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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS:

- Revenues from continuing operations of the Group for the year 2017 was RMB90,399,078,000, representing an increase of RMB20,565,914,000 as compared to 2016.
- Profit attributable to equity holders of the Company for the year 2017 was RMB2,661,936,000 as compared to loss attributable to equity holders of the Company of RMB9,906,003,000 in 2016.
- The basic and diluted earnings per share for 2017 amounted to RMB0.26 and RMB0.26, respectively.
- The Board resolved not to propose any final dividend for the year 2017.

The board of directors (the "**Board**") of COSCO SHIPPING Holdings Co., Ltd.* (the "**Company**" or "**COSCO SHIPPING Holdings**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2016.

COSCO SHIPPING HOLDINGS CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017** **RMB'000**	**2016** **RMB'000**
Continuing operations			
Revenues	3	90,399,078	69,833,164
Cost of services and inventories sold		(82,761,870)	(70,382,845)
Gross profit/(loss)		7,637,208	(549,681)
Other income/(expense), net	4	1,108,134	(470,193)
Gain on disposal of a joint venture	5	1,886,333	—
Gain on remeasurement of previously held interest of an available-for-sale financial asset upon further acquisition to become an associate	5	264,099	—
Selling, administrative and general expenses		(5,232,051)	(4,021,075)
Operating profit/(loss)		5,663,723	(5,040,949)
Finance income	6	484,725	499,728
Finance costs	6	(2,111,535)	(1,912,878)
Net related exchange loss	6	(35,833)	(401,579)
Net finance costs	6	(1,662,643)	(1,814,729)
		4,001,080	(6,855,678)
Share of profits less losses of			
- joint ventures		641,548	765,441
- associates		1,060,408	634,167
Profit/(loss) before income tax from continuing operations		5,703,036	(5,456,070)
Income tax expense	7	(872,351)	(506,439)
Profit/(loss) for the year from continuing operations		4,830,685	(5,962,509)

	Note	**2017**	**2016**
		RMB'000	**RMB'000**
Discontinued operations			
Loss on disposals of discontinued operations		—	(2,430,262)
Loss from discontinued operations, net of tax		—	(708,461)
Loss for the year from discontinued operations		—	(3,138,723)
Profit/(loss) for the year		4,830,685	(9,101,232)
Profit/(loss) attributable to:			
Equity holders of the Company		2,661,936	(9,906,003)
Non-controlling interests		2,168,749	804,771
		4,830,685	(9,101,232)
Profit/(loss) attributable to equity holders of the Company arising from:			
-Continuing operations		2,661,936	(7,227,647)
-Discontinued operations		—	(2,678,356)
		2,661,936	(9,906,003)

		2017	**2016**
		RMB	**RMB**
Earnings/(loss) per share attributable to equity holders of the Company:			
Basic earnings/(loss) per share (RMB)			
- From continuing operations	9	0.26	(0.71)
- From discontinued operations	9	—	(0.26)
		0.26	(0.97)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 RMB'000	2016 RMB'000
Profit/(loss) for the year	4,830,685	(9,101,232)
Other comprehensive income/(loss)		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	1,008,862	(40,920)
Release of investment revaluation reserve of an available-for-sale financial asset upon further acquisition to become an associate	(264,099)	—
Impairment loss on available-for-sale financial assets	—	131,484
Release of reserve upon disposal of a joint venture	(77,681)	—
Release of reserve upon contribution of equity investments to an associate	(9,555)	—
Release of reserve upon further acquisition of an associate to become a subsidiary	26,860	—
Cash flow hedges, net of tax	4,338	—
Share of other comprehensive income/(loss) of joint ventures and associates	65,344	(12,141)
Recycling of currency translation differences upon disposals of discontinued operations	—	3,368,688
Currency translation differences	(1,075,486)	917,880
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	(17,600)	120,520
Share of other comprehensive income of an associate-other reserve	63,863	—
Total other comprehensive (loss)/income	(275,154)	4,485,511
Total comprehensive income/(loss) for the year	4,555,531	(4,615,721)

	2017	2016
	RMB'000	**RMB'000**
Total comprehensive income/(loss) for the year attributable to:		
- Equity holders of the Company	2,106,033	(5,984,589)
- Non-controlling interests	2,449,498	1,368,868
	4,555,531	(4,615,721)
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
- Continuing operations	2,106,033	(6,302,049)
- Discontinued operations	—	317,460
	2,106,033	(5,984,589)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	**2017** **RMB'000**	**2016** **RMB'000**
ASSETS			
Non-current assets			
Property, plant and equipment		57,420,313	48,426,064
Investment properties		192,042	195,244
Leasehold land and land use rights		2,082,427	1,671,261
Intangible assets		3,081,821	157,036
Joint ventures		8,169,778	10,106,369
Associates		17,692,258	10,324,185
Available-for-sale financial assets		2,366,832	1,662,670
Deferred income tax assets		1,158,757	85,684
Loans to joint ventures and associates		1,046,848	1,215,244
Other non-current assets		572,092	446,511
Total non-current assets		93,783,168	74,290,268
Current assets			
Inventories		2,330,221	1,564,690
Trade and other receivables	10	10,986,870	11,285,555
Restricted bank deposits		351,220	323,648
Cash and bank balances		25,738,526	32,188,572
Total current assets		39,406,837	45,362,465
Total assets		133,190,005	119,652,733
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		10,216,274	10,216,274
Reserves		10,453,013	8,107,022
		20,669,287	18,323,296
Non-controlling interests		23,041,293	19,225,573
Total equity		43,710,580	37,548,869

	Note	2017 RMB'000	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings		43,909,214	47,468,924
Provisions and other liabilities		652,013	557,382
Derivative financial liabilities		42,649	—
Deferred income tax liabilities		1,313,987	522,240
Total non-current liabilities		45,917,863	48,548,546
Current liabilities			
Trade and other payables	11	23,185,929	22,722,039
Derivative financial liabilities		18,527	—
Short-term borrowings		10,939,802	3,246,917
Current portion of long-term borrowings		8,540,731	6,661,134
Current portion of provisions and other liabilities		4,688	12,624
Tax payable		871,885	912,604
Total current liabilities		43,561,562	33,555,318
Total liabilities		89,479,425	82,103,864
Total equity and liabilities		133,190,005	119,652,733

NOTES:

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 services on a worldwide basis.

The consolidated financial statements were approved by the Board for issue on 29 March 2018.

2 Basis of preparation

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2017 but are extracted from these financial statements included in the Annual Report of the Company, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for available-for-sale financial assets and derivative financial instruments which have been stated at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except where otherwise indicated.

(a) *New standard and amendments to standards which are effective in 2017 and adopted by the Group*

In 2017, the Group has adopted a new standard and some amendments to standards issued by HKICPA which are mandatory for the financial year beginning on 1 January 2017. The adoption of those new standard and amendments to standards does not have any significant impact to the Group's results and financial position.

(b) *New standards and interpretations which have not been adopted*

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and have not been early adopted by the Group. None of these is expected to have a significant impact on the consolidated financial statements of the Group, except the following as set out below:

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- A fair value through other comprehensive income ("FVOCI") election is available for the equity instruments which are currently classified as available-for-sale.

- Debt instruments currently classified as held-to-maturity and measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. During the 2017 financial year, RMB264,099,000 of such gains were recognised in profit or loss in relation to the deemed disposal of an available-for-sale financial asset.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of HKFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects the loss allowance for trade debtors will not be significantly different from the amount recognised under their current credit loss provision practice.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 applies for financial years commencing on or after 1 January 2018. The Group applies the new rules from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 Revenue from Contracts with Customers is a new standard issued by the HKICPA for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts and related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The application of HKFRS 15 may further result in the identification of separate performance obligations which could affect the timing of the recognition of revenue going forward.

The Group does not expect the new standard to have a significant impact to the current revenue recognition of the Group.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16 Leases

HKFRS 16 Leases was issued in May 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB83,406,301,000. Payments for short-term and low value leases will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

3 **Revenues and segment information**

Operating segments

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors review 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 and intangible assets.

	Year ended 31 December 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	86,751,206	4,292,927	—	(645,055)	90,399,078
Comprising:					
- Inter-segment revenues	8,938	636,117	—	(645,055)	—
- Revenues (from external customers)	86,742,268	3,656,810	—	—	90,399,078
Segment profit/(loss)	2,824,204	3,394,570	(554,636)	(415)	5,663,723
Finance income	328,106	7,107	282,083	(132,571)	484,725
Finance costs	(1,133,346)	(319,274)	(791,486)	132,571	(2,111,535)
Net related exchange gain/(loss)	26,339	(62,172)	—	—	(35,833)
Share of profits less losses of					
- joint ventures	56,833	584,715	—	—	641,548
- associates	(2,087)	1,013,588	48,907	—	1,060,408
Profit/(loss) before income tax	2,100,049	4,618,534	(1,015,132)	(415)	5,703,036
Income tax expense	(312,918)	(559,287)	(280)	134	(872,351)
Profit/(loss) for the year	1,787,131	4,059,247	(1,015,412)	(281)	4,830,685
Loss on disposals of property plant and equipment, net	86,429	2,460	—	—	88,889
Depreciation and amortisation	1,611,022	711,998	11,522	—	2,334,542
Provision/(reversal of provision) for impairment of trade and other receivables, net	11,691	(857)	—	—	10,834
Gain on remeasurement of previously held interest of an available-for-sale financial asset upon further acquisition to become an associate	—	264,099	—	—	264,099
Gain on disposal of a joint venture	—	1,886,333	—	—	1,886,333
Amortisation of transaction costs on long-term borrowings	31,890	17,819	12,000	—	61,709
Additions to non-current assets	9,575,660	1,369,182	13,757	—	10,958,599

(#) Revenues for container shipping and related business include respective service income and other related income.

	Year ended 31 December 2016							
	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, sale and related business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement								
Total revenues	66,577,938	3,762,678	4,576	(512,028)	69,833,164	1,117,222	477,276	1,594,498
Comprising:								
- Inter-segment revenues	454	511,574	—	(512,028)	—	—	—	—
- Revenues (from external customers)	66,577,484	3,251,104	4,576	—	69,833,164	1,117,222	477,276	1,594,498
Segment (loss)/profit	(6,141,658)	1,495,297	(394,588)	—	(5,040,949)	(555,897)	82,591	(473,306)
Finance income	269,321	6,468	351,080	(127,141)	499,728	11,197	496	11,693
Finance costs	(1,064,411)	(268,706)	(706,902)	127,141	(1,912,878)	(152,876)	(30,627)	(183,503)
Net related exchange loss	(317,896)	(83,683)	—	—	(401,579)	(61,348)	(856)	(62,204)
Share of profits less losses of								
- joint ventures	21,152	744,289	—	—	765,441	5,233	—	5,233
- associates	11,307	585,445	37,415	—	634,167	(17)	—	(17)
(Loss)/profit before income tax	(7,222,185)	2,479,110	(712,995)	—	(5,456,070)	(753,708)	51,604	(702,104)
Income tax expense	(213,935)	(171,633)	(120,871)	—	(506,439)	(3,909)	(2,448)	(6,357)
(Loss)/profit for the year	(7,436,120)	2,307,477	(833,866)	—	(5,962,509)	(757,617)	49,156	(708,461)
Loss on disposals of subsidiaries								(2,430,262)
Loss for the year from discontinued operations								(3,138,723)
Loss on disposals of property plant and equipment, net	1,024,742	2,178	346	—	1,027,266	—	—	—
Depreciation and amortisation	1,554,521	658,366	7,663	—	2,220,550	266,334	227,362	493,696
(Reversal of provision) /provision for impairment of trade and other receivables, net	(24,867)	1,936	—	—	(22,931)	6,393	509	6,902
Impairment loss on available-for-sale financial assets	—	131,484	—	—	131,484	—	—	—
Amortisation of transaction costs on long-term borrowings	28,206	12,237	12,000	—	52,443	829	—	829
Additions to non-current assets	2,196,717	1,109,408	25,219	—	3,331,344	38,205	2,082,108	2,120,313

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

	As at 31 December 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	70,320,940	27,602,089	18,149,867	(13,317,364)	102,755,532
Joint ventures	350,644	7,819,134	—	—	8,169,778
Associates	343,123	16,853,611	495,524	—	17,692,258
Loans to a joint venture and associates	—	1,046,848	—	—	1,046,848
Available-for-sale financial assets	559,776	1,807,056	—	—	2,366,832
Unallocated assets					1,158,757
Total assets					133,190,005
Segment liabilities	59,816,308	15,638,896	25,155,713	(13,317,364)	87,293,553
Unallocated liabilities					2,185,872
Total liabilities					89,479,425

	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

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.

	Year ended 31 December 2017		
Continuing operations	**Total revenue RMB'000**	**Inter segment revenue RMB'000**	**External revenue RMB'000**
Container shipping and related business			
- America	22,459,391	—	22,459,391
- Europe	19,596,802	—	19,596,802
- Asia Pacific	16,636,141	—	16,636,141
- China domestic	18,578,315	8,938	18,569,377
- Other international market	9,480,557	—	9,480,557
Container shipping and related business (note a)	86,751,206	8,938	86,742,268
Container terminal and related business, corporate and other operations			
- Europe	1,548,076	—	1,548,076
- China domestic	2,744,851	636,117	2,108,734
Container terminal and related business, corporate and other operations	4,292,927	636,117	3,656,810
Total	91,044,133	645,055	90,399,078

Continuing operations	Year ended 31 December 2016 Total revenue RMB'000	 Inter segment revenue RMB'000	 External revenue RMB'000
Container shipping and related business			
- America	17,477,804	—	17,477,804
- Europe	15,064,253	—	15,064,253
- Asia Pacific	11,186,567	11	11,186,556
- China domestic	17,710,838	443	17,710,395
- Other international market	5,138,476	—	5,138,476
Container shipping and related business (note a)	66,577,938	454	66,577,484
Container terminal and related business, corporate and other operations			
- Europe	1,176,694	—	1,176,694
- China domestic	2,590,560	511,574	2,078,986
Container terminal and related business, corporate and other operations	3,767,254	511,574	3,255,680
Total	70,345,192	512,028	69,833,164
Discontinued operations			
Dry bulk shipping and related business			
- International shipping	906,163	—	906,163
- PRC coastal shipping	211,059	—	211,059
Container leasing and related business, corporate and other operations	477,276	—	477,276
Total	1,594,498	—	1,594,498

Notes:

(a) Revenue from container shipping under time charterhire agreements was RMB111,854,000 for the year ended 31 December 2017 (2016: RMB35,079,000).

(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 and vessels under construction are presented as unallocated non-current assets.

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

	As at 31 December 2017 RMB'000	**As at 31 December 2016 RMB'000**
China domestic	38,547,518	29,813,152
Non-China domestic	14,193,260	11,208,365
Unallocated	36,469,953	30,305,153
Total	89,210,731	71,326,670

4 **Other income/(expense), net**

	2017 RMB'000	2016 RMB'000
Dividend income from listed and unlisted investments	13,029	40,385
Government subsidy for demolition of vessels and other subsidies (note a)	1,171,581	540,913
(Loss)/gain on disposal of/write off property, plant and equipment, net		
- container vessels	(91,163)	(1,038,656)
- others	2,274	11,390
Gain on disposal of an associate	203	—
Gain on remeasurement of equity investments	49,751	—
Reversal of provision for impairment of trade and other receivables	3,264	32,614
Provision for impairment of trade and other receivables	(14,098)	(9,683)
Net exchange (loss)/gain	(55,117)	114,726
Compensation expense	(11,681)	(56,513)
Compensation income	796	10,724
Donations	(377)	(444)
Impairment loss on available-for-sale financial assets	—	(131,484)
Gain on fair value change on share appreciation rights	—	15,213
Others	39,672	622
Total	1,108,134	(470,193)

Note:

(a) In 2017, the Company received a subsidy of approximately RMB509.7 million (2016: approximately RMB189.5 million) from the Ministry of Finance ("MoF") through China COSCO Shipping Corporation Limited ("COSCO Shipping") in respect of the demolition of vessels in accordance with the "Implementation Plan for Early Retirement and Replacement of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪提前報廢更新實施方案》) and "Administrative Measure For The Special Subsidies Given By The Central Finance To Encourage Retirement And Replacement Of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪報廢更新中央財政補助專項資金管理辦法》) jointly promulgated by MoF, the Ministry of Transport, the Development and Reform Commission, and the Ministry of Industry and Information Technology of China.

5 Disposal of a joint venture and further acquisition on available-for-sale financial asset to become an associate

On 20 January 2017, Shanghai China Shipping Terminal Development Co., Ltd. (“SCSTD”, a wholly-owned subsidiary of the Group) and Qingdao Port International Co., Ltd.(“QPI”) entered into an agreement under which, SCSTD subscribed for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,000 (being RMB5.71 per share), of which RMB3,198,651,000 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”, a joint venture of the Group) to QPI and the remaining RMB2,599,968,000 was settled in cash. The disposal was completed on 19 May 2017 and resulted in a gain of RMB1,886,333,000 recognised in the consolidated income statement for the year ended 31 December 2017. The subscription was completed on 22 May 2017. After the subscription of the aforesaid QPI’s non-circulating domestic shares, the Group’s equity interest in QPI has been increased from 1.59% to 18.41% and QPI became an associate of the Group since then. Separately, the gain from the remeasurement of the previously held 1.59% interest in QPI of approximately RMB264,099,000 has been recognised in the consolidated income statement for the year ended 31 December 2017.

6 Finance income and costs

	2017 RMB'000	2016 RMB'000
Finance income		
Interest income from:		
- deposits in COSCO Finance Company Limited ("COSCO Finance")	62,790	73,913
- deposits in China Shipping Finance Company Limited ("CS Finance")	170	2,421
- loans to joint ventures and associates	50,347	32,067
- banks	371,418	391,327
	484,725	499,728
Finance costs		
Interest expenses on:		
- bank loans	(1,140,257)	(913,119)
- other loans	(3,762)	(3,431)
- loans from fellow subsidiaries	—	(1,381)
- loans from non-controlling shareholders of subsidiaries (note 11(e))	(30,989)	(18,541)
- loans from a joint venture (note 11(c))	(6,446)	(5,791)
- loan from an associate (note 11(d))	(122)	—
- loan from COSCO Shipping	(11,000)	(1,295)
- Loan from China Holdings Corporation Limited	(20,554)	—
- loans from COSCO Finance	(67,718)	(57,625)
- loans from CS Finance	(3,581)	(4,287)
- finance lease obligations	(10,899)	(18,806)
- notes/bonds	(750,120)	(788,557)
	(2,045,448)	(1,812,833)
Amortisation of transaction costs on long-term borrowings	(61,709)	(52,443)
Amortisation of discount on issue of notes	(1,433)	(1,534)
Other incidental borrowing costs and charges	(171,941)	(150,103)
Less: amount capitalised in construction in progress	168,996	104,035
	(2,111,535)	(1,912,878)
Net related exchange loss	(35,833)	(401,579)
Net finance costs	(1,662,643)	(1,814,729)

7 Income tax expense

	2017 RMB'000	2016 RMB'000
Current income tax (note a)		
- PRC enterprise income tax	648,642	269,195
- Hong Kong profits tax	9,320	10,896
- Overseas taxation	187,388	169,016
(Over)/under provision in prior years	(2,498)	17,046
	842,852	466,153
Deferred income tax	29,499	40,286
	872,351	506,439

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates. These rates range from 12.5% to 39.83% (2016: 12.5% to 43%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 0% to 20% (2016: 0% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

8 Dividend

The Board of Directors did not recommend the payment of interim or final dividend for the year ended 31 December 2017 (2016: Nil).

9 **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 year.

	2017	2016
Profit/(loss) from continuing operations attributable to equity holders of the Company (RMB)	2,661,936,000	(7,227,647,000)
Loss from discontinued operation attributable to equity holders of the Company (RMB)	—	(2,678,356,000)
	2,661,936,000	(9,906,003,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic earnings/(loss) per share (RMB)		
From continuing operations	0.26	(0.71)
From discontinued operation	—	(0.26)
	0.26	(0.97)

(b) Diluted

The outstanding share options granted by a subsidiary of the Company did not have any dilutive effect on the earnings/(loss) per share for the year ended 31 December 2017 and the diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the year ended 31 December 2017 (2016: Same).

10 Trade and other receivables

	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Trade receivables (note a)		
- third parties	5,912,593	5,367,815
- fellow subsidiaries	125,533	457,019
- joint ventures	19,216	9,941
- associates	—	110
- other related companies	138,504	96,859
	6,195,846	5,931,744
Bills receivables (note a)	297,932	253,996
	6,493,778	6,185,740
Prepayments, deposits and other receivables (note b)		
- third parties	3,131,728	3,774,199
- fellow subsidiaries	306,997	376,564
- joint ventures	703,465	663,153
- associates	149,275	120,862
- other related companies	201,627	165,037
	4,493,092	5,099,815
Total	10,986,870	11,285,555

Notes:

(a) Trading balances with related parties are unsecured, interest free and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of shipping business receivables. As at 31 December 2017, the ageing analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note is as follows:

	2017	**2016**
	RMB'000	**RMB'000**
1-3 months	6,045,919	5,874,942
4-6 months	336,047	200,776
7-12 months	147,985	109,957
Over 1 year	57,275	71,625
Trade and bills receivables, gross	6,587,226	6,257,300
Provision for impairment	(93,448)	(71,560)
	6,493,778	6,185,740

(b) Prepayment, deposits and other receivables due from related companies are unsecured, interest free and have no fixed terms of repayment.

11 Trade and other payables

	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Trade payables (note a)		
- third parties	6,222,836	5,345,658
- fellow subsidiaries	1,460,610	1,970,808
- joint ventures	183,544	226,094
- associates	41,704	53,153
- other related companies	40,283	82,341
	7,948,977	7,678,054
Bills payables (note a)	122,725	26,000
	8,071,702	7,704,054
Advances from customers	242,557	239,176
Other payables and accruals (note b)	13,287,480	12,811,738
Due to related companies		
- fellow subsidiaries	257,795	362,013
- joint ventures (note c)	305,508	297,384
- associates (note d)	102,186	121
- other related companies (note e)	918,701	1,307,553
	1,584,190	1,967,071
Total	23,185,929	22,722,039

Notes:

(a) As at 31 December 2017, the ageing analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	2017	2016
	RMB'000	**RMB'000**
1-6 months	7,914,745	6,356,481
7-12 months	95,879	1,273,350
1-2 years	34,258	38,853
2-3 years	12,238	10,101
Above 3 years	14,582	25,269
	8,071,702	7,704,054

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

(b) Other payable and accruals

	2017	2016
	RMB'000	**RMB'000**
Salary and welfare payables	2,031,240	1,163,301
Accruals for voyages costs	5,197,577	5,998,999
Accruals for vessel costs	3,096,382	2,993,305
Interest payable	279,184	216,309
Others	2,683,097	2,439,824
	13,287,480	12,811,738

(c) The balance included loans from a joint venture of approximately RMB278,501,000 (2016: RMB278,500,000) which are unsecured, bear interest at 2.3% (2016: 2.3%) per annum, and are repayable within twelve months.

(d) The amounts due to associates included a loan from an associate of approximately RMB99,999,000) (2016: Nil), which is unsecured, interest bearing at 2.3% per annum and repayable within twelve months.

(e) The balance included loans from non-controlling shareholders of subsidiaries, which are unsecured and repayable within twelve months. Balance of approximately RMB41,348,000 (2016: RMB59,200,000) bears interest at 0.6% above 1-year US dollar London Interbank Offered Rate ("LIBOR") per annum. Balance of approximately RMB324,626,000 (2016: RMB344,637,000) is interest free. Balance of approximately RMB299,998,000 (2016: RMB399,994,000) bears interest at 3.8% (2016:3.9%) per annum. Balance of approximately RMB59,997,000 (2016: RMB360,003,000) bears interest at 4.4% (2016:3.5%) per annum.

12 Contingent liabilities

The Group was involved in a number of claims and lawsuits, including but not limited to claims and lawsuits arising from damage to vessels during transportation, loss of goods, delay in delivery, collision of vessels, early termination of vessel chartering contracts, and dispute during impawning supervision business.

As at 31 December 2017, the Group was unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2017.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out above in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion and Analysis of the Board on the Operation of the Group During the Reporting Period

In 2017, with a broad economic recovery globally and increasing demand for container shipping services, the landscape of the container shipping industry was reshuffled and the service quality and stability of liner companies were improved significantly. According to statistics from a number of research institution shipping industry, the growth of shipping demand has outpaced the growth of shipping capacity in the global container shipping industry for two successive years, which mitigated the contradiction between supply and demand and drove market freight rates to bottom out. In 2017, the average value of the China Containerized Freight Index (CCFI) was 820 points, representing an increase of 15.4% as compared to the same period of last year.

In 2017, COSCO SHIPPING Holdings actively seized opportunities brought by the market pick-up, focused on growth by promoting efficiency and innovation, and achieved further synergies by continuing to deepen reform with the combined effect from a number of internal and external positive factors. During the Reporting Period, the Company turned into profits from losses and improved operation efficiency significantly. In 2017, the Company recorded net profit attributable to the shareholders of the Company of RMB2.662 billion.

COSCO SHIPPING Lines, a wholly-owned subsidiary of the Company, and COSCO SHIPPING Ports, a non-wholly owned subsidiary of the Company, achieved better operating results in 2017. COSCO SHIPPING Lines achieved an increase in both volume and price and completed a shipping volume of 20,913,746 TEUs, representing an increase of 23.7% as compared to the same period of last year; the average income per TEU was RMB3,723, representing an increase of 11.1% as compared to the same period of last year. Meanwhile, the Company continued to explore the potential of cost synergies and achieved remarkable results with a year-on-year decline of 0.9% in average cost per TEU in spite of a sharp increase in fuel price. In 2017, the total terminal throughput of COSCO SHIPPING Ports was 100,202,185 TEUs, of which the total terminal throughput in overseas regions was 18,840,664 TEUs, representing a high increase of 38.7% as compared to the same period of last year.

2017 is a critical year for implementing the strategies of COSCO SHIPPING Holdings. During the year, COSCO SHIPING Holdings continued to boost the construction of "four platforms", while COSCO SHIPPING Lines and COSCO SHIPPING Ports put proactive efforts and achieved good results in implementing their operation strategies.

The headquarters of the Group is a platform of strategic guidance, capital operation, compliance management and collaborative service for COSCO SHIPPING Holdings. In 2017, in line with the "6+1" strategy of China COSCO Shipping Corporation, the Company formulated its 2020 strategic planning with a clearer roadmap for development and completed a series of major asset acquisitions and capital operation projects, the global deployment of container shipping and port business has been gradually put in place of the Company with significant increases in both operation results and market capitalizations, which laid a solid foundation for their future development.

COSCO SHIPPING Lines adhered to its core strategy of "expanding business scale, taking part in the globalization, focusing on customers, lowering costs and enhancing the capability to provide customers with full trip transportation solutions", endeavored to further enhance its revenue management capability and made continuous efforts in building up a world class liner company with international competitiveness. During the Reporting Period, COSCO SHIPPING Lines further expanded its business scale, enhanced its position in the industry and continued to optimize the global layout of its shipping routes. As at the end of 2017, the Company owned and operated 360 container vessels with a total capacity of 1,819,091 TEUs, representing a year-on-year increase of 10.3%, and ranked 4th in the world in terms of shipping capacity. The OCEAN Alliance came into operation on 1 April 2017. As an important member of the OCEAN Alliance, the Company provides shipping services with higher frequency, larger scale, broader coverage and higher efficiency. In view of the changes in the landscape of global trade and economy, the Company made efforts to strengthen its business in the eastern and western major routes markets, enhance its shipping capacity in emerging and regional markets and further optimize the layout of its shipping routes; continued to boost the construction of the global standard customer service process, enhance its digitalized customer service capability and promote the convenience and efficiency of its services; continued to optimize its shipping networks and fleet structure, enhance its container management capability and reinforce supplier and procurement management so as to gain further synergies and implement its low-cost strategy; and endeavored to upgrade its "end to end" full trip transport service capability and meet the higher demand of customers, and further enhanced its operation and service capabilities in the global supply chain.

By adhering to the strategies of “making globalized deployment, improving collaboration among container ship fleets and reinforcing control and management capabilities on port and terminal businesses”, COSCO SHIPPING Ports made efforts to boost the globalized distribution of its terminals, further reinforced its control over terminal assets and endeavored to improve the operation efficiency of its terminals. The terminal network of the Company covers the top five coastal port clusters in China as well as Hong Kong, Taiwan, Southeast Asia, Europe, Mediterranean, Middle East and other regions in the world. In 2017, the Company had 35 ports in operation across the world and had 179 berths for containers in operation with a total annual capacity of 102,720,000 TEUs; and the Company had a total of 86 berths in operation for bulk cargoes with a total annual capacity of 262,670,000 tons.

In 2017, COSCO SHIPPING Holdings made in-depth efforts to carry out China’s Belt and Road Initiative by actively participating in the construction of logistics channels and logistics nodes along the Belt and Road and boosting the interconnection countries and regions among the Belt and Road with an aim to meet the increasing demand of customers for cross-border intermodal transportation.

The Company made positive progress in the construction of the logistics channels along the Belt and Road. About 180 container vessels with a total capacity of 1,150,000 TEUs were deployed along the Belt and Road, accounting for approximately 62% of the Company’s total container shipping capacity. By consolidating its global shipping route networks, the Company not only enhanced its service frequency and efficiency along the 21st Century Maritime Silk Road, but also connected the shipping routes along the 21st Century Maritime Silk Road with other important emerging regional markets such as America, West Africa, Caribbean and North Europe to form a more comprehensive and balanced globalized network layout. The Company took an active part in the construction along the Silk Road Economic Belt. In 2017, the Company had more than 150 sea-rail container transportation routes in operation, covering more than 100 major ports and hinterland stations across 27 provinces, autonomous regions and centrally administered municipalities. The Company continued to strengthen the position of Piraeus Port of Greece as a transportation hub and accelerated the development of China-European Sea-rail Express business. In 2017, the freight volume completed by China-European Sea-rail Express increased by 134% as compared to the same period last year. On 5 January 2018, the first regular train of the China Railway Express to Russia of COSCO SHIPPING Lines departed Tianjin and headed for Moscow. It was the first international regular train operated by the Company, indicating that the Company is able to, by leveraging on a rich network of container liner shipping routes and intermodal transportation services at home and abroad, build up a more complete comprehensive logistics system to provide customers across the world with end to end supply chain service solutions and play a positive role in the development of foreign trade and the construction along the Belt and Road.

The Company achieved fruitful results in the construction of logistics nodes along the Belt and Road. On 20 January 2017, COSCO SHIPPING Ports entered into a strategic cooperation agreement with Qingdao Port International and held 18.41% equity interests in Qingdao Port International; on 15 May 2017, COSCO SHIPPING Lines acquired 24.5% equity interests in KTZE-Khorgos Gateway LLP; on 31 October 2017, COSCO SHIPPING Ports completed the acquisition of 51% equity interests in Noatum Port Holdings, S.L.U., a port company in Spain; on 5 November 2017, COSCO SHIPPING Ports commenced the construction of the terminal in Abu Dhabi; on 30 November 2017, COSCO SHIPPING Ports completed the acquisition of additional equity interests in APM Terminals Zeebrugge NV in Belgium and took full control of its operation.

In 2017, in line with the trend of industry consolidation, COSCO SHIPPING Holdings announced two significant capital operation projects which were in smooth progress.

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 made a pre-conditional voluntary general offer to all shareholders of OOIL at an offer price of HK$78.67 per share. 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. 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 shipping capacities and shipping routes networks, management experiences and information technologies of both companies will be complementary to each other, and will enhance their operating efficiencies and competitive positions to achieve sustainable growth in the long term.

On 30 October 2017, the Company announced a proposal for non-public issuance of A Shares with an aim to enhance the core competitiveness of its principal businesses by utilizing the capital market. The Company intended to issue A Shares not exceeding 20% of the total share capital of the Company prior to the issuance or approximately 2,043 million A Shares, which would raise gross proceeds of not more than RMB12.9 billion. Such proceeds would be used for the payment of the consideration for 20 container vessels under construction. These ultra large container vessels adopted advanced and environment-friendly designing concept and shipbuilding technology and would play an important role for the Company to enhance customer service capability and enrich service product offerings, would be important for the Company to improve its overall competitiveness. Once delivered and put into operation, these vessels will effectively increase the percentage of owned vessels, further reduce the average age of our vessels, optimize the layout of the Company's fleet, improve the structure of the Company's vessel assets and drive the Company to participate in the construction along the Belt and Road with a larger fleet and optimized fleet structure and play a better role in boosting global trade flow.

In 2017, COSCO SHIPPING Holdings adopted the concept for sustainable development, fulfilled social responsibilities and building up positive enterprise brand and public image.

COSCO SHIPPING Holdings adopted the concept of environment-friendly development to protect ecological environment by promoting and applying advanced technologies, and made good progress in environmental protection work, such as applying energy saving and emission reducing technologies and making better use of resources, to effectively mitigate the impact of its business operation on the environment and reduce the emission of carbons; took an active part in promoting the investor protection program of the China Securities Regulatory Commission, which was well recognized by relevant regulatory authorities; and carried out accurate poverty alleviation programs by pairing up with poor regions to provide support and assistance, with more than RMB 4 million of special funds invested in 2017 to construct rural and urban infrastructure and education facilities for a number of deprived regions in China. Ports and agency companies of the Company across the world provided job opportunities to local people. In 2017, the Company created 4,300 direct job opportunities and thousands of indirect job opportunities in overseas regions. In 2017, the Company sponsored a program named "Tour of COSCO SHIPPING" with the Endeavour Education Centre Limited and other institutions in Hong Kong, organizing teachers from primary and middle schools in Hong Kong to visit terminals, vessels, shipyards and other sites in the mainland relating to the Belt and Road Initiative with an aim to enhance the sense of national pride of Hong Kong youngsters.

By virtue of the Company's efforts in serving the development of global trade and economy and fulfilling social responsibilities, COSCO SHIPPING Holdings ranked 104th among the 2,000 renowned listed companies in the list of the World's Top Regarded Companies released by Forbes in October 2017; ranked first among the domestic listed companies named in the list; and ranked first among the shipping companies in the list. In January 2018, COSCO SHIPPING Holdings was honored as the Most Socially Responsible Listed Company in the "Golden Hong Kong Stocks Awards".

Looking forward to 2018, the world economy will maintain a good momentum for recovery and China will continue to deepen its economy transformation and high quality development. With steady progress in carrying out the Belt and Road Initiative, new cooperation results and opportunities are emerging. While, due to intensified competitions in world trade, policy adjustments in major economies and the uncertainties derived therefrom, the risk of the spread of trade protectionism is increasing. In addition, there is oversupply in some shipping routes and concern over the concentrated new vessel delivery in the first half of the year. All of these will bring uncertainties to the container shipping market. However, we expect that, with in-depth consolidation of the container shipping industry, the overall operation in the market will focus more on enhancing quality of customer service and improving service products, rendering competitions in the market more rational. COSCO SHIPPING Holdings will adhere to its established strategies, seize opportunities, enhance its competitive strengths and endeavor to realize sustainable development with higher quality and efficiency in the course of upgrading and transformation.

For container shipping business, the Company will continue to build up a world-class liner company with international competitive strengths, continue to expedite the implementation of its strategies, upgrade the Company's products gradually from "shipping routes" into "shipping routes + digitalized services + end to end solutions" and thus create value for customers. Firstly, the Company will continue to optimize and upgrade its global network layout of shipping routes and shipping capacity structure and explore new points for profit growth. Secondly, the Company will reinforce its marketing capability to provide strong volume support for its large-scale development and realize continuous growth in both shipping volume and shipping capacity. Thirdly, the Company will expedite the construction of its digitalized shipping capacity, continue to enhance its digitalized customer service capability with a customer-focused and digitally-driven approach and explore the value of its system data to realize digitalized interconnection with customers. Fourthly, the Company will put vigorous efforts in the development of cross-border intermodal transportation and end to end service in hinterland, provide customers with diversified choices of services, build up a complete full trip supply chain solution and increase the overall revenue of the Company. Fifthly, the Company will continue improve the level of its yield management, and continue to explore the potentials to reduce costs and enhance efficiency by means of optimizing the network layout of its shipping routes, container management cost control, fuel cost control, supplier management and operation management.

For terminal business, the Company will optimize its global layout with a focus on the Belt and Road, further expedite the deployment of its strategic presence along the Maritime Silk Road, enhance control capability, extend services along the industrial chain and strengthen its core competitiveness. In this year, the Company will make full use of the synergies between its two major business segments, i.e., the container shipping business and terminal business, and the OCEAN Alliance, grasp the huge market share of the OCEAN Alliance, reinforce its service capability for shipping alliance and shipping companies, continue to improve the global network layout of its terminals, seek opportunities for investing in ports in Southeast Asia, South Asia, West Asia, Africa, America and Latin America and boost its terminal projects in due course. Meanwhile, the Company will also continue to boost its domestic ports consolidation projects, and seek cooperation with port groups with an aim to strengthen and expand its terminal business in multiple aspects, increase its market share, optimize its terminal assets and operation efficiency and enhance the overall profitability of the terminal business.

In the new year, COSCO SHIPPING Holdings, together with elites from various fields will continue to overcome all kinds of challenges, constantly improve the operation standard and corporate governance of the Company with a concept for sustainable development, endeavor to build up the Company as a first-tier provider of container shipping and terminal investment and operation services in the world, provide customer with better services and create greater values for shareholders.

In 2017, the Group achieved revenue of RMB90,399,078,000 from continuing operations, representing a year-on-year increase of RMB20,565,914,000 or 29.45%. Profit attributable to equity holders of the Company for 2017 was RMB2,661,936,000, whilst loss attributable to equity holders of the Company in 2016 was RMB9,906,003,000.

	Period from 1 January to 31 December 2017 RMB'000	Period from 1 January to 31 December 2016 RMB'000	Difference RMB'000	Percentage of Change (%)
Continuing operations				
Revenues	90,399,078	69,833,164	20,565,914	29.45
Operating profit/(loss)	5,663,723	(5,040,949)	10,704,672	—
Profit/(loss) before income tax from continuing operations	5,703,036	(5,456,070)	11,159,106	—
Profit/(loss) after income tax from continuing operations	4,830,685	(5,962,509)	10,793,194	—
Discontinued operations				
Loss after tax from discontinued operations	—	(708,461)	708,461	—
Loss on disposals of discontinued operations	—	(2,430,262)	2,430,262	—
Loss from discontinued operations	—	(3,138,723)	3,138,723	—
Profit/(loss) for the period	4,830,685	(9,101,232)	13,931,917	—
Profit/(loss) attributable to equity holders of the Company	2,661,936	(9,906,003)	12,567,939	—
Basic earnings/(loss) per share (RMB)	0.26	(0.97)	1.23	—

(I) **Analysis of principal businesses**

1. **Analysis for the related items in the consolidated income statement and consolidated statement of cash flows**

Item	Year ended 31 December 2017 RMB'000	Year ended 31 December 2016 RMB'000	Difference RMB'000	Percentage of Change (%)
Continuing operations:				
Revenues	90,399,078	69,833,164	20,565,914	29.45
Cost of services and inventories sold	(82,761,870)	(70,382,845)	(12,379,025)	17.59
Other income/(expense), net	1,108,134	(470,193)	1,578,327	—
Gain on disposal of a joint venture	1,886,333	—	1,886,333	—
Gain on remeasurement of previously held interest of an available-for-sale financial asset upon further acquisition to become an associate	264,099	—	264,099	—
Selling, administrative and general expenses	(5,232,051)	(4,021,075)	(1,210,976)	30.12
Finance income	484,725	499,728	(15,003)	(3.00)
Finance costs	(2,111,535)	(1,912,878)	(198,657)	10.39
Net related exchange loss	(35,833)	(401,579)	365,746	(91.08)
Net cash flows generated from operating activities	7,092,039	1,519,533	5,572,506	366.72
Net cash flows (used in)/generated from investing activities	(15,233,054)	4,986,406	(20,219,460)	—
Net cash flows generated from/(used in) financing activities	2,796,966	(9,497,917)	12,294,883	—
Research and development expenses	13,570	15,756	(2,186)	(13.87)

2. **Revenues**

The amounts set out in the following financial analysis and descriptions in the Management Discussion and Analysis are in RMB unless otherwise specified.

(1) ***Analysis of reasons for changes in revenues***

In 2017, COSCO SHIPPING Holdings realized revenue of RMB90,399,078,000 from continuing operations, representing a year-on-year increase of RMB20,565,914,000 or 29.45%.

Among which:

Container shipping business

In 2017, revenues from container shipping and related business amounted to RMB86,751,206,000, representing an increase of RMB20,173,268,000 or 30.30%.

As at the end of 2017, the self-operating container fleets consisted of 360 vessels, representing an increase of 48 vessels or 15.38% from the beginning of 2017; the capacity of self-operating vessels amounted to 1,819,100 TEUs, representing an increase of 170,300 TEUs or 10.33% from the beginning of 2017.

In 2017, container shipping volume amounted to 20,913,700 TEUs, representing an increase of 23.73% as compared to last year, among which, the container shipping volume from international routes amounted to 14,501,700 TEUs, representing an increase of 2,745,288 TEUs or 23.35% as compared to last year; the container shipping volume from domestic trade routes amounted to 6,412,000 TEUs, representing an increase of 1,265,900 TEUs or 24.60% as compared to last year.

In 2017, the average income per TEU from international routes amounted to RMB4,641.34 per TEU, representing a year-on-year increase of 12.08%; the average income per TEU from domestic trade routes amounted to RMB1,632.13 per TEU, representing a year-on-year increase of 3.22%.

In 2017, container shipping volume and revenue from container shipping increased significantly as compared to last year. Such increases were attributable to the continued market recovery and the improvement of operating conditions in the container shipping industry on one hand, and the substantial increase in the shipping capacity of COSCO SHIPPING Lines Co., Ltd. (中遠海運集裝箱運輸有限公司) ("**COSCO SHIPPING Lines**") and the further improvement in shipping routes deployment as a result of the completion of business reorganization and integration and the increase in the delivery of new vessels on the other hand.

Terminal business

In 2017, revenues generated from the terminal and related business amounted to RMB4,292,927,000, representing a year-on-year increase of RMB525,673,000 or 13.95%, among which, the throughput of terminals with controlling stakes amounted to 17,353,400 TEUs, representing an increase of 1,618,200 TEUs or 10.28% as compared to last year; the throughput of controlled bulk terminals amounted to 15,531,500 tons, representing an increase of 743,500 tons or 5.03% as compared to last year. Revenue generated from the terminal and related business increased by RMB204,483,000 or 5.43% in 2017 as compared to last year, excluding the impact of the acquisitions of NOATUM Terminal and Zeebrugge Terminal; and the throughput of controlled container terminals amounted to 16,798,200 TEUs, representing an increase of 1,063,100 TEUs or 6.76% as compared to last year.

(2) ***Major customers***

Total sales to the top five customers of the Group in 2017 amounted to RMB2,298,665,000, accounting for 2.54% of the total sales for the year.

3. **Costs**

Cost analysis

Business segment	**Components of cost**	**From 1 January to 31 December 2017 RMB'000**	**From 1 January to 31 December 2016 RMB'000**	**Difference RMB'000**	**Percentage of change %**
Container shipping and related business	Equipment and cargo transportation costs	39,837,978	33,364,415	6,473,563	19.40
	Voyage costs	16,863,203	11,776,780	5,086,423	43.19
	Vessel costs	16,037,001	14,202,625	1,834,376	12.92
	Freight forwarding and shipping agency costs	7,621,592	9,041,577	(1,419,985)	(15.71)
	Subtotal	80,359,774	68,385,397	11,974,377	17.51
Container terminal and related business	Container terminal and related business costs	2,867,542	2,384,520	483,022	20.26

Business segment	Components of cost	From 1 January to 31 December 2017 RMB'000	From 1 January to 31 December 2016 RMB'000	Difference RMB'000	Percentage of change %
Other business	Other business costs	—	182	(182)	(100.00)
	Elimination between different businesses	(631,043)	(508,197)	(122,846)	24.17
	Tax and surcharges	165,597	120,943	44,654	36.92
	Total operating costs	82,761,870	70,382,845	12,379,025	17.59

In 2017, the operating cost of the Group amounted to RMB82,761,870,000, representing a year-on-year increase of RMB12,379,025,000 or 17.59%, among which:

Container shipping business

In 2017, the operating costs of container shipping and related business amounted to RMB80,359,774,000, representing a year-on-year increase of RMB11,974,377,000 or 17.51%, among which, the average shipping cost per TEU decreased by 0.94% as compared to last year; the average shipping cost per TEU excluding the fuel cost decreased by 5.46% as compared to last year.

Terminal business

In 2017, the operating costs of terminal and related business amounted to RMB2,867,542,000, representing a year-on-year increase of RMB483,022,000 or 20.26%. Excluding the impact of the acquisitions of NOATUM Terminal and Zeebrugge Terminal, the operating costs of terminal and related business increased by RMB234,049,000 or 9.82% in 2017 as compared to last year.

4. **Expenses**

Other income/(expense), net

The net amount of other income of the Group in 2017 was RMB1,108,134,000, representing a year-on-year increase of RMB1,578,327,000, among which, (i) the one-off income related to the implementation of Dalian Port restructuring project amounted to RMB49,751,000; and (ii) government grants for 2017 amounted to RMB1,171,581,000, representing a year-on-year increase of RMB630,668,000. among which, subsidies for the demolition of vessels amounted to RMB509,663,000, representing a year-on-year increase of RMB320,146,000. In 2017, a net loss of RMB91,163,000 was incurred for the demolition of a vessel of COSCO SHIPPING Lines, while in last year, a net loss of RMB1,038,656,000 was incurred for the demolition of 16 vessels.

Disposal of a joint venture and further acquisition on available-for-sale financial asset to become an associate

On 20 January 2017, Shanghai China Shipping Terminal Development Co., Ltd. ("**Shanghai China Shipping Teerminal**") and entered into an agreement under which, Shanghai China Shipping Terminal Development subscribed for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,000 (being RMB5.71 per share), of which RMB3,198,651,000 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Terminal to QPI and the remaining RMB2,599,968,000 was settled in cash. The disposal was completed on 19 May 2017 and resulted in a gain of RMB1,886,333,000 recognised in the consolidated income statement for the year ended 31 December 2017. The subscription was completed on 22 May 2017. After the subscription of the aforesaid QPl's non-circulating domestic shares, the Group's equity interest in QPI has been increased from 1.59 to 18.41 and QPI became an associate of the Group since then. Separately, the gain from the remeasurement of the previously held 1.59 interest in QPI of approximately RMB264,099,000 has been recognised in the consolidated income statement for the year ended 31 December 2017.

Selling, administrative and general expenses

In 2017, the selling, administrative and general expenses of the Group amounted to RMB5,232,051,000, representing an increase of RMB1,210,976,000 or 30.12% as compared to last year. The increase was due to, on one hand, an increase in relevant administrative expenses such as staff cost in line with significant growth of container shipping and terminal businesses during 2017; and on the other hand, a year-on-year increase in intermediary fees such as consulting fees in relation to the proposed acquisition of the equity interest of Orient Overseas by way of pre-conditional voluntary general offer and the acquisitions of domestic (International) Limited ("**OOIL**", a company listed on Hong Kong Stock Exchange, Stock Code: 00316) and international terminals.

Finance income

In 2017, the finance income of the Group amounted to RMB484,725,000, representing a decrease of RMB15,003,000 or 3.00% as compared to last year. The decrease was mainly due to a gradual decrease in the balance of monetary funds in 2017 with an aim to reduce leverage ratio, liabilities and financial risks. As at the end of 2017, the balance of monetary funds amounted to RMB26,089,746,000, representing a decrease of RMB6,422,474,000 or 19.75% from the beginning of the year.

Finance costs

In 2017, the finance costs of the Group amounted to RMB2,111,535,000, representing an increase of RMB198,657,000 as compared to last year. As compared to last year, the interest rate of USD-denominated loans increased in 2017, which led to an increase in the interest expenses of borrowings and bank processing fees related to borrowings as there was a year-on-year increase in the interest-bearing liabilities of the Group.

Net related exchange (loss)/gain

In 2017, the Group's net exchange loss related to borrowings amounted to RMB35,833,000, representing a decrease of RMB365,746,000 in net exchange loss as compared to last year. In 2017, under the situation of the fall in USD to RMB exchange rate and the rise of Euro to RMB exchange rate, the Group adjusted the structure of its borrowings dominated in USD and Euro to reduce the exchange losses from borrowings dominated in non-functional currencies.

Share of profits/losses of joint ventures and associates

The Group's share of profits of joint ventures and associates in aggregate amounted to RMB1,701,956,000 in 2017, representing a year-on-year increase of RMB302,348,000, among which, the investment income from associated companies and joint ventures of COSCO SHIPPING Ports increased by RMB268,819,000 as compared to last year.

Income tax expenses from continuing operations

Income tax expenses of the Group from continuing operations in 2017 amounted to RMB872,351,000, representing a year-on-year increase of RMB365,912,000.

5. **Analysis of loss from discontinued operations for the year**

In 2017, there were no discontinued operations. Loss from discontinued operations of the Group in last year amounted to RMB3,138,723,000, among which RMB2,430,262,000 was a net loss on disposal of China COSCO Bulk Shipping (Group) Co., Ltd. and Florens Container Holding Limted.

6. **Cash flow**

As at the end of 2017, the cash and cash equivalents amounted to RMB25,738,526,000, representing a decrease by RMB6,450,046,000 or 20.04% from the beginning of the year.

(1) ***Net cash flow from operating activities***

In 2017, the net cash inflow from operating activities amounted to RMB7,092,039,000, representing an increase of RMB5,572,506,000 or 366.72% as compared to last year. In 2017, as the container shipping market continued to recover, both container shipping volume and freight rate increased on a year-on-year basis, the port business developed steadily and the synergies between ports operation and shipping business were further developed. This was the major reason for the significant increase in the net cash inflow from operating activities in 2017 as compared to last year.

(2) ***Net cash flow from investing activities***

In 2017, the net cash outflow from investing activities amounted to RMB15,233,054,000 as compared to the net cash inflow of RMB4,986,406,000 for last year, of which: an amount of RMB11,145,984,000 was paid in cash for purchasing fixed assets, intangible assets and other long-term assets (including: RMB7,411,984,000 paid for purchasing container vessels and RMB1,445,229,000 paid for purchasing containers; RMB3,361,700,000 paid in cash for investment; RMB2,039,459,000 paid for acquiring subsidiaries and other entities; RMB1,237,796,000 received in cash from investment income; and RMB45,956,000 received in cash from investment returns).

(3) ***Net cash flow from financing activities***

In 2017, the net cash inflow from financing activities amounted to RMB2,796,966,000 as compared to a net outflow of RMB9,497,917,000 for last year, which included net inflow of loan proceeds from banks and non-bank financial institutions of RMB5,463,815,000; an amount of RMB2,359,256,000 paid in cash for distributing dividends and profits and repaying interest; and an amount of RMB967,309,000 received in cash from inbound investment (including RMB678,096,000 of capital contribution from new minority shareholders as a result of the capital increase and employees participation plan by Shanghai Pan Asia

Shipping Company Limited, a subsidiary of COSCO SHIPPING Lines; and RMB286,000,000 of further capital contribution from minority shareholders upon completion of the acquisition of the Nantong Tonghai Terminal of COSCO SHIPPING Ports by COSCO Shipping Port (Nantong) Co., Ltd., a subsidiary of COSCO SHIPPING Ports).

(4) ***Impact of changes in exchange rate on cash and cash equivalents***

As at the end of 2017, balance of cash and cash equivalents decreased by RMB1,105,997,000, primarily due to a fall in the USD to RMB exchange rate as compared to the beginning of the year.

(II) **Industry Operation Information Analysis**

Container shipping business

In 2017, the container transportation demand experienced higher growth driven by the global economic recovery, the market demand growth surpassed the shipping capacity growth for two successive years, and the supply and demand relationship was further improved. Market freight rates recovered steadily and the China Containerised Freight Index ("**CCFI**") increased by 15.4% in 2017 as compared to last year.

During the Reporting Period, COSCO SHIPPING Lines focused on the "Growth" theme by continuously putting greater efforts on improvement in quality and efficiency and deepening reforms. It adhered to the core strategies of "scaling up and globalization, customer orientation, cost-saving and gradual enhancement of capability in providing comprehensive logistics solutions to customers", and continued to strengthen the revenue management ability of the Company, with effects from synergy continue to be generated.

After implementing the scaling-up strategy, the reorganized COSCO SHIPPING Lines further expanded its business operation, its status was upgraded in the industry position and its service network continuously improved. As at 31 December 2017, the Company operated 360 container vessels with a total shipping capacity of 1,819,091 TEUs, representing a year-on-year increase of 10.3%, and ranked fourth in the world in terms of shipping capacity. With the coverage of the shipping services continuously extended, shipping routes operated had anchors in 289 ports covering 90 countries and regions around the world as at the end of 2017.

The Company continued to improve global capacity distribution by implementing the strategy of globalization. It increasingly put shipping capacity in emerging and regional markets and continued to accelerate the layout of overseas service points in emerging markets. In light of the trends of the return of manufacturing operations and short-distance purchasing in developed countries, the Company promoted the development of regional markets such as Southeast Asia, Europe and Central America. Multiple routes in such regions were opened with rapid growth during the year. In addition, in response to the Belt and Road Initiative, the Company increasingly put shipping capacity in markets along the Belt and Road, and supported the construction along the routes in the country's the Belt and Road Initiative with shipping services.

The Company adhered to its customer-centric policy by boosting global standardized customer service process and promoting nine service standards globally. It focused on four types of marketing teambuilding, including new customer development, import marketing, customer maintenance and specialization by industry. The Company further expanded service channels, enhanced digital customer service ability, and improved the customer service virtual center mechanism in the PRC, added functions to the public service platform, increased service convenience and interactive efficiency, so as to satisfy diversified service demands of customers.

The Company implemented a low cost strategy with the effect of continuously achieving synergies from business restructuring, by means of optimized shipping routes resources, increased turnaround of containers, reduced transportation of empty containers, enhanced control over fuel and management on suppliers, as well as shortening of transit routes. On the other hand, the Company reduced cost per TEU by leveraging cost competitiveness of large vessels and scaling up of shipping routes resources.

The Company implemented the strategy of increasing comprehensive transportation capacity, explored potential customer demands from new perspective and enhanced its ability to develop the global supply chain business. With active participation in the operation of China-Europe trains, the Company studied the feasibility of running self-operating international trains. The Company will continue to strengthen the position of Piraeus Port as a transportation hub and accelerate the development of China-European Sea-rail Express business. The Company actively implemented project investment to complete the acquisition of 24.5% equity interest in Kazakh Horgos Eastern Gate dry port, which will accelerate the Company's distribution of key supply chain point resources along the Belt and Road, which in turn can increase its comprehensive transportation capability and enterprise value.

Throughout 2017, there were six new container vessels with 65,500 TEUs delivered for operation. There was no new order of container vessel during the year. As at 31 December 2017, the Company had 28 orders of container vessels with 497,753 TEUs.

Containers shipped (TEU):

	2017	2016	Year-on-year increase (%)
Routes			
Pacific routes	3,093,349	2,501,040	23.68
Asia and Europe (Mediterranean) routes	3,871,055	3,608,717	7.27
Asia Pacific Region routes	5,638,301	4,427,274	27.35
Other international regions	1,899,040	1,219,626	55.71
China domestic routes	6,412,001	5,146,133	24.60
Total	20,913,746	16,902,790	23.73

Revenue from routes (RMB'000)

	2017	2016	Year-on-year increase (%)
Trans-Pacific	22,333,624	17,383,204	28.48
Asia and Europe (including the Mediterranean)	18,632,357	14,349,012	29.85
Asia Region (including Australia)	16,939,785	11,890,662	42.46
Other international region (including the Atlantic)	9,401,763	5,061,659	85.74
China	12,453,037	10,045,557	23.97
Offset of internal transactions among routes	(1,908,038)	(2,091,458)	—
Total	77,852,528	56,638,636	37.45

Terminal business

Benefitting from the continuous improvement of the global economy and trading environment, the container terminal business of main ports in the world maintained a growth trend in 2017 with a more rapid growth in main regions' throughput in general. According to the latest survey of Drewry, the aggregate container throughput of main ports in the world was expected to be 743 million TEUs in 2017, representing a year-on-year growth of 6.0%, which is much higher than 2.5% of last year. Among seven regional markets, North America was expected to grow at the fastest pace of 7.8%, significantly higher than 1.3% of last year, followed by Middle East/South Asia which was expected to grow at 6.9% as compared to 3.9% of last year. Europe also delivered a good performance with an expected growth rate of 5.0%, higher than 3.3% of last year. In 2017, the container throughput of Latin America and Africa grew at 6.9% and 3.6%, respectively. Negative growth has been reversed and the situation in the regional terminal industry has substantially improved.

Upon completion of consolidation in 2016, with the support of China COSCO Shipping Corporation Limited and COSCO SHIPPING Holdings, COSCO SHIPPING Ports actively developed in coordination with fellow companies, including COSCO SHIPPING Lines, and contributed to the brand advantages of COSCO SHIPPING. 2017 is a year of significant reforms for COSCO SHIPPING Ports. The brand image of "The Ports For ALL" was constantly enhanced, the globalization of layout for the terminal network was accelerated and remarkable success was seen in the regional terminal consolidation. In 2017, COSCO SHIPPING Ports had an aggregate container throughput of 100.2 million TEUs, representing a growth of 5.4% as compared to last year.

Throughput of terminals by region (TEU)

Unit: TEU

Location of terminal	**Year ended 31 December 2017**	**Year ended 31 December 2016**	**Difference**	**Percentage of increase (%)**
Bohai Rim Region	15,974,976	15,112,768	862,208	5.71
Yangtze River Delta Region	19,630,693	18,508,168	1,122,525	6.07
Southeast Coast and others	5,079,660	4,533,026	546,634	12.06
Pearl River Delta Region	27,049,187	24,697,218	2,351,969	9.52
Southwest Coast	1,357,005	1,138,057	218,948	19.24
Overseas	18,840,664	13,582,982	5,257,682	38.71
Total	87,932,185	77,572,219	10,359,966	13.36
Of which: Controlled terminals	17,353,422	15,735,175	1,618,247	10.28
Participating terminals	70,578,763	61,837,044	8,741,719	14.14

Note:

In 2017, the Group acquired an additional 16.82% equity interests in Qingdao Port International with the consideration settled by the 20% equity interest transfer in Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司) ("**Qingdao Qianwan Terminal**") plus cash. As a result, the total throughput of Qingdao Qianwan Terminal had not been consolidated into the total throughput of the Group since 1 January 2017. In order to make the total throughput data in the current period comparable to last year, Bohai Rim Region's throughput, participating terminals' throughput and the total throughput for 2017 set out in the above table did not contain the total throughput of 12,270,000 TEUs of Qingdao Port International from May to December 2017, and those for 2016 did not contain the total throughput of 17,499,703 TEUs of Qingdao Qianwan Terminal in 2016. If such throughput was included, the total throughput of container terminals of the Group would be 100,202,185 TEUs in 2017, representing a year-on-year increase of 5.40% as compared to 95,071,922 TEUs of last year, among which the non-controlled container terminals' total throughput would be 82,848,763 TEUs, representing a year-on-year increase of 4.43% as compared to 79,336,747 TEUs of last year.

(III) Analysis of assets and liabilities

As at 31 December 2017, the total assets of the Group amounted to RMB133,190,005,000, representing an increase of RMB13,537,272,000 or 11.31% from the beginning of the year. The total liabilities amounted to RMB89,479,425,000, representing an increase of RMB7,375,561,000 or 8.98% from the beginning of the year.

As at 31 December 2017, bank deposits and cash and cash equivalents of the Group were RMB25,738,526,000, most of which were denominated in RMB and US dollar and the rest were denominated in Euro, Hong Kong dollar and other currencies.

As at 31 December 2017, the outstanding borrowings of the Group amounted to RMB63,389,747,000, representing an increase of RMB 6,012,772,000 or 10.48% from the beginning of the year; net debt amounted to RMB37,651,221,000, representing an increase of RMB12,462,818,000 or 49.48% from the beginning of the year. As at 31 December 2017, the gearing ratio (net liability to equity ratio) was 86.14%, representing an increase of 19.06 percentage points from the beginning of the year.

The working capital and capital resources of the Group have been and will continue to be generated from cash flows from operating activities, proceeds from new share issuance and debt financing 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.

Certain property, plant and equipment of the Group with net book value of RMB23,905,072 (31 December 2016: RMB22,601,560,000) were pledged to banks and financial institutions as collaterals for borrowings in the total amount of RMB20,940,293,000 (31 December 2016: RMB14,109,096,000), representing 41.63% of the total value of the property, plant and equipment (31 December 2016: 46.67%).

Debt analysis

Categories	**As at 31 December 2017 RMB'000**	**As at 31 December 2016 RMB'000**
Short-term borrowings	10,939,802	3,246,917
Long-term borrowings	52,449,945	54,130,058
Among which: Less than 1 year	8,540,731	6,661,134
1 to 2 years	8,476,861	14,536,972
3 to 5 years	17,580,968	16,723,202
Over 5 years	17,851,385	16,208,750
Total of long-term and short-term borrowings	63,389,747	57,376,975

Classification by categories of borrowings

As at 31 December 2017, the Group had bank borrowings of RMB41,092,226,000, notes and bonds payable of RMB17,374,249,000 and other borrowings of RMB4,923,272,000, representing 64.82%, 27.41% and 7.77% respectively of the total borrowings. Of the bank borrowings, secured borrowings amounted to RMB20,868,293,000 and unsecured borrowings amounted to RMB20,223,933,000, representing 32.92% and 31.90% respectively of the total borrowings.

The borrowings of the Group denominated in US dollars amounted to RMB34,100,207,000, borrowings denominated in RMB amounted to RMB23,382,074,000, and borrowings denominated in Euro amounted to RMB5,907,466,000, representing 53.79%, 36.89% and 9.32% respectively of the total borrowings. Save for the issued medium-term notes and bonds, most of the borrowings of the Group bear floating interest rate.

Guarantees

As at 31 December 2017, the Group had provided a guarantee on a banking facility granted to Guangxi Qinzhou International Container Terminal Co. Ltd., a joint venture, in the amount of RMB60,282,000 (as at 31 December 2016: RMB63,200,000).

Contingent liabilities

The Group was involved in a number of claims and lawsuits, including but not limited to claims and lawsuits arising from damage to vessels during transportation, loss of goods, delay in delivery, collision of vessels, early termination of vessel chartering contracts, and dispute during impawning supervision business.

As at 31 December 2017, the Group was unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the relevant claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 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 with respect to non-functional currency bank balances, receivable and payable balances and bank borrowings. The management monitors the exposure to foreign exchange risks and will consider hedging certain foreign currency risks exposure with derivative financial instruments should the need arise.

Others

Capital commitments

The Group currently has a total of 28 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB18,720,565,000.

Containers under construction amounted to 82,000 TEUs. The capital commitments for future construction of containers amounted to RMB5,120,000.

The capital commitments for investment in terminals amounted to RMB6,660,125,000 in aggregate, among which the commitments for purchasing fixed assets amounted to RMB3,766,153,000 and the equity investment commitment of terminals amounted to RMB2,893,972,000.

Financing plans

The Group will take its material capital expenditure for 2018 into consideration, including the proposed acquisition of shares in companies including Orient Overseas, construction of containers and expenditure for terminal infrastructure projects, formulate relevant financing arrangements, enhance capital management, optimize the utilization efficiency of funds and control the scale of debts effectively.

Significant acquisitions and disposals of assets and equity interests

1. On 20 January 2017, the Company convened the 33rd meeting of the fourth session of the Board, at which the Board considered and approved the subscription of 1,015,520,000 non-circulating domestic shares issued by Qingdao Port International at a consideration of RMB5,798,619,200 (equivalent to approximately RMB5.71 per share) by COSCO SHIPPING Ports (a controlled subsidiary of the Company) through Shanghai China Shipping Terminal, its wholly-owned subsidiary. RMB3,198,650,840 of the consideration was settled by the transfer of 20% equity interest in Qingdao Qianwan Terminal by Shanghai China Shipping Terminal and the remaining RMB2,599,968,360 was settled in cash. The transaction was completed during the Reporting Period.

   Such acquisition and disposal were meaningful steps in the implementation of COSCO SHIPPING Ports' strategy, which enhanced its competitive advantage and created greater value. The investment in, and the subsequent strategic co-operation with, a major port in China will also strengthen COSCO SHIPPING Ports' leading position in the Greater China region, which is in line with COSCO SHIPPING Ports' strategy of enhancing control over terminal assets.

   For details of investment cost for the subscription of shares in Qingdao Port International and the profit and loss on disposal of equity interest in Qingdao Qianwan Terminal, please refer to "Discussion and Analysis regarding the Operation — (V) Investment analysis" in section IV of this announcement.

2. 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 had made a pre-conditional voluntary general offer to all shareholders of OOIL at an offer price of HK$78.67 per share (the "**Offer**"). 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. 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.

   As the making of the Offer is subject to the satisfaction or waiver of the pre-conditions to the Offer, the Offer is a possibility only and may or may not be made. As at the date of this announcement, the transactions under the Offer has not been completed yet. Shareholders of OOIL, shareholders of COSCO SHIPPING Holdings and prospective investors are advised to exercise caution when dealing in the securities of OOIL or of COSCO SHIPPING Holdings.

   For details of the Offer, please refer to the joint announcements dated 7 July 2017, 7 August 2017, 7 September 2017, 9 October 2017, 16 October 2017, 23 October 2017, 7 November 2017, 6 December 2017, 8 January 2018, 7 February 2018 and 7 March 2018 made by the Company, Shanghai Port Group (BVI) Development Co., Limited and OOIL; the announcements of the Company dated 31 August 2017 and 16 October 2017; and the circular of the Company dated 25 September 2017.

(IV) Investment analysis

1. *Analysis of external equity investments*

As at the end of 2017, the equity investment of the Group in associated companies and joint ventures amounted to RMB25,862,036,000, representing an increase of RMB5,431,482,000 or 26.59% from the beginning of the year. In 2017, the Group incurred an additional investment cost of RMB7,414,476,000 for eight new associated companies and joint ventures, and a net gain on disposal of four joint ventures of RMB1,936,284,000.

(1) *Significant equity investments*

Increases in the year:

Invested Companies	Shareholding as at the end of 2017 (%)	Increase in investment costs during the year RMB'000
COSCO SHIPPING Lines (Israel) Co., Ltd.	60	448
COSRACO LLC	49	1,239
APM Terminals Vado Holdings B.V.	40	50,441
KTZE-Khorgos Gateway LLP	24.5	256,834
Qingdao Port International Co., Ltd.	18.41	6,341,266
Dalian Container Terminal Co., Ltd.	19	755,932
Conte-Rail, S.A.	50	7,334
Servicios Intermodales Bilbaoport, S.L.	13.87	982
Total	—	7,414,476

Decreases in the year:

Invested Companies	Shareholding as at the beginning of 2017 (%)	Opening carrying amount for 2017 RMB'000	Gain or loss on disposal (gain is +) RMB'000
Qingdao Qianwan Terminal	20	1,315,954	1,886,333
Dalian Port Container Terminal Co., Ltd.	20	146,378	12,659
Dalian International Container Terminal Co., Ltd.	40	543,750	37,092
CSP Zeebrugge Terminal NV	24	119,625	200
Total	—	2,125,707	1,936,284

Notes:

1. After the acquisition of the additional 16.82% equity interests in Qingdao Port International by Shanghai China Shipping Terminal and delegation of a director to the company during the Reporting Period, the 2.01% equity interest in Qingdao Port International, which was previously held by Shanghai China Shipping Terminal and stated under available-for-sale financial assets, was transferred to long-term equity investments and was measured using the equity method based on the diluted shareholding percentage of 1.59%.

2. China Shipping Ports Development Co., Limited (中海港口發展有限公司), owned by COSCO SHIPPING Ports, previously held a 24% equity interest in Zeebrugge Terminal. As it acquired an additional 76% equity interest in Zeebrugge Terminal during the Reporting Period, Zeebrugge Terminal was no longer an associated company and became a wholly-owned subsidiary which was included in the consolidated financial statement of the Group.

2. Financial assets at fair value

Short name of securities	Initial investment cost RMB'000	Shareholding at the end of period (%)	Opening carrying amount RMB'000	Profit or loss for the reporting period RMB'000	Change in carrying amount during the reporting period RMB'000	Sources of shares
Haitong Securities	7,017	0.05	76,698	1,071	(14,025)	
Tianjin Quanye Chang	99	0.02	990	0	(405)	Purchase of original legal person shares
Northeast Pharmaceutical	200	0.03	1,247	0	219	Purchase of original legal person shares
QHD Port	194,345	0.88	70,530	2,268	27,223	Purchase of original legal person shares
Qingdao Port International	284,061	2.01	316,871	264,099	(316,871)	Purchase of original legal person shares
Port of Guangzhou	498,096	3.98	499,445	5,982	1,007,172	Acquisition at establishment
Total	983,818	—	965,781	273,420	703,313	

Note:

At the beginning of 2017, Shanghai China Shipping Terminal held a 3.98% equity interest in Guangzhou Port Company Limited, the value of which as stated under available-for-sale financial assets of the Group amounted to 499,445,000. Prior to 29 March 2017, the Group measured such available-for-sale financial asset at cost. On 29 March 2017, the shares of Guangzhou Port Company Limited were listed on Shanghai Stock Exchange at the price of RMB2.29 per share and the Group was able to realize the market value from such available-for-sale financial assets. Therefore, the Group started to measure such asset at fair value. As at the end of 2017, the balance of the available-for-sale financial assets amounted to RMB1,506,617,000.

3. **Wealth management entrusted to non-financial companies and derivatives investments (none)**

Not applicable.

4. **Use of proceeds from raised funds**

Not applicable.

5. **Analysis of principal subsidiaries and companies with equity interest**

The following is stated according to the audited financial report of the A shares of the Company prepared in accordance with PRC GAAP:

(1) ***Analysis of acquisition and disposal of subsidiaries during the year***

A total of 314 consolidated subsidiaries were included in the consolidated financial statements of the Group as at the end of 2017, among which 33 controlled subsidiaries were newly added in 2017, including 22 newly established subsidiaries and 11 acquired subsidiaries, while 36 consolidated controlled subsidiaries ceased to be included in the consolidated financial statements of the Group due to liquidation and closure.

The Group acquired 11 controlled subsidiaries as a result of acquisitions in 2017 at a total consideration of RMB2,175,233,000, details of which are set forth below:

COSCO SHIPPING Ports (Nantong) Co., Ltd. (中遠海運港口(南通)有限公司), owned by COSCO SHIPPING Ports, acquired 51% equity interest in Nantong Tonghai Port Co., Ltd. (南通通海港口有限公司).

Shanghai China Shipping Terminal, owned by COSCO SHIPPING Ports, acquired 70% equity interest in Wuhan Yangluo Jiutong Ports Co., Ltd. (武漢陽邏九通港務有限公司).

COSCO SHIPPING Ports (Spain) Limited, owned by COSCO SHIPPING Ports, acquired 51% equity interest in Noatum Terminal in Spain, as a result of which the number of additional consolidated subsidiaries was eight.

China Shipping Ports Development Co., Limited, owned by COSCO SHIPPING Ports, acquired additional 76% equity interest in Zeebrugge Terminal.

(2) ***Major holding subsidiaries***

COSCO SHIPPING Lines, a wholly-owned subsidiary of COSCO SHIPPING Holdings, is principally engaged in international and domestic container shipping services and related businesses. Its registered capital is RMB17,328,273,082. As at the end of 2017, its total assets and total equity amounted to RMB68,025,988,000 and RMB7,857,947,000 respectively. Total equity attributable to owners of the parent company amounted to RMB7,061,591,000 (as at the end of 2016: RMB4,517,866,000). Revenue and net profit in 2017 was RMB86,751,206,000 and RMB1,663,586,000 respectively. Net profit attributable to the equity holders of the parent company amounted to RMB1,560,267,000 (2016: net loss of RMB6,925,850,000).

COSCO SHIPPING Ports and its subsidiaries are principally engaged in the management and operation of terminals. COSCO SHIPPING Ports is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at the end of 2017, COSCO SHIPPING Ports was owned as to 46.91% by COSCO SHIPPING Holdings. As at the end of 2017, the authorized share capital of COSCO SHIPPING Ports was HK$400,000,000 and its issued share capital and paid up capital was HK$305,711,272.

As at the end of 2017, the total asset and total equity of COSCO SHIPPING Ports amounted to RMB58,629,980,000 and RMB38,108,641,000 respectively. Total equity attributable to equity holders of the parent company amounted to RMB33,816,934,000 (as at the end of 2016: RMB30,116,162,000). Revenue and net profit in 2017 was RMB4,357,807,000 and RMB3,650,378,000 respectively. Net profit attributable to equity holders of the parent company amounted to RMB3,388,904,000 (2016: RMB1,031,149,000).

II. Discussion and Analysis of the Board Concerning the Future Development of the Company

(I) ***Competition in the industry and development trend***

Container shipping market

Competition landscape

With deepening industry adjustment and reorganized structure in the alliance being basically settled, corresponding changes will occur in the competitive landscape of the container shipping market in the future. With large container vessels being put into use successively, accelerating scientific and technologic innovation and development and increasingly strict global environmental protection standards, market entry and competitive barriers become increasingly high. Allied operations in the market continued to expand. Currently, the scope of cooperation in the alliance has been expanded to the sub-main routes of the Far East from/to the Middle East and the Red Sea. In the future, members in the alliance may continue to carry out in-depth cooperation in the extended shipping services and competition among liner companies may gradually expand from shipping services to the whole supply chain. Meanwhile, with change in the competitive landscape of the container shipping market and further enhancement of industry concentration, avoidance in competition in low prices and establishment of a new industry ecology has become a general consensus.

Market outlook

In 2018, concentrated delivery of large vessels will occur in the container shipping market and the demolition volume is expected to decrease from a high level. However, benefiting from continual recovery trend of the global economy and trade, the growth of container shipping demand is expected to be strongly supported. Despite a high base in 2017 resulting in the potential decrease in the growth of container shipping demand in 2018, the container shipping market may remain in a moderate supply and demand situation in general in 2018. With deepening adjustment in the container shipping industry, the overall operation in the market is expected to focus more on enhancing customer service quality and improving service products to make competition more reasonable.

Development trend

In line with change in global economic and trading environment, emerging markets and regional markets will play a leading role in the next round of industry growth. In the future, competition in the market may show a trend of globalization coexisting with regionalization, and fleets in the market will also become huger and agiler in line with the trend. With deepening industry consolidation and in-depth development of alliance cooperation, the operation strategies of carriers will gradually shift from the sole provision of standard shipping services to the provision of more diversified and customized shipping services across the whole process. Scientific and technologic innovation and development will also accelerate the development of digital and intelligent shipping and big data may become the third fundamental strategic resource and core asset after vessels and containers of the container shipping industry.

Terminal market

It is expected that in the global container terminal industry, there will be two major development trends in the next two years:

Firstly, the integration between global terminal operators and liner companies will continue to improve.

There are two major reasons. First, overcapacity and narrowing profit space resulting in continual increase in the efforts of liner companies and terminal operators in lean management, and the synergy between terminals and shipping companies is a relatively desirable resolution for both parties to create win-win situation. This can be fully proved by enhancement of comparative competitive advantages of terminal operators with a shipping background, while in respect of global public terminal operators, it will be strategic requirement for them to attract shipping companies for investment, establishing terminal joint ventures and creating a community of shared interests in order to secure stable source of goods and improve market competitiveness. Second, the increasing integration between terminals and shipping companies facilitates the increase of both parties' operational efficiency, the improvement of customer service quality and the enhancement of market competitiveness.

Secondly, cooperation among terminal operators will continue to expand.

Cooperation among global terminal operators will continue to expand and deepen, which is, on one hand, beneficial to improving the competitiveness of the terminal industry and better cope with alliance pressure, and is, on the other hand, also beneficial for terminal operators to reduce operation costs and operation risk. In-depth cooperation among global terminal operators will generate an all-win market structure, which is beneficial to the sustainable, stable and healthy development of the terminal industry.

(II) ***Development strategy***

With the focus on the strategic target of becoming a worldwide first-tier supplier of container transportation and terminal investment and operation services, the Group will facilitate the strategic and business collaboration between the two major sectors in full force, enhance comprehensive competitiveness and promote high-quality development. The Company will seize the historic opportunity of the Belt and Road Initiative of the country by paying attention to global market, continuously optimize the allocation of container shipping and terminal resources through the transition from "product thinking" to "user thinking", create the differentiation advantage and provide customers with globalized comprehensive services covering the whole container shipping value chain. The Company will also strive to maximize the corporate benefits, corporate value and return for shareholders through continuous consolidation and development of container transportation, terminal operation and management and relevant business and improvement of container shipping value chain. The comprehensive competitiveness of shipping and port services will be enhanced continuously through collaboration and refined management, and will finally achieve a healthy, stable and sustained development of our main business.

(III) ***Operation plan***

Container shipping business

The Company will continuously establish itself as a world first-class liner company with international competitiveness, continue to accelerate its strategy implementation and upgrade the Company's product gradually from current "route products" to "route products + digital services + end-to-end solutions" in order to create values for customers.

The Company will continue to optimize and upgrade global route network layout and shipping capacity structure to fully demonstrate the Company's ability of global layout matching with the Company's scale and strength. In addition, the Company will improve and optimize its products and continuously explore new profit growth driver.

The Company will strengthen its ability of precise marketing to provide strong support in terms of cargo volume for the Company's scale development and achieve continual and simultaneous growth of cargo volume and shipping capacity. The Company will also further strengthen the construction of marketing team, release sales potential and expand market, combine improving cargo flow balance with increasing import cargo volume organically to increase revenue of overall routes.

The Company will continue to accelerate the construction of digital shipping by being customer-oriented and digital-driving and continue to improve digital customer service capacity, fully explore the value of system data and achieve digital connection with customers. Meanwhile, the Company will promote global service standardization, continuously optimize customer service process and improve customer experience.

Furthermore, the Company will put great efforts to develop domestic and overseas multimodal transport and inland end-to-end services, provide customers with diversified service choices, establish complete all-process transportation solution and improve the Company's overall revenue. The Company will also continue to expand the scale of China European land-ocean transportation business and improve brand effect.

Moreover, the Company will continue to promote the comprehensive improvement of lean management and continuously explore the potential of cost reduction and efficiency enhancement through route network optimization, container management costs and fuel costs control, supplier management and operation management.

Terminal business

The Company will continue to improve its global container hub port network by leveraging on the synergy effect with COSCO SHIPPING Lines and the OCEAN Alliance and the huge market share of the OCEAN Alliance and reinforcing its capability to serve the OCEAN Alliance. Meanwhile, the Company will continue to establish close partnerships and good relationships with port groups, terminal operators and international liner companies.

In respect of terminal investments, when selecting investment and merger projects, the Company emphasize the control over terminals and consider whether it is helpful to enhance the rewards for shareholders, and assess the value impact on the overall layout of its terminal networks. In order to improve the layout of its global terminal networks, COSCO SHIPPING Ports will, bring its own competitive edges into full play, continue to seek opportunities for investing in ports in Southeast Asia, South Asia, West Asia, Africa, America and Latin America and boost its terminal projects in due course. Meanwhile, the Company will also continue to boost its domestic ports consolidation projects and seek to cooperate with port groups, with an aim to strengthen and expand its terminal business in multiple aspects.

It is one of the strategic plans of the company to carry out the services derived from the downstream and upstream terminal industrial chain. The Company will expand its terminal derivative services to reinforce its competitive strengths by boosting the container yard project in Khalifa port, Abu Dhabi and the projects relating to the lands for logistics use in Tonghai, Nantong, and Yangluo, Wuhan.

The Company will follow its five-year strategic plan, seek opportunities and continue to implement the concept of "The Ports For ALL" to build up a win-win and shared platform that can create maximum value for all parties. Meanwhile, the Company will further enhance the brand recognition and influence of the Group, put more efforts in implementation, optimize its terminal assets and operation efficiency and improve the overall profitability of the Company.

III. Profit Distribution of Ordinary Shares or Capitalization of Surplus Reserves Proposals

(I) *Formulation, implementation or adjustment of cash dividend policies*

The Company distributes dividends to all Shareholders by way of cash or scrip dividend, and the total dividends shall be no less than 25% of the audited distributable profits of the Company during the accounting year or period concerned in principle. The actual distribution amount of dividends to Shareholders shall be based on the operating results, cash flow condition, current financial position and capital expenditure plans of the Company. The proposal of dividend distribution is formulated by the Board and implemented after approval by the general meeting of the Company. The amount of dividends to be distributed shall be determined based on the lower of the after-tax profits set out in the audited financial statements prepared pursuant to China Accounting Standards for Business Enterprises and HKFRSs.

On 12 November 2012, the resolution regarding the amendments to the Articles of Association of the Company was considered and approved at the second extraordinary general meeting of the Company for 2012. Pursuant to the amendments to Article 193, the profit distribution policy of the Company is as follows:

1. Profit distribution principles: The Company should implement positive profit distribution policies and value investors' reasonable investment return and the Company's sustainable development to maintain the continuity and stability of profit distribution policy. The cumulative profit distribution in cash by the Company in the last three years was in principle not less than 30% of the average annual distributable profits of the Company for the last three years.

2. Profit distribution frequency: In principle, the Company distributes profit once a year. When conditions permit, the Board may recommend the Company to distribute interim cash dividends according to the earnings and capital requirement of the Company.

3. Profit distribution decision-making system and procedures: The profit distribution proposal of the Company shall be formulated and reviewed by the Board and submitted to the general meeting for approval. Independent Directors shall express their opinions clearly in regard to the profit distribution proposal. The Supervisory Committee shall supervise the implementation of the profit distribution proposal.

4. In case of no proposal of profit distribution in cash being made in any profitable year with available distributable profit of the Company, disclosure should be made in a timely manner regarding the Board's explanation and the Independent Directors' expressed opinions. Upon consideration by the Board, it shall be submitted to the general meeting for review and the Board shall provide explanation at the general meeting.

5. When determining the particulars of the cash dividend proposal of the Company, the Board shall study and discuss on, among others, the timing, conditions as well as the minimum ratio, conditions of adjustments and other factors as required for making the decisions. The Independent Directors shall express their opinions clearly. When considering the particulars of the profit distribution proposal at the general meeting, the Company shall communicate with the Shareholders, especially the minority shareholders, through various channels (including but not limited to hotlines, mailbox of Secretary to the Board and inviting minority investors to attend the meeting), in order to gather opinions from the minority Shareholders and respond to their concerns in a timely manner.

6. Adjustments to cash dividend policy: The Company shall strictly implement the cash dividend policy stipulated in the Articles of Association and the particulars of the cash dividend proposal considered and approved at the general meeting. Adjustments or amendments to the cash dividend policy stipulated in the Articles of Association shall only be made after detailed discussion and corresponding decision-making procedure according to the Articles of Association and approval shall be obtained from Shareholders holding more than two thirds of the total voting rights present at the general meeting.

7. Disclosure of cash dividends in regular reports: The Company shall disclose the details regarding the formulation and implementation of its cash dividend policy in regular reports. In case of any adjustments or amendments to cash dividend policy, it shall also explain in detail the conditions and the procedures for such adjustment or amendments.

   After the proposal of profit distribution has been passed by resolution at the general meeting of the Company, the Board must complete the distribution of dividends (or shares) within two months after the general meeting.

   The Group recorded profit attributable to equity holders of the company in 2017. Since total net profit attributable to owners of the parent company of COSCO SHIPPING Holdings for the year was used to recover previous years' losses, the aggregate undistributed profit was negative. According to the relevant requirements of the Company Law of the PRC, no profit can be distributed provided that the aggregate undistributed profit of a company is negative. The Board does not recommend distributing any cash dividends.

(II) **Proposals or budgets for profit distribution and capitalization of surplus reserves of the Company in the recent three years (including the Reporting Period)**

The following is stated according to the audited financial report of the A shares of the Company prepared in accordance with the Accounting Standards for Business Enterprise of the PRC:

Unit: RMB

Year of Distribution	Number of bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax inclusive)	Number of scrip shares for every 10 shares (share)	Cash dividend (tax inclusive)	Net profit/ (net loss) attributable to shareholders of the listed company in consolidated financial statements of the bonus distribution year	Ratio to net profit attributable to shareholders of the listed company in consolidated financial statements (%)
2017	0.00	0.00	0.00	0.00	2,661,935,871.48	0.00
2016	0.00	0.00	0.00	0.00	(9,906,003,612.80)	0.00
2015	0.00	0.00	0.00	0.00	469,301,789.49	0.00

(III) **Cash repurchase offer which is credited to cash dividend**

Not applicable.

(IV) **During the Reporting Period, if the earnings and profits available for distribution to holders of ordinary shares of parent company were positive, but there was no proposed distribution of profit in cash for ordinary shares, the Company shall disclose the reasons and uses and proposed uses of undistributed profits in detail.**

Not applicable.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 25 April 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Tuesday, 24 April 2018 at 4:30 p.m. are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 25 May 2018.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance within the Group, and the Board considers that effective corporate governance marks an important contribution to corporate success and to enhancing shareholders value.

The Company adopted its own corporate governance code, which incorporates all the code provisions and a majority of the recommended best practices in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

None of the Directors is aware of any information that would reasonably indicate that the Company had not been in compliance with the Code for any part of the period for the year ended 31 December 2017.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of the Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issued (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries of all Directors and Supervisors, each of them has confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

Board Committees

The Company has established a strategy and development committee, a risk management committee, an audit committee, a remuneration committee and a nomination committee.

Audit Committee

The audit committee of the Company (the "**Audit Committee**"), established in April 2005, comprises two independent non-executive Directors and one non-executive Director. It is chaired by Mr. ZHOU Zhonghui and the other two members are Mr. CHEN Dong and Mr. YANG, Liang Yee Philip. All members of the committee are competent and experienced in understanding, analyzing and reviewing the financial reports of listed companies.

The annual results of the Company have been reviewed by the Audit Committee.

Repurchase, Sale or Redemption of Shares of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries had repurchased or sold any listed securities of the Company. The Company had not redeemed the Company's securities during the Reporting Period.

Service Contracts

Each of the Directors and Supervisors has entered into a service contract with the Company.

Pre-emptive Rights

The articles of association of the Company and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to shareholders on a pro-rata basis to their shareholdings.

Auditors

The Company has appointed PricewaterhouseCoopers and Ruihua Certified Public Accountants, LLP as the international and PRC auditors of the Company respectively for the year ended 31 December 2017. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with HKFRS.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this annual 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 in this annual 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 (1) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement; and (2) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.chinacosco.com). The annual report for the year ended 31 December 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and will be available for review on the same websites in due course.

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

Shanghai, the People's Republic of China
29 March 2018

As at the date of this announcement, the directors of the Company are Mr. HUANG Xiaowen[1] (Vice Chairman), Mr. WANG Haimin[1], Mr. MA Jianhua[2], 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] and Mr. TEO Siong Seng[3].

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

* *For identification purpose only*