July 2017, Shanghai Pan Asia completed the registration of changes in the registered capital and shareholders according to its capital increase agreement, assets appraisal report, the capital increase certificate issued by Shanghai United Assets and Equity Exchange and its amended articles of association.

On 9 July 2017, the Company published an announcement that UBS AG Hong Kong Branch, on behalf of the Faulkner Global Holdings Limited (a wholly-owned subsidiary of the Company) and Shanghai Port Group (BVI) Development Co., Limited (collectively the "Joint Offerors"), firmly intended to make a voluntary general offer to acquire all of the issued shares of Orient Overseas (International) Limited ("OOIL") at HK$78.67 in cash per share (the "Offer"). Assuming the Offer is accepted in full, the Group will acquire 90.1% equity interest in OOIL at a consideration of HK$44,357.30 million, equivalent to RMB38,568.23 million.

As at the date of issuance of the Interim Financial Information, the Offer is still subject to satisfaction of the pre-conditions to the Offer as stipulated in the joint announcement.

On 4 August 2017, COSCO Ports (Dalian) Limited, China Shipping Ports Development Co., Limited and China Shipping Terminal Development Co., Ltd., all being wholly owned subsidiaries of the Company, entered into a merger agreement with Dalian Port Container Development Co., Ltd. ("DPCD"), Singapore Dalian Port Investment Pte Ltd., PSA China Pte Ltd., Nippon Yusen Kabushiki Kaisha, Dalian Container Terminal Co., Ltd. ("DCT"), Dalian Port Container Terminal Co., Ltd. ("DPCT") and Dalian International Container Terminal Co., Ltd. ("DICT") in relation to the merger of DCT, DPCT and DICT (the "Merger"). Upon completion of the Merger, DCT as the surviving entity would assume all assets, businesses, credits and debts of DPCT and DICT, and DPCT and DICT would be deregistered. The Group will hold 19% equity interests in DCT as an associate after completion of the Merger.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Period from 1 January to 30 June 2017	**Period from 1 January to 30 June 2016 (Restated)**	**Difference**	**Difference Rate**
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Continuing operations				
Revenue	**43,445,690**	29,840,728	13,604,962	45.59
Operating profit/(loss)	**4,467,918**	(2,997,883)	7,465,801	—
Profit/(loss) before income tax from continuing operations	**4,078,471**	(3,314,671)	7,393,142	—
Profit/(loss) after income tax from continuing operations	**3,401,360**	(3,605,767)	7,007,127	—
Discontinued operations				
Loss after income tax from discontinued operations	**—**	(708,461)	708,461	—
Loss on disposal of discontinued operations	**—**	(2,430,262)	2,430,262	—
Loss from discontinued operations	**—**	(3,138,723)	3,138,723	—
Profit/(loss) for the period	**3,401,360**	(6,744,490)	10,145,850	—
Profit/(loss) attributable to equity holders of the Company	**1,863,467**	(7,168,812)	9,032,279	—
Basic earnings/(loss) per share	**0.18**	(0.70)	0.88	—

DISCUSSION AND ANALYSIS OF THE BOARD ON THE OPERATION OF THE GROUP DURING THE REPORTING PERIOD

In the first half of 2017, the global economy picked up, which drove the demand for container shipping to bottom out. The growth of shipping capacity supply slowed down. Market shipping prices rose significantly as compared with the same period of last year, and fluctuations had been stabilized. The average value of the China Containerized Freight Index (CCFI) was 828 point from January to June, representing an increase of 19.8% as compared to the same period of last year.

In the first half year, COSCO SHIPPING Holdings actively grasped the opportunity of the market pick-up, and continued to deepen the reform and strengthened the enhancement of quality and effectiveness, with increasingly apparent synergies. The operating indexes improved substantially as compared to the same period of last year. In terms of the benefits to the Company, losses were turned into profits. The net profit attributable to shareholders of the Company was RMB1.86 billion, compared to a loss of approximately RMB7.17 billion for the same period of last year. COSCO SHIPPING Lines, a wholly-owned subsidiary, achieved an increase in both volume and price and completed a shipping volume of 9.998 million TEUs, representing an increase of 34.9% as compared to the same period of last year. The average income per TEU was RMB3,691, representing an increase of 16.3% as compared to the same period of last year. Specifically, the average income per TEU from international routes reached RMB4,574, representing an increase of 19.7% as compared to the same period of last year. The total terminal throughput[1] of COSCO SHIPPING Ports, a non-wholly owned subsidiary, was 41.78 million TEUs, representing an increase of 11.8% as compared to the same period of last year. Specifically, the total terminal throughput of overseas was 8.88 million TEUs, representing an increase as high as 39.8% as compared to the same period of last year.

Leveraging the economy of scale to build a world-class enterprise

In the first half year, COSCO SHIPPING Lines constantly optimized global resources allocation and improved the global network layout adapted to the scale of shipping capacity. As at 30 June 2017, the size of the container fleet operated by the company reached 342 vessels and 1.76 million TEUs. The shipping capacity increased by 9.5% as compared to the same period of last year, ranking fourth in the world. The more

[1] Excluding the throughput of Qingdao Port International Co., Ltd. for May to June 2017 and the throughput of Qingdao Qianwan Container Terminal Co., Ltd. for the first half of 2016.

than 400 existing sales and service outlets of the company with global coverage have formed a container transportation service network characterized by global operations and integrated services and are committed to providing customers with full trip transportation solutions of better quality. COSCO SHIPPING Ports continued to optimize its terminal investment portfolio, enhanced its control over terminal assets and further improved the global layout. The terminal portfolio owned by it was distributed over 32 ports around the world at present. The company had a total of 162 berths for containers in operation with a total annual capacity of 98.30 million TEUs.

On 1 April 2017, OCEAN Alliance came into operation after a year of careful planning and preparations. With COSCO SHIPPING Lines, CMA CGM, Evergreen Line and Orient Overseas Container Line as its members, OCEAN alliance deploys around 350 container vessels with an estimated total carrying capacity of 3.5 million TEUs. OCEAN Alliance provides 41 services in east-west major trade routes and the shipping routes to the Middle East and the Red Sea, offering 595 port pairs, i.e. direct port-to-port services, which allows customers to use “higher frequency, larger scale, broader coverage and higher efficiency” shipping services.

In line with the trend of industry consolidation, COSCO SHIPPING Holdings published an announcement on 9 July 2017 that a subsidiary of the Company and a subsidiary of Shanghai International Port (Group) Co., Ltd (“SIPG”) have made a pre-conditional voluntary general offer to all shareholders of Orient Overseas (International) Limited (“OOIL”) to acquire all issued shares of OOIL at an offer price of at HK$78.67 in cash. If the acquisition is successfully completed, the scale of the shipping capacity (including orders) of COSCO SHIPPING Holdings will exceed 2.9 million TEUs and its leading position in the global container shipping industry will be further enhanced. Post closing, COSCO SHIPPING Lines and OOIL will continue to operate under their respective brands, providing container transport and logistics services. By leveraging the strengths of each company and achieving synergies, the businesses will enhance their operating efficiencies and competitive positions to achieve sustainable growth in the long term.

Capture opportunities arising from the Belt and Road Initiative and refine global network

China’s the Belt and Road Initiative has created new opportunities to COSCO SHIPPING Holdings as it led to the development of logistics channels, interconnection between different shipping routes and the emergence of demand for cross-border intermodal transportation.

COSCO SHIPPING Lines has made vigorous efforts to expand its shipping capacity for the countries and markets along the Belt and Road in the Middle East, Africa, South Asia, etc. It deploys 131 vessels with total capacity of 1.2 million TEU along the Belt and Road countries, which accounts for 68% of the Company's total shipping capacity. By connecting its shipping routes with China-Europe Railway Express, the Company strived to develop itself into a one-stop service provider linking the Silk Road Economic Belt and the 21st Century Maritime Silk Road. China-Europe Sea-Land Express, a new express service carrying container cargo from China to Central and Eastern Europe through Piraeus in Greece, commenced operation in January this year. When compared with the traditional service routes, its delivery time is about seven days shorter.

In addition, COSCO SHIPPING Holdings continued to actively establish presence in important sea and land logistic nodes along "the Belt and Road". On 20 January 2017, COSCO SHIPPING Ports signed a contract to acquire shares in Qingdao Port International Co., Ltd. (青島港國際股份有限公司) and entered into a strategic cooperation agreement with, and ultimately held 18.41% of the shares in Qingdao Port International Co., Ltd. following the completion of the transaction. By making use of the model of strategically acquiring shares in port groups, the company further integrated itself into the management of the port area and consolidated its leading position as a terminal service provider in the Greater China region through sharing development room and management experience. On 15 May 2017, COSCO SHIPPING Lines and Lianyungang Port Group signed an agreement pursuant to which each of them will acquire 24.5% of the shares in KTZE-Khorgos Gateway LLP. This will drive China-Kazakhstan-Asia-Europe cross-border transportation and enable the company's China-Europe and Central Asia road-bridge services to have a key fulcrum, which will play an important role in enhancing the service efficiency and multimodal transportation competitive advantages of the company. On 12 June 2017, COSCO SHIPPING Ports announced the acquisition of 51% of the shares in Noatum Port Holdings, S.L.U., a port company in Spain. The project includes the largest container terminal in Port of Valencia and the only container terminal in Port of Bilbao. The acquisition will help the company establish its networks in the Mediterranean region and the European region, thereby promoting the construction of the global strategic fulcrum.

Enhancing quality and efficiency by adhering to the customer-oriented strategy

COSCO SHIPPING Lines further firmly established the "customer-oriented" philosophy, actively transited from "product thinking" to "customer thinking", identified and helped customers to solve "pain points" to enhance customers' experience. The company actively promoted "Nine Service Standards" on a global scale. The standards covered the important aspects during the process from cargo space booking to cargo delivery, including key contents and customers' pain points such as on-time rates, cargo space booking response and trans-shipment. Besides, the company continued to reinforce marketing team building, established new customer development, import marketing, customer maintenance and industry-specific professional marketing teams, improved the balance of cargo source, and promoted the growth of cargo volume and income. Taking the second quarter as an example, the freight volume completed by the company increased by 21.7% as compared to the same period of last year and increased by 14.8% as compared to the first quarter of this year. The total revenue from routes and the average income per TEU achieved increased by 46.5% and 20.3%, respectively, as compared to the same period of last year, staying at higher levels in the industry in terms of the growth.

While achieving an increase in cargo volume and income, COSCO SHIPPING Lines continued to explore the potential of cost synergy by relying on the scale advantage brought by integration and reorganization. In the first half year, the company drew support from the Ocean Alliance to further optimize the route network and shipping capacity layout and continued to optimize container fleet management and supplier procurement, with the continued appearance of synergies. In the case of a sharp increase in oil prices, as compared to the same period of last year, the average cost per TEU of the Company declined by 2.5% to RMB3,429 as compared to the same period of last year, reinforcing the foundation for turning losses into profits in terms of the benefits to the company.

While COSCO SHIPPING Ports made progress in key investment projects, it improved the management of terminals continuously by mainly enhancing the operational capabilities of terminals it controlled as well as strengthening synergies with COSCO SHIPPING Lines to increase sales to the alliance and various shipping companies. During the first half of the year, Xiamen Ocean Gate Container Terminal benefited from the linkage with the shipping routes of OCEAN Alliance, throughput increased by 20.6% as compared to the same period of last year, and realized a high growth in profit. COSCO-HIT Terminals and Asia Container Terminals in Hong Kong commenced overall operations since January 2017, throughput in the first half of the year increased significantly by 42.8% as compared to the same period of last year, profit contribution increased by 11.4% as compared to the same period of last year.

Looking ahead to the second half of 2017, the overall demand in the container shipping market is optimistic, but its growth may be uncertain. Delivery of new vessels will bring additional supply to shipping capacity and it will take time to solve the balance between supply and demand. COSCO SHIPPING Holdings will continue to focus on the theme of "growth", strive to achieve higher growth in annual container volume and revenue and significantly improve the overall efficacy. Meanwhile, it will also prepare the various tasks for the Offer to acquire OOIL and proceed steadily according to the business plan to complete the transaction as soon as practicable. COSCO SHIPPING Ports will continue to strengthen the operation management of the existing terminals, improve operation efficiency, follow up the investment projects at home and abroad, and corporate with all parties to find new investment opportunities. In future, COSCO SHIPPING Holdings will follow the established strategies to enhance international competitiveness and innovative capabilities continuously, and work relentlessly towards the objective of "becoming a worldwide first-tier supplier of container transportation and terminal services" to create value for customers and generate returns for shareholders.

(I) Analysis of principal businesses of continuing operations

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

Items	**For the six months ended 30 June 2017**	**For the six months ended 30 June 2016**	**Difference**	**Difference Rate**
		(Restated)		
	RMB'000	*RMB'000*	*RMB'000*	**(%)**
Continuing operations:				
Revenue	**43,445,690**	29,840,728	13,604,962	45.59
Cost of services and inventories sold	**(39,695,059)**	(31,205,145)	(8,489,914)	27.21
Other income, net	**2,721,303**	78,968	2,642,335	3,346.08
Selling, administrative and general expenses	**(2,004,016)**	(1,712,434)	(291,582)	17.03
Finance income	**219,432**	224,261	(4,829)	(2.15)
Finance costs	**(1,014,186)**	(947,541)	(66,645)	7.03
Net foreign exchange loss	**(318,545)**	(252,912)	(65,633)	25.95
Net cash flows generated from operating activities	**1,781,780**	80,793	1,700,987	2,105.36
Net cash flows (used in)/generated from investing activities	**(8,289,880)**	7,400,955	(15,690,835)	—
Net cash flows used in financing activities	**(632,832)**	(6,700,283)	6,067,451	(90.56)
Research and development expenses	**1,736**	927	809	87.27

Reasons for the change of the revenue

Overview

In the first half of 2017, the revenue of the Group amounted to RMB43,445,690,000, representing an increase of RMB13,604,962,000 or 45.59% as compared to the same period of last year.

Revenue from container shipping and related business

In the first half of 2017, revenue from container shipping and related business amounted to RMB41,826,869,000, representing an increase of RMB13,645,400,000 or 48.42% as compared to the same period of last year.

As at 30 June 2017, the container shipping team operated 342 container vessels, representing an increase of 30 vessels or 9.62% as compared to the beginning of the year. These vessels had a total capacity of 1,764,600 TEUs, representing an increase of 115,800 TEUs or 7.02% as compared to the beginning of the year. In the first half of 2017, container shipping volume amounted to 9,997,700 TEUs, representing an increase of 34.86% as compared to the same period last year. In the first half of 2017, container shipping volume of the Group and revenue from container shipping increased significantly as compared to the same period of last year, due to the market recovery and operating improvement in the container shipping industry on one hand, and the shipping capacity which increased significantly as a result of the lease of vessels for operation by COSCO SHIPPING Lines from the former China Shipping Container Lines Company Limited after the reorganization and integration which commenced on March 2016 on the other hand.

In the first half of 2017, the average income per TEU from the international shipping of COSCO SHIPPING Lines recorded RMB4,574.08/TEU, a period-on-period increase of 19.70%. The average income per TEU from main routes of domestic trade was RMB1,725.52/TEU, representing a decrease of 3.46% as compared to the same period of last year.

Revenue from terminal and related business

In the first half of 2017, revenue generated from the terminal and related business amounted to RMB1,897,505,000, representing an increase of RMB99,539,000 or 5.54% as compared to the same period of last year.

In the first half of 2017, the throughput of controlled container terminal business amounted to 8,046,500 TEUs, representing an increase of 166,100 TEUs or 2.11% compared to the same period of last year. In the first half of 2017, the dry bulk throughput of controlled terminals amounted to 873.17 tons, representing an increase of 177.68 tons or 25.55% compared to the same period of last year.

Unit: TEU

Location of terminal	**January to June 2017**	**January to June 2016**	**Difference**	**Difference Rate (%)**
Bohai Rim Region	**7,629,840**	7,431,916	197,924	2.66
Yangtze River Delta Region	**9,759,389**	9,306,485	452,904	4.87
Southeast Coast and others	**2,328,929**	2,114,601	214,328	10.14
Pearl River Delta Region	**12,570,422**	11,622,980	947,442	8.15
Southwest Coast	**611,345**	530,625	80,720	15.21
Overseas	**8,880,942**	6,351,603	2,529,339	39.82
Total	**41,780,867**	37,358,210	4,422,657	11.84
Of which: Controlled terminals	**8,046,468**	7,880,362	166,106	2.11
Participating terminals	**33,734,399**	29,477,848	4,256,551	14.44

Note:

In the first half of 2017, Shanghai China Shipping Terminal Development Co., Ltd., a subsidiary of the Group, acquired additional 16.82% equity interests in Qingdao Port International Co., Ltd., at a consideration of 20% equity interests in Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司) plus cash. In order to make the throughput data in the current period comparable to the same period of last year, the total throughput and non-controlled terminals' throughput in the first half of 2017 set out in the above table did not contain the throughput of 3,050,000 TEUs from May to June in 2017 after increase in shareholding of Qingdao Port International Co., Ltd.. The total throughput and non-controlled terminals' throughput in the first half of 2016 did not contain the throughput of 8,669,195 TEUs prior to the disposal of Shares in Qingdao Qianwan Container Terminal Co., Ltd. from January to June in 2016. If included, the total throughput is 44,830,867 TEUs in the first half of 2017, 46,027,405 TEUs in the first half of 2016, 36,784,399 TEUs for the non-controlled terminals' throughput in the first half of 2017 and 38,147,043 TEUs for the non-controlled terminals' throughput in the first half of 2016.

Analysis of cost of services and inventories sold

Overview

In the first half of 2017, the operating cost of the Group amounted to RMB39,695,059,000, representing an increase of RMB8,489,914,000 or 27.21% as compared to the same period of last year.

Container shipping and related business cost

In the first half of 2017, the container shipping and related business cost amounted to RMB38,672,569,000, representing an increase of RMB8,467,422,000 or 28.03% as compared to the same period of last year. Average shipping cost per TEU decreased by 2.47% on a year-on-year basis due to the synergistic effects of restructuring.

Terminal and related business cost

In the first half of 2017, the terminal and related business cost amounted to RMB1,216,703,000, representing an increase of RMB121,852,000 or 11.13% as compared to the same period of last year.

Other income, net

In the first half of 2017, the Group's net other income amounted to RMB2,721,303,000, representing an increase of RMB2,642,335,000 as compared to the same period of last year.

In the first half of 2017, Shanghai China Shipping Terminal Development Co., Ltd., a subsidiary of the Group, acquired additional 16.82% equity interests in Qingdao Port International Co., Ltd., at a consideration of 20% equity interests disposed in Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司) plus cash, resulting in other income of RMB2,150,432,000 in aggregate, of which:

(1) the net gains upon the dispose of 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. was RMB1,886,333,000.

(2) Qingdao Port International Co., Ltd. became an associate of the Group as a result of the Group's increased shareholding of 16.82% in it. According to accounting standards, the 2.01% (1.59% after dilution) shareholding previously held by the Group in Qingdao Port International Co., Ltd. shall be measured using equity method, thus resulting in an increase in gains of RMB264,099,000.

Selling, administrative and general expenses

In the first half of 2017, the selling, administrative and general expenses of the Group amounted to RMB2,004,016,000, representing an increase of RMB291,582,000 or 17.03% as compared to the same period of last year. The increase was mainly due to an increase in relevant administrative expenses in line with significant growth of container shipping, terminal business during the period.

Finance income

In the first half of 2017, the finance income of the Group amounted to RMB219,432,000, representing a decrease of RMB4,829,000 or 2.15% as compared to the same period of last year. In the first half of 2017, with the scale of interest bearing liabilities generally maintained at the level of the beginning of the year, the decrease in finance income was mainly due to significant capital expenditures on acquiring additional shares of Qingdao Port International Co., Ltd., purchases of vessels and purchases of containers, which led to a significant decrease in the balance of monetary funds. As at 30 June 2017, the balance of monetary funds (including the balance of restricted bank monetary funds) amounted to RMB25.124 billion, representing a decrease of RMB7.388 billion or 22.72% from the beginning of the year.

Finance costs

In the first half of 2017, the finance costs of the Group amounted to RMB1,014,186,000, representing an increase of RMB66,645,000 or 7.03% as compared to the same period of last year. The reasons for the increase were: on the one hand, with the expectation of USD appreciation from the beginning of 2016 to the beginning of 2017, the Group gradually adjusted debt structure to increase the percentage of RMB-denominated loans with higher interest rate to mitigate the exchange rate risks; and on the other hand, the interest rate of USD-denominated loans increased as compared with the same period of last year.

Net foreign exchange loss

In the first half of 2017, the net foreign exchange loss related to borrowings dominated in non-functional currency amounted to RMB318,545,000, representing an increase of RMB65,633,000 as compared to the same period of last year.

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

In the first half of 2017, there were no discontinued operations, as compared to a loss on discontinued operations of the Group of RMB3,138,723,000 for the same period of last year, among which, upon the Group's disposal of COSCO Bulk and FCHL, a net loss on disposal of RMB2,430,262,000 was incurred.

(III) **Working capital, financial resources and capital structure**

As at 30 June 2017, the cash and cash equivalents amounted to RMB24,698,678,000, representing a decrease of RMB7,489,894,000 or 23.27% as compared to the beginning of the year.

In the first half of 2017, the net cash inflow from operating activities amounted to RMB1,781,780,000, representing an increase of RMB1,700,987,000 as compared to the same period of last year. In the first half of 2017, driven by global economic upturn, the Company recorded increases in container shipping volume and freight rate on period-on-period basis and became profitable. This was the major reason for such increase in the net cash inflow from operating activities in the first half of 2017 as compared to the same period of last year.

In the first half of 2017, the net cash outflow from investing activities amounted to RMB8,289,880,000 as compared to the net cash inflow of RMB7,400,955,000 in the same period of last year, of which:

In the first half of 2017, a cash amount of RMB5,575,059,000 was paid for purchasing fixed assets, intangible assets and other long-term assets. In particular, (i) RMB4,320,394,000 was paid for purchasing container vessels, including RMB2,695,288,000 paid for 20 container vessels under construction which existed at the beginning of the year; RMB1,430,304,000 was paid for purchasing 14 container vessels under construction from related companies under COSCO SHIPPING Development Co., Ltd.; and RMB194,802,000 was paid for purchasing 3 used container vessels from third parties; (ii) and RMB864,115,000 was paid for purchase of 76,800 TEUs containers for the headquarter of COSCO SHIPPING Lines.

In the first half of 2017, a cash of RMB3,087,326,000 was paid for investment. In particular, (i) a cash of RMB2,599,968,000 was paid for acquiring additional shares of Qingdao Port International Co., Ltd. by Shanghai China Shipping Terminal Development Co., Ltd., a subsidiary of COSCO SHIPPING Ports. (ii) COSCO SHIPPING Ports contributed €7,052,000 to purchase 40% shares in APM Terminals Vado Holdings B.V., and provided shareholder loans of €24,743,000 to APM Terminals Vado Holdings B.V. (iii) COSCO SHIPPING Lines (Hong Kong) Co., Ltd. (中遠海運集運香港有限公司), a subsidiary of COSCO SHIPPING Lines, contributed US$38,000,000 to purchase 24.5% equity interests in dry ports of Horgos, Kazakhstan.

In the first half of 2017, the net cash outflow from financing activities amounted to RMB632,832,000, representing a decrease in net outflow of RMB6,067,451,000 as compared to the same period of last year, which included net inflow of bank loan proceeds of RMB407,875,000 and a cash of RMB846,639,000 paid for distributing dividends and profits and repaying interest.

As at 30 June 2017, the total outstanding borrowings of the Group were RMB57,325,872,000. After deducting the cash and cash equivalents, the net amount was RMB32,627,194,000.

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

As at 30 June 2017, the total liabilities of the Group amounted to RMB82,662,781,000, representing an increase of RMB558,917,000 or 0.68% as compared to the beginning of the year. Total equity interests amounted to RMB41,601,371,000, representing an increase of RMB4,052,502,000 or 10.79% as compared to the beginning of the year. As at 30 June 2017, the gearing ratio was 66.52%, representing a decrease of 2.10 percentage points from the beginning of 2017.

Debt analysis

1. **Repayment of debts due and performance of obligations due**

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Short-term borrowings	**6,613,591**	3,246,917
Long-term borrowings	**50,712,281**	54,130,058
Among which: Less than 1 year	**9,692,788**	6,661,134
1 to 2 years	**10,740,114**	14,536,972
3 to 5 years	**13,643,711**	16,723,202
Over 5 years	**16,635,668**	16,208,750
Total	**57,325,872**	57,376,975

2. **Breakdown of borrowings by category**

The secured borrowings of the Group amounted to RMB14,831,733,000 while unsecured borrowings amounted to RMB42,494,139,000, representing 25.87% and 74.13% of the total borrowings, respectively. Most of the Group's borrowings bear interest at floating rate.

3. **Breakdown of borrowings by currency**

The Group had borrowings denominated in US dollars equivalent to RMB30,904,908,000 and borrowings denominated in RMB amounted to RMB22,007,295,000, representing 53.91% and 38.39% of the total borrowings, respectively.

4. **Corporate guarantees and liabilities**

As at 30 June 2017, the Group had provided a guarantee on a banking facility granted to a joint venture in the amount of RMB79,482,000. Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2017.

Foreign exchange risk

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

Material acquisitions and disposals regard to subsidiaries, associated companies and joint ventures during the accounting period

In the first half of 2017, the Group incurred an additional investment cost of RMB6,649,023,000 for four new associated companies and joint ventures, and a net gain on disposal of one joint venture of RMB1,886,333,000.

Increases in the year:

Unit: '000
Currency: RMB

Invested Companies	**Shareholding percentage as at the end of the period**	**Increase in investment costs during the period**
COSCO SHIPPING Lines (Israel) Co., Ltd.	60.00	439
APM Terminals Vado Holdings B.V.	40.00	51,295
KTZE-Khorgos Gateway LLP	24.50	250,510
Qingdao Port International Co., Ltd.	18.41	6,346,779
Total		6,649,023

Decreases in the year:

Unit: '000 Currency: RMB

Invested Companies	Shareholding percentage as at the beginning of the period (%)	Shareholding percentage as at the end of the period(%)	Opening carrying amount	Closing carrying amount	Gain on disposal
Qingdao Qianwan Container Terminal Co., Ltd.	20.00	0.00	1,315,954	0.00	1,886,333

Capital commitments

The Group currently has a total of 31 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB22,395,516,000.

Containers under construction aggregated to 82,000 TEUs. The capital commitments for future construction of containers amounted to RMB1,151,503,000.

The capital commitments for investment in terminals amounted to RMB7,922,032,000 in aggregate, among which the commitments for purchasing fixed assets amounted to RMB4,333,519,000 and the equity investment commitment of terminals amounted to RMB3,588,513,000.

Financing plans

The Group will take its material capital expenditure for the second half of 2017 into consideration, including the acquisition of interests in companies, such as OOIL, construction of container vessels and containers and expenditure for terminal infrastructure projects, to formulate relevant manage financing arrangements, enhance capital management, optimize the utilization efficiency of funds and control the scale of debts effectively.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company's accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of two independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee) and Mr. Yang, Liang Yee Philip, and one non-executive Director, namely Mr. Chen Dong, who meet regularly with management of the Company and the Company's external auditors, and review external auditors' review and audit reports (as applicable) of the Group and the interim and annual financial statements, as the case may be. The Audit Committee has reviewed the unaudited interim financial information for the six months ended 30 June 2017, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted the Company's corporate governance code (the "**Code**") which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the period for the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct ("**Code of Conduct**") regarding securities transactions of the Directors and the Supervisors effective on 9 June 2005, on terms no less exacting than the required standard set out in the Model Code. After making specific enquiries to all Directors and Supervisors of the Company, they have confirmed that they had complied with the required standards as set out in the Model Code and the Code of Conduct for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed shares during the six months ended 30 June 2017. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2017.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkexnews.hk). An interim report for the six months ended 30 June 2017 containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share interim report prepared under the PRC Accounting Standards on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) for investors' reference.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Company" or "COSCO SHIPPING Holdings"	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"COSCO SHIPPING Ports"	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199), and a non-wholly owned subsidiary of the Company
"COSCO SHIPPING Lines"	COSCO SHIPPING Lines Co., Ltd.*(中遠海運集裝箱運輸有限公司), a company incorporated in the PRC and a subsidiary of COSCO SHIPPING Holdings
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"OOIL"	Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange (Stock Code: 0316)
"PRC"	the People's Republic of China

"PRC Accounting Standards"	the accounting standards for business enterprises of the PRC issued by the Ministry of Finance of the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) (including A share(s) and H share(s) of the Company) of RMB1.00 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"€"	Euro, the lawful currency of Eurozone

By Order of the Board
COSCO SHIPPING Holdings Co., Ltd.
Guo Huawei
Company Secretary

Shanghai, the People's Republic of China
30 August 2017

As at the date of this announcement, the directors of the Company are Mr. WAN Min[2] (Chairman), Mr. HUANG Xiaowen[1] (Vice Chairman), Mr. XU Zunwu[1], Mr. MA Jianhua[2], Mr. WANG Haimin[1], Mr. ZHANG Wei (張為)[1], Mr. FENG Boming[2], Mr. ZHANG Wei (張煒)[2], Mr. CHEN Dong[2], Mr. YANG, Liang Yee Philip[3], Mr. WU Dawei[3], Mr. ZHOU Zhonghui[3], Mr. TEO Siong Seng[3] and Mr. KOO, Chee Kong Kenneth[3].

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

* *For identification purpose only*