中遠海運控股股份有限公司

COSCO SHIPPING Holdings Co., Ltd.*

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

(Stock code: 1919)

ANNOUNCEMENT OF 2018 INTERIM RESULTS

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2018	2017	**Difference**
	RMB'000	*RMB'000*	***RMB'000***
Revenues	**45,041,047**	43,445,690	**1,595,357**
Profit attributable to equity holders of the Company	**40,796**	1,863,467	**(1,822,671)**
	RMB	*RMB*	***RMB***
Basic earnings per share	**0.0040**	0.1824	**(0.1784)**

The Directors hereby announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018. The Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 (the "**Interim Financial Information**") has been reviewed by the Audit Committee, comprising a majority of independent non-executive Directors.

The following financial information, including the Group's unaudited condensed consolidated interim balance sheet, unaudited condensed consolidated interim income statement, unaudited condensed consolidated interim statement of comprehensive income and explanatory notes 1 to 12 as presented below are extracted from the Interim Financial Information, which has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	Six months ended 30 June 2018 *RMB'000*	2017 *RMB'000*
Revenues	3	**45,041,047**	43,445,690
Cost of services and inventories sold		**(42,186,575)**	(39,695,059)
Gross profit		**2,854,472**	3,750,631
Other income, net		**325,222**	570,871
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		**(2,031,274)**	(2,004,016)
Operating profit	4	**1,148,420**	4,467,918
Finance income	6	**187,270**	219,432
Finance costs	6	**(1,194,899)**	(1,014,186)
Net related exchange loss	6	**(81,496)**	(318,545)
Net finance costs	6	**(1,089,125)**	(1,113,299)
Share of profits less losses of			
- joint ventures		**330,688**	295,102
- associates		**686,798**	428,750
Profit before income tax		**1,076,781**	4,078,471
Income tax expenses	7	**(307,643)**	(677,111)
Profit for the period		**769,138**	3,401,360
Profit attributable to:			
-Equity holders of the Company		**40,796**	1,863,467
-Non-controlling interests		**728,342**	1,537,893
		769,138	3,401,360
		RMB	*RMB*
Earnings per share attributable to equity holders of the Company:	9	**0.0040**	0.1824

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit for the period	**769,138**	3,401,360
Other comprehensive (loss)/income		
Items that have been or may be reclassified subsequently to profit or loss		
Fair value gain on available-for-sale financial assets, net of tax	**—**	1,486,271
Cash flow hedges, net of tax	**(2,077)**	—
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**—**	(264,099)
Share of other comprehensive income of joint ventures and associates	**28,330**	1,296
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**65,856**	(332,007)
Item that may not be reclassified subsequently to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**(87,993)**	—
Remeasurements of post-employment benefit obligations	**(6,480)**	(15,040)
Share of other comprehensive income of an associate-other reserve	**(26,774)**	—
Total other comprehensive (loss)/income	**(29,138)**	876,421
Total comprehensive income for the period	**740,000**	4,277,781
Total comprehensive income for the period attributable to:		
- Equity holders of the Company	**99,319**	2,103,340
- Non-controlling interests	**640,681**	2,174,441
	740,000	4,277,781

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2018

	Note	**As at 30 June 2018** ***RMB'000***	As at 31 December 2017 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**64,537,326**	57,420,313
Investment properties		**191,983**	192,042
Leasehold land and land use rights		**2,120,357**	2,082,427
Intangible assets		**2,997,006**	3,081,821
Joint ventures		**8,564,680**	8,169,778
Associates		**18,271,925**	17,692,258
Loans to joint ventures and associates		**1,280,213**	1,046,848
Financial assets at fair value through other comprehensive income		**2,323,730**	—
Available-for-sale financial assets		**—**	2,366,832
Deferred income tax assets		**1,186,159**	1,158,757
Other non-current assets		**493,390**	572,092
Total non-current assets		**101,966,769**	93,783,168
Current assets			
Inventories		**2,985,272**	2,330,221
Trade and other receivables and contract assets	10	**12,353,208**	10,986,870
Restricted bank deposits		**346,794**	351,220
Cash and bank balances		**29,560,260**	25,738,526
Total current assets		**45,245,534**	39,406,837
Total assets		**147,212,303**	133,190,005

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2018

	Note	**As at 30 June 2018** *RMB'000*	As at 31 December 2017 *RMB'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**10,216,274**	10,216,274
Reserves		**10,622,387**	10,453,013
		20,838,661	20,669,287
Non-controlling interests		**23,378,682**	23,041,293
Total equity		**44,217,343**	43,710,580
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**45,657,101**	43,909,214
Provisions and other liabilities		**646,468**	652,013
Derivative financial liabilities		**44,625**	42,649
Deferred income tax liabilities		**1,384,979**	1,313,987
Total non-current liabilities		**47,733,173**	45,917,863
Current liabilities			
Trade and other payables and contract liabilities	11	**24,478,252**	23,185,929
Derivative financial liabilities		**18,169**	18,527
Short-term borrowings		**18,631,288**	10,939,802
Current portion of long-term borrowings		**11,285,616**	8,540,731
Current portion of provisions and other liabilities		**1,829**	4,688
Tax payable		**846,633**	871,885
Total current liabilities		**55,261,787**	43,561,562
Total liabilities		**102,994,960**	89,479,425
Total equity and liabilities		**147,212,303**	133,190,005
Net current liabilities		**10,016,253**	4,154,725
Total assets less current liabilities		**91,950,516**	89,628,443

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 **General information**

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

The businesses of the Company and its subsidiaries (the "Group") include the provisions of a range of container shipping, managing and operating container terminals on a worldwide basis.

The Interim Financial Information was approved by the Directors for issue on 30 August 2018.

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

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

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

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for certain financial assets and liabilities (including derivative 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.

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2017 (the "2017 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earning, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2017 Annual Financial Statements.

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

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

In 2018, the Group adopted the following new standards, amendments, improvement and interpretation to existing HKFRSs below, which are relevant to its operations.

New standards and amendments

HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarification to HKFRS 15
HKAS 40 (Amendment)	Transfer of Investment Property
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements 2014-2016

HKAS 28 Amendment	Investments in Associates and Joint Ventures
HKFRS 1 Amendment	First time adoption of HKFRS

The adoption of the above new standards, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers as set out below.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail in note (i), (ii), (iii) and (iv) below.

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

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

Condensed consolidated balance sheet (extract)	**31 December 2017 As originally presented** *RMB'000*	**Adjustment on initial adoption of HKFRS 9** *RMB'000*	**Adjustment on initial adoption of HKFRS 15** *RMB'000*	**1 January 2018 Restated** *RMB'000*
ASSETS				
Financial assets at fair value through other comprehensive income ("FVOCI")	—	2,431,579	—	2,431,579
Available-for-sale financial assets	2,366,832	(2,366,832)	—	—
Total non-current assets	93,783,168	64,747	—	93,847,915
Trade and other receivables and contract assets	10,986,870	—	41,703	11,028,573
- Contract assets	—	—	142,959	142,959
Total current assets	39,406,837	—	41,703	39,448,540
Total assets	133,190,005	64,747	41,703	133,296,455

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

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

Condensed consolidated balance sheet (extract)	**31 December 2017 As originally presented**	**Adjustment on initial adoption of HKFRS 9**	**Adjustment on initial adoption of HKFRS 15**	**1 January 2018 Restated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY				
Reserves	10,453,013	48,560	—	10,501,573
Total equity	43,710,580	48,560	—	43,759,140
LIABILITIES				
Deferred income tax liabilities	1,313,987	16,187	—	1,330,174
Total non-current liabilities	45,917,863	16,187	—	45,934,050
Trade and other payables and contract liabilities	23,185,929	—	41,703	23,227,632
- Contract liabilities	—	—	296,001	296,001
Total current liabilities	43,561,562	—	41,703	43,603,265
Total liabilities	89,479,425	16,187	41,703	89,537,315
Total equity and liabilities	133,190,005	64,747	41,703	133,296,455

(i) HKFRS 9 Financial Instruments — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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

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

(i) HKFRS 9 Financial Instruments — Impact of adoption (Continued)

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note (ii) below. In accordance with the transitional provision in HKFRS 9, comparative figures have not been restated. The reclassification and adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The Group has elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets, and reclassified to financial asset at FVOCI as at 1 January 2018.

The impact of this change on the Group's equity is as follows:

	Investment revaluation reserve	**FVOCI reserve**	**Accumulated losses**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance as at 1 January 2018 – HKAS 39	382,749	—	(13,285,792)
Reclassify investment revaluation reserve to FVOCI reserve	(382,749)	382,749	—
Revaluation FVOCI	—	48,560	—
Reclassify impairment loss on available-for-sales financial asset previously recorded in accumulated losses to investment revaluation reserve	—	(60,545)	60,545
Opening balance as at 1 January 2018 – HKFRS 9	—	370,764	(13,225,247)

The Group applies the simplified approach permitted by HKFRS 9 for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The results of the revision at 1 January 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's trade receivables.

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

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

(ii) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018

Equity investments and other financial assets

Classification and measurement

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flows.

For assets measured at fair value, gain and loss will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Equity investments previously classified as available-for-sale

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gain and loss on equity investment in OCI, there is no subsequent reclassification of fair value gain and loss to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at financial assets at fair value through profit or loss are recognised in other income/(expenses) in the statement of profit or loss as applicable. Impairment loss (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets classified at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

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

(iii) HKFRS 15 Revenue from Contracts with Customers — Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. In accordance with the transition provisions in HKFRS 15, the comparative information for prior periods is not restated, the Group recognises the cumulative effect of initially applying the guidance as adjustments to the opening balance of accumulated losses on 1 January 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date.

Presentation of contract assets and contract liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract assets relating to the percentage of completion for these incompleted shipment were previously included in trade and other receivable;

- Contract liabilities relating to advance from customers with contracts were previously included in trade and other payables;

- Contract liabilities relating to expected volume discounts were previously presented on a net basis in trade and other receivables.

(iv) HKFRS 15 Revenue from Contracts with Customers — Accounting policies applied from 1 January 2018

Revenue for container shipping is one performance obligation per shipment, which is rendered on a period-related basis, i. e. for the duration of transport. Combining several shipments on a single ship journey produces essentially the same results with regard to the amount of revenue recognised and when it is recognised as are produced when the revenue is recognised on the basis of the single shipment. Since revenue from sea freight, inland container transport is already recognised and categorised on a period-related basis, the first-time application of HKFRS 15 has not had any significant effects in relation to this revenue stream. The method currently used to measure percentage-of-completion (time proportion method) continues to be used under HKFRS 15. A contract asset (included in trade and other receivables) is recognised for receivables in connection with the percentage of completion for these incompleted shipment on the respective balance sheet date. A contract liabilities (included in trade and other payables) is recognised for to advance from customers with contracts.

Revenue for terminals and related services is recognised over time as Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenue is recognised based on the price specified in the contract, net of

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

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

(iv) HKFRS 15 Revenue from Contracts with Customers — Accounting policies applied from 1 January 2018 (Continued)

the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

(b) New and amended standards not yet effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group

The HKICPA has issued certain new standards, interpretation and amendments to existing standards which are not yet effective for the year ending 31 December 2018 and have not been early adopted by the Group. The Group will apply these standards, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted, except for the below new standard:

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 30 June 2018, the Group has non-cancellable operating lease commitments of RMB66,875,985,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

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 operations 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, FVOCI (classification from 1 January 2018), available-for-sale financial assets (classification until 31 December 2017) not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets.

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

Operating segments (Continued)

	Six months ended 30 June 2018				
	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	**42,367,825**	**3,178,329**	**—**	**(505,107)**	**45,041,047**
Comprising:					
-Inter-segment revenues	**3,087**	**502,020**	**—**	**(505,107)**	**—**
-Revenues (from external customers)	**42,364,738**	**2,676,309**	**—**	**—**	**45,041,047**
Segment profit/(loss)	**427,651**	**824,015**	**(103,246)**	**—**	**1,148,420**
Finance income	**118,215**	**6,767**	**135,333**	**(73,045)**	**187,270**
Finance costs	**(601,704)**	**(189,574)**	**(476,666)**	**73,045**	**(1,194,899)**
Net related exchange loss	**(40,571)**	**(40,925)**	**—**	**—**	**(81,496)**
Share of profits less losses of					
- joint ventures	**30,597**	**300,091**	**—**	**—**	**330,688**
- associates	**(1,810)**	**673,311**	**15,297**	**—**	**686,798**
(Loss)/profit before income tax	**(67,622)**	**1,573,685**	**(429,282)**	**—**	**1,076,781**
Income tax expenses	**(90,840)**	**(149,466)**	**(67,337)**	**—**	**(307,643)**
(Loss)/profit for the period	**(158,462)**	**1,424,219**	**(496,619)**	**—**	**769,138**
Gain on disposals of property plant and equipment, net	**20,270**	**1,481**	**—**	**—**	**21,751**
Depreciation and amortisation	**867,743**	**487,270**	**9,239**	**—**	**1,364,252**
Provision for impairment of trade and other receivables, and contract assets net	**9,463**	**7,396**	**—**	**—**	**16,859**
Amortised amount of transaction costs on long-term borrowings	**8,748**	**7,914**	**6,000**	**—**	**22,662**
Amortised amount of discount on issue of notes	**7,545**	**621**	**5,271**	**—**	**13,437**
Additions to non-current assets	**7,297,847**	**708,403**	**4,376**	**—**	**8,010,626**

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

Operating segments (Continued)

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

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

Operating segments (Continued)

	As at 30 June 2018				
	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	**78,038,306**	**27,779,195**	**24,194,290**	**(14,426,195)**	**115,585,596**
Joint ventures	**405,528**	**8,159,152**	**—**	**—**	**8,564,680**
Associates	**366,383**	**17,394,926**	**510,616**	**—**	**18,271,925**
Loans to joint ventures and associates	**—**	**1,280,213**	**—**	**—**	**1,280,213**
FVOCI	**619,328**	**1,704,402**	**—**	**—**	**2,323,730**
Unallocated assets					**1,186,159**
Total assets					**147,212,303**
Segment liabilities	**67,433,977**	**15,620,430**	**32,135,136**	**(14,426,195)**	**100,763,348**
Unallocated liabilities					**2,231,612**
Total liabilities					**102,994,960**

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

Operating segments (Continued)

	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

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

Geographical information

(a) Revenues

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

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

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

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

	Six months ended 30 June 2018		
	Total revenues	**Inter segment revenues**	**External revenues**
	RMB'000	***RMB'000***	***RMB'000***
Container shipping and related business			
- America	**10,968,497**	**—**	**10,968,497**
- Europe	**8,894,194**	**—**	**8,894,194**
- Asia Pacific	**8,783,484**	**—**	**8,783,484**
- China domestic	**8,624,358**	**(3,087)**	**8,621,271**
- Other international market	**5,097,292**	**—**	**5,097,292**
Container shipping and related business	**42,367,825**	**(3,087)**	**42,364,738**
Container terminal and related business, corporate and other operations			
- Europe	**1,677,021**	**(219,657)**	**1,457,364**
- China domestic	**1,501,308**	**(282,363)**	**1,218,945**
Container terminal and related business, corporate and other operations	**3,178,329**	**(502,020)**	**2,676,309**
Total	**45,546,154**	**(505,107)**	**45,041,047**

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

Geographical information (Continued)

(a) Revenues (Continued)

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

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

Geographical information (Continued)

(b) Non-current assets

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

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

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

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
China domestic	**43,455,221**	38,547,518
Non-China domestic	**14,844,822**	14,193,260
Unallocated	**38,876,624**	36,469,953
Total	**97,176,667**	89,210,731

4 Operating profit

Operating profit is stated after crediting/charging the following:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Crediting:		
Gain on disposals of property, plant and equipment		
- others	**21,913**	3,548
Reversal of provision for impairment of trade and other receivables and contract assets	**1,474**	1,116
Government subsidy	**188,189**	385,404
Dividend income from listed and unlisted investments	**11,131**	5,985
Gain on disposal of a subsidiary	**—**	4,357
Net exchange gain	**93,930**	168,550
Charging:		
Loss on disposals of property, plant and equipment		
- others	**162**	1,176
Cost of bunkers consumed	**6,542,807**	5,104,652
Operating lease rentals		
- container vessels	**6,224,172**	5,999,765
- land and buildings	**133,208**	119,459
- other property, plant and equipment	**13,834**	11,051
Provision for impairment of trade and other receivables and contract assets	**18,333**	8,754

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 conditionally agreed to subscribe 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. ("QQCT") 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 period ended 30 June 2017. The Group's share of fair value of identifiable net assets amounted to approximately RMB4,293,748,000 and the goodwill included in investment in associates arising from the acquisition amounted to approximately RMB1,504,871,000. 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 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 period ended 30 June 2017.

6 **Finance income and costs**

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
- deposits in COSCO Finance Co., Ltd. ("COSCO Finance")	**41,623**	21,372
- deposits in China Shipping Finance Co., Ltd. ("CS Finance")	**43**	69
- loans to joint ventures and associates	**16,558**	24,147
- banks	**129,046**	173,844
	187,270	219,432
Finance costs		
Interest expenses on:		
- bank loans	**(678,761)**	(508,971)
- loans from China COSCO Shipping Co., Ltd. ("COSCO Shipping")	**(21,585)**	—
- loans from COSCO Ocean Shipping Co., Ltd. ("COSCO")	**(10,192)**	(10,192)
- loans from COSCO Finance	**(49,709)**	(23,303)
- loans from CS Finance	**(1,596)**	(1,848)
- loans from a joint venture (note 11(b))	**(3,221)**	(3,175)
- loans from an associate	**(1,156)**	—
- loans from fellow subsidiaries	**(10,365)**	(5,793)
- loans from non-controlling shareholders of subsidiaries (note 11(d))	**(15,339)**	(15,262)
- other loans	**(3,316)**	(1,508)
- notes	**(386,175)**	(398,496)
	(1,181,415)	(968,548)
Amortised amount of transaction costs on long-term borrowings	**(22,662)**	(15,283)
Amortised amount of discount on issue of notes	**(13,437)**	(13,701)
Other incidental borrowing costs and charges	**(82,279)**	(84,045)
Less: amount capitalised in construction in progress	**104,894**	67,391
	(1,194,899)	(1,014,186)
Net related exchange loss	**(81,496)**	(318,545)
Net finance costs	**(1,089,125)**	(1,113,299)

7 **Income tax expenses**

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current income tax (note a)		
- PRC enterprise income tax	**181,900**	420,458
- Hong Kong profits tax	**4,676**	7,254
- Overseas taxation	**93,795**	95,864
	280,371	523,576
Deferred income tax (note b)	**27,272**	153,535
	307,643	677,111

Notes:

(a) Current income tax

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

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%.

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

(b) Deferred income tax

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

As at 30 June 2018, the unrecognised deferred income tax liabilities were RMB4,538,935,000 (31 December 2017: RMB4,280,768,000) relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2018 amounted to RMB19,116,912,000 (31 December 2017: RMB18,651,863,000).

7 **Income tax expenses (Continued)**

(b) Deferred income tax (Continued)

As at 30 June 2018, the Group had tax losses of RMB35,931,067,000(31 December 2017: RMB34,939,636,000), which were not recognised for deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable, of which an amount of RMB 35,482,730,000(31 December 2017: RMB34,491,298,000) will expire within five years.

8 **Dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

9 **Earnings per share**

(a) Basic

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

	Six months ended 30 June	
	2018	2017
Profit attributable to equity holders of the Company (RMB)	**40,796,000**	1,863,467,000
Number of ordinary shares in issue	**10,216,274,357**	10,216,274,357
Basic earnings per share (RMB)	**0.0040**	0.1824

(b) Diluted

As the exercise price of the share options (granted by COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports", a non-wholly owned subsidiary of the Company)) outstanding on 30 June 2018 was greater than the average market price of COSCO SHIPPING Ports's share during the period since grant date, there was no dilutive effect on earnings per ordinary share for the six months ended 30 June 2018.

The outstanding share options granted by COSCO SHIPPING Ports did not have any dilutive effect on the earnings per share for the six months ended 30 June 2017.

10 **Trade and other receivables and contract assets**

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
Trade receivables (notes a and b)		
- third parties	**6,724,182**	5,912,593
- fellow subsidiaries	**178,310**	125,533
- joint ventures	**34,490**	19,216
- other related companies	**115,253**	138,504
	7,052,235	6,195,846
Bills receivable (note b)	**399,238**	297,932
Contract assets (note b)	**165,344**	—
	7,616,817	6,493,778
Prepayments, deposits and other receivables		
- third parties	**3,272,575**	3,131,728
- fellow subsidiaries (note c)	**483,520**	306,997
- joint ventures (note c)	**428,872**	703,465
- associates (note c)	**259,819**	149,275
- other related companies (note c)	**291,605**	201,627
	4,736,391	4,493,092
Total	**12,353,208**	10,986,870

Notes:

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

10 **Trade and other receivables and contract assets (Continued)**

(b) The Group's trade receivables are generally within credit terms of 90 days. Trade receivables primarily consist of voyage-related receivables. As at 30 June 2018, the aging analysis of trade, bills receivables and contract assets on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
1-3 months	**6,964,546**	6,045,919
4-6 months	**471,356**	336,047
7-12 months	**211,593**	147,985
Over 1 year	**78,835**	57,275
Trade, bills receivables and contract assets, gross	**7,726,330**	6,587,226
Provision for impairment	**(109,513)**	(93,448)
	7,616,817	6,493,778

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

11 Trade and other payables and contract liabilities

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
Trade payables (note a)		
- third parties	**7,328,828**	6,222,836
- fellow subsidiaries	**1,693,520**	1,460,610
- joint ventures	**80,903**	183,544
- associates	**49,931**	41,704
- other related companies	**38,433**	40,283
	9,191,615	7,948,977
Bills payables (note a)	**—**	122,725
	9,191,615	8,071,702
Advance from customers	**—**	242,557
Other payables and accruals	**13,171,367**	13,287,480
Contract liabilities	**452,120**	—
Due to related companies		
- fellow subsidiaries	**290,753**	257,795
- joint ventures(note b)	**323,824**	305,508
- associates(note c)	**105,551**	102,186
- other related companies (note d)	**943,022**	918,701
	1,663,150	1,584,190
Total	**24,478,252**	23,185,929

11 **Trade and other payables and contract liabilities (Continued)**

Notes:

(a) As at 30 June 2018, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note was as follows:

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
1-6 months	**8,890,537**	7,914,745
7-12 months	**250,326**	95,879
1-2 years	**13,828**	34,258
2-3 years	**22,310**	12,238
Over 3 years	**14,614**	14,582
	9,191,615	8,071,702

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

(b) The balance including loans from a joint venture of approximately RMB 278,499,000 (31 December 2017: approximately RMB 278,501,000) are unsecured, bear interest at 2.3% (31 December 2017: 2.3%) per annum and repayable within twelve months.

(c) The amounts due to associates including loans from an associate of approximately RMB 100,003,000 (31 December 2017: approximately RMB 99,999,000) are unsecured, bear interest at 2.3% (31 December 2017: 2.3%) per annum and repayable within twelve months.

(d) The balance including loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of approximately RMB 32,891,000 (31 December 2017: approximately RMB 41,348,000) bears interest at 0.3% above 1-year US dollar London Interbank Offered Rate ("LIBOR") per annum. Balance of approximately RMB 328,719,000(31 December 2017: approximately RMB 324,626,000) is interest free. Balance of approximately RMB 360,003,000 (31 December 2017: approximately RMB 299,998,000 and RMB 59,997,000) bears interest at 4.4% (31 December 2017:3.8% and 4.4% respectively) per annum.

12 Significant subsequent event

(a) Faulkner Global Holdings Limited (a wholly-owned subsidiary of the Company, “Faulkner Global”) , together with Shanghai Port Group (BVI) Development Co., Limited (“Shanghai Port”, together with Faulkner Global as “Joint Offerors”) announced on 9 July 2017 that the Joint Offerors, intend to make a voluntary general offer to acquire all of the issued shares of Orient Overseas (International) Limited (“OOIL”) at HK$78.67 per share in cash (the “Offer”), subject to the satisfaction or waiver of the pre-conditions as described in the announcement made. On 29 June 2018, the Joint Offerors announced the fulfilment of all pre-conditions and on 6 July 2018, the Joint Offerors issued the Composite Document in relation to the Offer. On 13 July 2018, Fortune Crest Inc. and Gala Way Company Inc, who were the then existing controlling shareholder of OOIL (“Controlling Shareholder”) accepted the Offer made by the Joint Offerors, resulting in the Offer becoming unconditional. With the acceptance of the Offer by the existing Controlling Shareholder, the Group obtained control and became the controlling shareholder of OOIL.

On the Offer closing date of 27 July 2018, the Joint Offerors have acquired 98.43% of all issued shares of OOIL with the Group acquiring approximately 88.53%. In order to restore the public float of OOIL, the Group has completed the disposal of 13.53% of OOIL shares to Crest Apex Limited, Rongshi International Holding Co., Ltd. and PSD Investco Inc. on 17 August 2018. Subsequent to these shares disposals, the Group held approximately 75% interests in OOIL. Based on the unaudited interim results of OOIL as at 30 June 2018, net assets of OOIL was approximately USD4.64 billion (approximately HK$36.41 billion and RMB30.70 billion)

The Group is currently in the process of performing the valuation and purchase price allocation on the acquisition of OOIL.

(b) On 9 August 2018, China Shipping Ports Development Co., Limited (“CSPD”, a wholly-owned subsidiary of the Company), completed disposals of 5% and 10% equity interests in CSP Zeebrugge Terminal, a wholly-owned subsidiary of CSPD, to Zeebrugge Investeringsmaatschappij NV and CMA Terminals SAS for considerations of EUR2,500,000 and EUR5,000,000 (equivalent to approximately RMB19,263,000 and RMB38,525,000) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Period from 1 January to 30 June 2018	Period from 1 January to 30 June 2017	Difference	Change Rate
	RMB'000	*RMB'000*	*RMB'000*	**(%)**
Revenues	**45,041,047**	43,445,690	1,595,357	3.67
Operating profit	**1,148,420**	4,467,918	(3,319,498)	(74.30)
Profit before income tax	**1,076,781**	4,078,471	(3,001,690)	(73.60)
Profit for the period	**769,138**	3,401,360	(2,632,222)	(77.39)
Profit attributable to equity holders of the Company	**40,796**	1,863,467	(1,822,671)	(97.81)
Basic earnings per share (RMB)	**0.0040**	0.1824	(0.1784)	(97.81)

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

In the first half of 2018, in light of the overall continuous recovery of the global economy, demand for container transportation grew moderately and global cargo volume increased by 6.2% as compared to the same period of last year. However, due to the concentrated delivery of large container vessels during the same period, the growth in global capacity exceeded the growth in demand, which put downward pressure on the market price. In the first half of the year, the average of the China Containerized Freight Index (CCFI) was 797 points, representing a decrease of 3.8% as compared to the same period of last year, while the average CCFI for the second quarter recorded a decrease of 4.6% as compared to the first quarter of this year. Meanwhile, surging bunker prices resulted in the increase of the cost of liner companies.

In the first half of the year, COSCO SHIPPING Holdings made full efforts to improve performance, to develop new business and to innovate, and also proactively dealt with the adverse effects of the market and achieved hard-won results

During the Reporting Period, due to the operating performance of the container shipping business, which was better than the industry average, and the profit contribution of the terminal business, COSCO SHIPPING Holdings maintained profitability and realized net profit attributable to shareholders of the Company of RMB40,796,000. COSCO SHIPPING Lines achieved a shipping volume of 11.235 million TEUs, representing an increase of 12.4% as compared to the same period of last year, which exceeded the average increase of shipping volume in the market. Benefitting from the economies of scale and the improved management, COSCO SHIPPING Ports achieved a total throughput of 56.707 million TEUs, representing an increase of 26.5% as compared to the same period of last year.

Both of the two major capital operation projects of COSCO SHIPPING Holdings have achieved important progress. On 26 June 2018, the Company's application for the non-public issuance of A shares was approved by the Public Offering Review Committee of the CSRC. On 20 August 2018, the Company has received the Approval regarding the Non-public Issuance of A Shares of COSCO SHIPPING Holdings Co,. Ltd. issued by the CSRC.

On 29 June 2018, all the pre-conditions to the offer for acquisition of OOIL made by Faulkner Global (a subsidiary of the Company) and Shanghai Port Group (BVI) Development Co., Limited (上港集團BVI發展有限公司) (a subsidiary of Shanghai International Port (Group) Co., Ltd.) (the "**Offer**") were fulfilled. On 6 July 2018, the Company, the Joint Offerors and OOIL issued the composite document to all shareholders of OOIL. On 27 July 2018, the Offer closed, and valid acceptances of the Offer received by the Joint Offerors represented approximately 98.43% of the issued shares of OOIL as at that date. As such, the acquisition of OOIL was successfully completed. This acquisition is the most important merger and acquisition project since the establishment of China COSCO SHIPPING Corporation Limited and also the largest merger and acquisition in the global shipping industry so far in terms of the size of the transaction. COSCO SHIPPING Holdings became the controlling shareholder of OOIL and will soon open a new chapter of developing "dual brands".

Adhering to strategic guidance and promoting large-scale development and globalization, achieving remarkable results in the development of emerging markets, with the Ocean Alliance having maintained its advantages in providing services

As at 30 June 2018, the size of the container fleet operated by the Company reached 393 vessels and 2.04 million TEUs. The shipping capacity increased by 15.8% as compared to the same period of last year, which exceeded 2 million TEUs for the first time and achieved a historic leap.

During the first half of the year, the nine large container vessels newly delivered were all utilized in main shipping routes in Europe and America. The shipping capacity replaced was mainly put in emerging markets. The Company added a number of routes relating to emerging markets including the Far East - South Africa, Far East - west of South America, Europe - west of South America, and South Asia - Europe, which have further improved the layout of the global route network. During the first half of the year, the shipping volume of the Company in emerging markets increased by 27%, which was significantly higher than that for the routes in Europe and America.

The Ocean Alliance (of which the Company is a member) starts to operate the “Day 2 Product” in early April this year. Consisted of 42 services involving 335 vessels and capacity of 3.6 million TEUs, the Ocean Alliance has the most comprehensive network and service with a leading role in coverage and frequency by providing services to 621 port-pairs. As a result, the competitive advantages of the Company in the east-west services have been consolidated.

Continue to strengthen the layout along the “Belt and Road” and to leverage the synergies of ports and shipping to provide customers with “end-to-end” transportation solutions

As at 30 June 2018, the Company had put approximately 189 vessels and 1.25 million TEUs in use along the routes of the “Belt and Road”, which represented approximately 60% of the Company’s total fleet size. Most of the controlled and non-controlled terminals of the Company are located along the routes of the “Belt and Road”, with a total of 274 berths under operation, including 184 container berths with an annual handling capacity of 102.29 million TEUs. In the first half of the year, terminal throughput in overseas regions increased by 36.8% as compared to the same period of last year. Among them, Singapore COSCO-PSA Terminal has added one berth since the beginning of this year, with a significant increase of 63.3% in the throughput. The Company has fully played the role of the Port of Piraeus in Greece as the bridgehead of the Maritime Silk Road, and increased the number of self-operating fleets and connectivity to the Alliance. In the first half of the year, the throughput of the Port of Piraeus increased by 18.4% as compared to the same period of last year.

Meanwhile, taking into account the layout of these shipping routes, the Company actively developed the sea-rail transportation business and contributed to the construction of the “Silk Road Economic Belt”. In the first half of the year, the number of regular trains operated for the “China-Europe Sea-rail Express” relying on the Port of Piraeus in Greece reached 475, with the cargo volume increased by 100% as compared to the same period of last year. The Company cooperated with China Railway Corporation* (中國鐵路總公司) and launched three international trains lines, i.e. Tianjin to Moscow, Nanchang to Moscow, and Lianyungang to Almaty/Tashkent. At present, the Company has a total of 110 foreign trade railway lines departing from China, 150 domestic trade lines, and 20,000 to-door-service points (到門網點), which provided customers with diversified choices and "end-to-end" transportation solutions.

Actively grasp the development trend of digitalized shipping to improve customer experience and enhance service standards

As an exploration and innovation in digitalized shipping, the Company promotes information sharing with customers and external partners. In the first half of the year, the Company cooperated with JD.COM (京東商城) and Good former (佳農) Jia Nong to launch the function to trace the origin of Ecuador's bananas by using the blockchain technology, and actively participated in the big information platform project for Shanghai's import customs clearance to promote fast customs clearance of import and export of goods in Shanghai, which improved customer experience. In addition, the Company has also completed the research and development and testing of the marine booking platform for exhibitors at China International Import Expo. On the basis of the Pan-Asian e-commerce platform, the Company has also formally established a foreign trade e-commerce working group to provide customers with a package of services, striving to realize complete online trading for foreign trades. By being customer-oriented, the Company further promoted nine service standards globally, established the standardization process for import and export customer services, provided core customers with personalized and customized services, and further improved customer experience through the application of information technology.

Implement a dual-brand strategy and leverage synergies

Upon completion of the acquisition of OOIL, the shipping capacity of the container shipping business segment of COSCO SHIPPING Holdings exceeded 2.7 million TEUs, its shipping capacity exceeded 3 million TEUs including order book, and the Company ranked third in the world in terms of shipping capacity. The two brands "COSCO SHIPPING" and "OOCL" will achieve synergistic development. The front desk sales and customer service systems of the two companies will remain unchanged to ensure the continuity of customer services; while middle and back desk functions such as cost control will be gradually optimized to improve operation efficiency and service standards, which is expected to result in obvious synergies in areas such as route networks, information systems, container fleets and supplier procurement. Synergies will be carried out under the unified organization and coordination of COSCO SHIPPING Holdings, which will be implemented by the two liner companies. To this end, COSCO SHIPPING Holdings has newly appointed six deputy general managers who were from COSCO SHIPPING Lines and OOCL, and established a Synergy Management Office to have a clear division of labor and to improve the working mechanism. Relevant work streams have commenced.

Looking forward to the second half of 2018, world economy will remain on the path of recovery. Although trade protectionism is on the rise and Sino-US trade frictions may inhibit the growth of the global economy to a certain extent, it is expected that the global economy will continue its growth since 2017, thus providing guarantee for the growth of container shipping volume. In terms of shipping capacity, currently orders of container vessels are at a historically low level and the pressure on capacity delivery has slowed down. Meanwhile, after this round of consolidation, the future development of the container shipping industry will be more sustainable and the container shipping market will tend to be more stable. In terms of ports, with the synergies between the Ocean Alliance and the fleets of the Company, the throughput of the terminal business of the Company will continue to increase in the second half of the year.

COSCO SHIPPING Holdings has already stood at a new historical starting point. Under the leadership of the Board and the new management team, the Company will focus on the four strategies of "globalization, end-to-end, digitalization and dual-brands" to integrate container shipping, ports and supply chain capabilities, striving to achieve the synergies of the dual-brands of container shipping. The Company will also further promote coordinated development of the container shipping and terminal businesses, provide customer-oriented and differentiated services, and build the Company into a world-class provider of integrated container shipping services, hence creating value for customers and returns for Shareholders.

(II) **Major profit or loss items and cashflow analysis**

In the first half of 2018, the Group generated revenue of RMB45,041,047,000, representing an increase of RMB1,595,357,000 or 3.67% as compared to the same period of last year. In the first half of 2018, profit attributable to equity holders of the Group was RMB40,796,000, as compared to the profit attributable to equity holders of the Company of RMB1,863,467,000 for the same period of last year.

1. **Table of analysis for related items in the consolidated income statement and consolidated cash flow statement**

Items	**Period from 1 January to 30 June 2018** *RMB'000*	Period from 1 January to 30 June 2017 *RMB'000*	Difference *RMB'000*	Change Rate *(%)*
Revenues	**45,041,047**	43,445,690	1,595,357	3.67
Cost of services and inventories sold	**(42,186,575)**	(39,695,059)	(2,491,516)	6.28
Other income, net	**325,222**	570,871	(245,649)	(43.03)
Selling, administrative and general expenses	**(2,031,274)**	(2,004,016)	(27,258)	1.36
Finance income	**187,270**	219,432	(32,162)	(14.66)
Finance costs	**(1,194,899)**	(1,014,186)	(180,713)	17.82
Net related exchange loss	**(81,496)**	(318,545)	237,049	(74.42)
Share of profits less losses of				
-joint ventures	**330,688**	295,102	35,586	12.06
-associates	**686,798**	428,750	258,048	60.19
Income tax expenses	**(307,643)**	(677,111)	369,468	(54.57)
Net cash flows generated from operating activities	**466,261**	1,781,780	(1,315,519)	(73.83)
Net cash flows used in investing activities	**(7,400,763)**	(8,289,880)	889,117	(10.73)
Net cash flows generated from / (used in) financing activities	**10,545,294**	(632,832)	11,178,126	—
Research and development expenses	**2,823**	1,736	1,087	62.62

2. **Revenues**

Overview

In the first half of 2018, the revenues of the Group amounted to RMB45,041,047,000, representing an increase of RMB1,595,357,000 or 3.67% as compared to the same period of last year.

Revenue from container shipping and related business

In the first half of 2018, revenue generated from container shipping and related business amounted to RMB42,367,825,000, representing an increase of RMB540,956,000 or 1.29% as compared to the same period of last year.

As at the end of June 2018, the container shipping fleets operated 393 container vessels, representing an increase of 33 vessels or 9.17% as compared to the beginning of the year. The self-operating vessels had a total capacity of 2,042,800 TEUs, representing an increase of 223,700 TEUs or 12.30% as compared to the beginning of the year.

In the first half of 2018, container shipping volume amounted to 11,234,900 TEUs, representing an increase of 1,237,200 or 12.37% as compared to the same period of last year.

In the first half of 2018, the average value of the China Containerized Freight Index (CCFI) was 796.58 points, representing a decrease of 31.37 points or 3.79% as compared to the same period of last year. In the first half of 2018, the average exchange rate for the US dollar against RMB reduced by 6.75% as compared to the same period of last year. The increase in container shipping revenue in the first half of 2018 was lower than the increase in heavy container volume, mainly due to downward pressure of the market freight rate and the decrease in average exchange rate for the US dollar against RMB as compared to the same period of last year .

Revenue from terminal and related business

In the first half of 2018, revenue generated from the terminal and related business amounted to RMB3,178,329,000, representing an increase of RMB1,280,824,000 or 67.50% as compared to the same period of last year.

The throughput of controlled container terminal business amounted to 10,863,600 TEUs, representing an increase of 2,817,100 TEUs or 35.01% as compared to the same period of last year. The dry bulk throughput of controlled terminals amounted to 7,397,900 tons, representing a decrease of 1,050,700 tons or 12.44% as compared to the same period of last year.

Without taking into account the impact of the acquisition of NOATUM Terminal and Zeebrugge Terminal in the fourth quarter of 2017, in the first half of 2018, the throughput of controlled container terminals increased by 933,000 TEUs, representing an increase of 11.60% as compared to the same period of last year; the revenue from terminals and related businesses increased by RMB312,789,000, representing an increase of 16.29% as compared to the same period of last year.

Unit: TEU

Location of terminal	Six months ended 30 June 2018	Six months ended 30 June 2017	Difference	Difference Rate (%)
Bohai Rim Region	**18,676,484**	10,679,840	7,996,644	74.88
Yangtze River Delta Region	**9,659,775**	9,759,389	(99,614)	(1.02)
Southeast Coast and others	**2,812,496**	2,328,929	483,567	20.76
Pearl River Delta Region	**12,764,908**	12,570,422	194,486	1.55
Southwest Coast	**643,599**	611,345	32,254	5.28
Overseas	**12,149,338**	8,880,942	3,268,396	36.80
Total	**56,706,600**	44,830,867	11,875,733	26.49
Of which: Controlled terminals	**10,863,569**	8,046,468	2,817,101	35.01
Non-controlled terminals	**45,843,031**	36,784,399	9,058,632	24.63

Note:

In the first half of 2017, Shanghai China Shipping Terminal, a subsidiary of COSCO SHIPPING Holdings, acquired additional 16.82% equity interests in Qingdao Port International, at a consideration of 20% equity interests in Qingdao Qianwan Terminal plus cash. Therefore, Qingdao Port International became an associate company (non-controlled terminal) of the Group. The Group's capacity in the Bohai Rim region in the first half of 2018 included the throughput of 9,380,000 TEUs of Qingdao Port International from January to June 2018. The throughput in the first half of 2017 only contains the throughput of 3,050,000 TEUs of Qingdao Port International from May to June in 2017 after the Group's increase in shareholding in Qingdao Port International.

3. **Costs**

Overview

In the first half of 2018, the operating cost of the Group amounted to RMB42,186,575,000, representing an increase of RMB2,491,516,000 or 6.28% as compared to the same period of last year.

Container shipping and related business cost

In the first half of 2018, the container shipping and related business cost amounted to RMB40,448,181,000, representing an increase of RMB1,775,612,000 or 4.59% as compared to the same period of last year. Average shipping cost per TEU decreased by 3.66% as compared to the same period of last year. Average shipping cost per TEU excluding fuel cost decreased by 6.76% as compared to the same period of last year.

Terminal and related business cost

In the first half of 2018, the terminal and related business cost amounted to RMB2,159,822,000, representing an increase of RMB943,119,000 or 77.51% as compared to the same period of last year.

Without taking into account the impact of the acquisition of NOATUM Terminal and Zeebrugge Terminal in the fourth quarter of 2017, in the first half of 2018, the terminal and related business cost increased by RMB147,155,000, representing an increase of 12.06% as compared to the same period of last year. The increase in cost was mainly due to increased business volume of the controlled terminals.

4. **Other profit or loss items**

Other income, net

In the first half of 2018, the Group's net other income amounted to RMB325,222,000, representing a decrease of RMB245,649,000 as compared to the same period of last year. The Group's net other income includes government subsidies of RMB188,189,000, representing a decrease of RMB197,215,000 as compared to the same period of last year. Net foreign exchange gains amounted to RMB93,930,000 (excluding foreign exchange gains and losses arising from borrowings dominated in non-functional currencies), representing a decrease of RMB74,620,000 as compared to the same period of last year.

Selling, administrative and general expenses

In the first half of 2018, the selling, administrative and general expenses amounted to RMB2,031,274,000, representing an increase of RMB27,258,000 or 1.36% as compared to the same period of last year. Without taking into account the impact of the acquisition of NOATUM Terminal and Zeebrugge Terminal, in the first half of 2018, the selling, administrative and general expenses decreased by RMB82,679,000 as compared to the same period of last year.

Finance income

In the first half of 2018, the finance income amounted to RMB187,270,000, representing a decrease of RMB32,162,000 or 14.66% as compared to the same period of last year. The decrease was mainly due to a decrease in the balance of unutilized monetary funds by repayment of certain borrowings since the second half of 2017 with an aim to reducing leverage ratio, liabilities and financial risks.

Finance costs

In the first half of 2018, the finance costs amounted to RMB1,194,899,000, representing an increase of RMB180,713,000 or 17.82% as compared to the same period of last year, which was due to, on the one hand, the increase in the balance of average interest-bearing liabilities in the first half of 2018, and on the other hand, the increase in the interest rate of USD-denominated loans as compared with the same period of last year.

Net related exchange loss

In the first half of 2018, the net foreign exchange loss related to borrowings dominated in non-functional currency amounted to RMB81,496,000, representing a decrease of RMB237,049,000 as compared to the same period of last year.

Share of profits less losses of joint ventures and associates

The Group's share of profits of joint ventures and associates in aggregate amounted to RMB1,017,486,000 in the first half of 2018, representing an increase of RMB293,634,000 as compared to the same period of last year, among which, the investment income from Qingdao Port International from January to June 2018 amounted to RMB339,282,000 measured by the equity method, representing an increase of RMB247,609,000 as compared to the same period of last year. The investment income from a terminal in Turkey amounted to RMB69,717,000, representing an increase of RMB40,270,000 as compared to the same period of last year.

Income tax expenses

Income tax expenses of the Group in the first half of 2018 amounted to RMB307,643,000, representing a decrease of RMB369,468,000 as compared to the same period of last year.

5. **Cash flows**

As at 30 June 2018, the balance of cash and cash equivalents amounted to RMB29,560,260,000, representing an increase of RMB3,821,734,000 or 14.85% as compared to the end of last year. The Group's cash and cash equivalents are mainly denominated in RMB and USD, the remaining are denominated in Euros, Hong Kong dollars and other currencies.

Net cash flows from operating activities

In the first half of 2018, the net cash inflow from operating activities amounted to RMB466,261,000, representing a decrease of RMB1,315,519,000 as compared to the same period of last year. In the first half of 2018, there is an excessive supply over demand in the container shipping market, and cash flows from operating activities of COSCO SHIPPING Lines changed from net cash inflow of RMB1,264,336,000 in the same period of the last year to net cash outflow of RMB47,368,000 in the current period, mainly due to factors such as drop in freight revenues and increase in fuel cost. In the first half of 2018, the port business still recorded a stable growth, the cash flows of operating activities of COSCO SHIPPING Lines amounted to RMB544,006,000, representing an increase of RMB43,914,000 as compared to the same period of last year.

Net cash flows from investing activities

In the first half of 2018, the net cash outflow from investing activities amounted to RMB7,400,763,000, representing a decrease of RMB889,117,000 as compared to the same period of last year, of which:

RMB6,481,882,000 was paid for the purchase of container vessels; RMB661,398,000 was paid for the purchase of containers; RMB544,839,000 was paid for expenses incurred for terminal construction projects. RMB152,172,000 was paid in cash for investment in joint ventures and associates. RMB346,270,000 was received in cash from investment income, mainly due to amount of profit distribution received from associates and joint ventures, and RMB122,662,000 was received in cash from investing activities.

Net cash flows from financing activities

In the first half of 2018, the net cash inflow from financing activities amounted to RMB10,545,294,000 as compared to a net outflow of RMB632,832,000 for the same period of last year, which included:

Net inflow of loan proceeds from banks and non-bank financial institutions of RMB11,577,401,000.

An amount of RMB1,000,265,000 was paid in cash for the distribution of dividends and profits and the repayment of interest.

Impact of changes in exchange rate on cash and cash equivalents

As at 30 June 2018, balance of cash and cash equivalents increased by RMB210,942,000, primarily due to appreciation in the USD to RMB exchange rate as compared to the beginning of the year.

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

Overview

As at 30 June 2018, the total assets of the Group amounted to RMB147,212,303,000, representing an increase of RMB14,022,298,000 or 10.53% as compared to the end of last year. The total liabilities amounted to RMB102,994,960,000, representing an increase of RMB13,515,535,000 or 15.10% as compared to the end of last year.

As at the end of June 2018, the total outstanding borrowings of the Group were RMB75,574,005,000. After deducting the cash and cash equivalents, the net amount was RMB46,013,745,000, representing an increase of RMB8,362,524,000 or 22.21% as compared to the end of last year. As at 30 June 2018, the net current liabilities of the Group were RMB10,016,253,000, as compared to RMB4,154,725,000 at the end of last year. As at the end of June 2018, the net debt to equity ratio was 104.06%, representing an increase of 17.92 percent as compared to the end of last 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, purchase of container vessels, investments in terminals and repayment of loans.

Debt analysis

Breakdown of borrowings by loan term

Category	**As at 30 June 2018** *RMB'000*	As at 31 December 2017 *RMB'000*
Short-term borrowings	**18,631,288**	10,939,802
Long-term borrowings		
Less than 1 year	**11,285,616**	8,540,731
1 to 2 years	**4,466,237**	8,476,861
3 to 5 years	**28,315,315**	17,580,968
Over 5 years	**12,875,549**	17,851,385
Subtotal	**56,942,717**	52,449,945
Total	**75,574,005**	63,389,747

Breakdown of borrowings by category

As at 30 June 2018, the Group had bank borrowings of RMB44,634,700,000, notes payable and bonds of RMB17,500,839,000, and other borrowings of RMB13,438,466,000, accounting for 59.06%, 23.16% and 17.78% of the total borrowings, respectively. Among the bank borrowings, the secured borrowings of the Group amounted to RMB24,995,221,000 while unsecured borrowings amounted to RMB19,639,479,000, representing 33.07% and 25.99% of the total borrowings, respectively. Most of the Group's borrowings bear interest at floating rate.

Breakdown of borrowings by currency

The Group had borrowings denominated in US dollars equivalent to RMB41,292,525,000 and borrowings denominated in RMB amounted to RMB26,495,958,000, borrowings denominated in Euro equivalent to RMB5,509,151,000, and borrowings denominated in HK$ amounted to RMB2,276,371,000, representing 54.64%, 35.06%, 7.29% and 3.01% of the total borrowings, respectively.

Secured borrowings

Certain properties, plant and equipments of the Group with net book value of RMB30,044,993,000 (31 December 2017: RMB23,905,072,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB25,067,221,000 (31 December 2017: RMB20,940,293,000), representing 46.55% of the total value of the property, plant and equipment (31 December 2017: 41.63%).

Corporate guarantees and contingent liabilities

As at 30 June 2018, the Group had no external guarantee or other significant contingent liabilities.

Foreign exchange risk

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

Capital commitments

As at 30 June 2018, the Group had a total of 19 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB12,298,261,000.

As at 30 June 2018, the Group's containers under construction amounted to 200,000 TEUs in aggregate. The capital commitments for future construction of containers amounted to RMB2,240,681,000.

As at 30 June 2018, the Group's capital commitments for investment in terminals amounted to RMB6,418,982,000 in aggregate, among which the commitments for purchase of fixed assets amounted to RMB3,538,192,000 and the equity investment commitment of terminals amounted to RMB2,880,790,000.

Facilities and financing plans

Facilities

As at 30 June 2018, the unutilized bank loan facilities of the Group were RMB58,546,026,000. The Group is highly concerned about the potential financial risks of the loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

Financing plans

The Group will take its material capital expenditure for 2018 into consideration, including the acquisition of interests in companies, such as OOIL, construction of containers and expenditure for terminal infrastructure projects, to manage financing arrangements, to enhance capital management, to optimize the utilization efficiency of funds and to control the scale of debts effectively.

(IV) **Investment of associated companies and joint ventures**

In the first half of 2018, the Group had two new associated companies, namely COSCO SHIPPING Micro-finance Company Limited (中遠海運小額貸款公司) and OceanRail Logistics S.A, which accordingly incurred additional investment cost of RMB73,115,000, and increased the capital of COSCO-PSA Terminal Private Limited (中遠—新港碼頭有限公司), which accordingly incurred increased investment cost of RMB253,969,000.

Increases for the six months ended 30 June 2018:

Unit: '000 Currency: RMB

Invested Companies	**Shareholding percentage as at the end of the period (%)**	**Increase in investment costs during the year**	**Remarks**
COSCO SHIPPING Micro-finance Company Limited (中遠海運小額貸款公司)	25	50,000	Increase during the year
OceanRail Logistics S.A	30	23,115	Increase during the year
COSCO-PSA Terminal Private Limited (中遠—新港碼頭有限公司)	49	253,969	Increase in capital according to shareholding ratio
Total		327,084	

SIGNIFICANT EVENTS

1. COSCO SHIPPING Holdings published an announcement on 9 July 2017 that Faulkner Global, a subsidiary of the Company, and Shanghai Port Group (BVI) Development Co., Limited, a subsidiary of Shanghai International Port (Group) Co., Ltd., made a pre-conditional voluntary general cash offer to all shareholders of OOIL to acquire all of the issued shares of OOIL at an offer price of HK$78.67 per share. The Offer was considered and approved at the third meeting of the 5th session of the Board held on 7 July 2017 and the second extraordinary general meeting of 2017 of the Company held on 16 October 2017. On 29 June 2018, all the pre-conditions to the Offer were fulfilled. On 13 July 2018, the Offer became unconditional in all respects. On 27 July 2018, the offer closed. On 7 August 2018, the Joint Offerors completed the payment of the relevant consideration for the Offer. Therefore, the Offer was completed.

   On 17 August 2018, to restore the public float of the shares of OOIL to the minimum of 25%, Faulkner Global completed the sale of a total of 84,640,235 shares of OOIL to certain investors. After completion of such sale, the minimum public float of 25% of shares of OOIL was restored and the shares of OOIL held by Faulkner Global represented approximately 75% of its total issued shares.

   Upon completion of the Offer, the Company emerged as the third largest container liner company in the world in terms of fleet size, which further strengthened the competitive strength of the Company in the industry. COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL, subsidiaries of the Company, will achieve strong synergies in business operation. In respect of container shipping business, the Company can provide a full range of container transportation services to customers around the world with more abundant global resources, more reasonable operational network, more comprehensive geographical coverage, and more flexible global capacity control. Meanwhile, in terms of terminal business, the Company can promote the growth and global layout of its terminal business with its larger size of fleet, realize strategic coordination of container shipping routes and terminal layouts, and effectively enhance the overall competitiveness of the Company.

   For details of the Offer, please refer to the announcements of the Company dated 7 July 2017, 29 June 2018, 13 July 2018 and 27 July 2018, the composite document dated 6 July 2018 and the circular of the Company dated 25 September 2017.

2. After consideration and approval by the fifth meeting of the fifth session of the Board and after approval by the third extraordinary general meeting of 2017, the first A Share class meeting of 2017 and the first H Share class meeting of 2017 of the Company, the Company proposed the non-public issuance of a maximum of 2,043,254,870 A Shares (the "**Proposed Non-public Issuance of A Shares**") to not more than 10 specific investors (including China COSCO SHIPPING Corporation Limited) at a price not lower than 90% of the average trading price of the Company's A Shares during the 20 trading days immediately preceding the price determination date and not less than the latest audited net asset value per share of the Company before the Proposed Non-public Issuance of A Shares, which would raise gross proceeds of up to RMB12,900,000,000. The net proceeds after deducting all applicable costs and expenses incurred will be used for the payment of the consideration for 20 container vessels under construction. The Proposed Non-public Issuance of A Shares was approved by the Issuance Audit Committee of the CSRC on 26 June 2018, and on 20 August 2018, the Company has received the Approval regarding the Non-public Issuance of A Shares of COSCO SHIPPING Holdings Co,. Ltd. issued by the CSRC.

   The Company will perform its obligation of information disclosure timely based on progress of matters relating to the Proposed Non-public Issuance of A Shares according to the provisions and requirements of relevant laws and regulations. Investors are advised to pay attention to investment risks. For details of the Proposed Non-public Issuance of A Shares, please refer to the announcements of the Company dated 30 October 2017, 15 December 2017, 5 March 2018, 26 June 2018 and 20 August 2018 and the circular of the Company dated 1 December 2017.

3. After consideration and approval by the fourteenth meeting of the fifth session of the Board, the seventh meeting of the fifth session of supervisory committee and the second extraordinary general meeting of 2018 of the Company, Company proposed to apply to the National Association of Financial Market Institutional Investors for the registration and issuance of the medium-term notes in an amount of RMB5 billion and the short-term commercial papers RMB10 billion and to authorize to any one Director. The proceeds will be primarily used for the repayment of the medium-term notes in an amount of RMB4 billion due on 29 November 2018.

   For details, please refer to the announcements of the Company dated 13 July 2018 and 30 August 2018.

4. To further improve the corporate governance structure, the ninth meeting of the fifth session of the Board and the 2017 annual general meeting of the Company considered and approved the amendments to certain provisions of the Articles of Association of the Company and the Rules of Procedures for Shareholders General Meeting according to relevant provisions of relevant PRC laws and regulations. For details, please refer to the announcements of the Company dated 29 March 2018 and 8 June 2018 and the circular of the Company dated 18 May 2018. The 15th meeting of the fifth session of the Board and the second extraordinary general meeting of 2018 of the Company considered and approved adjustment to the business scope of COSCO SHIPPING Holdings and the corresponding amendments to the Articles of Association of the Company. For details, please refer to the announcements of the Company dated 27 July 2018 and 30 August 2018.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company's accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of two independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee) and Mr. Yang, Liang Yee Philip, and one non-executive Director, namely Mr. Chen Dong, who meet regularly with management of the Company and the Company's external auditors, and review external auditors' review and audit reports (as applicable) of the Group and the interim and annual financial statements, as the case may be. The Audit Committee has reviewed the unaudited interim financial information for the six months ended 30 June 2018, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted the Company's corporate governance code (the "**Code**") which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the period for the six months ended 30 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct ("**Code of Conduct**") regarding securities transactions of the Directors and the Supervisors effective on 9 June 2005, on terms no less exacting than the required standard set out in the Model Code. After making specific enquiries to all Directors and Supervisors of the Company, they have confirmed that they had complied with the required standards as set out in the Model Code and the Code of Conduct for the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed shares during the six months ended 30 June 2018. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2018.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkexnews.hk). An interim report for the six months ended 30 June 2018 containing all the relevant information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share interim report prepared under the PRC Accounting Standards on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) for investors' reference.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Company" or "COSCO SHIPPING Holdings"	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (Stock code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange (Stock code: 601919)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"COSCO SHIPPING Lines"	COSCO SHIPPING Lines Co., Ltd.*(中遠海運集裝箱運輸有限公司), a company incorporated in the PRC and a subsidiary of the Company
"COSCO SHIPPING Ports"	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199), and a non wholly-owned subsidiary of the Company
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company

"Faulkner Global"	Faulkner Global Holdings Limited, a company incorporated in the British Virgin Islands, and a subsidiary of COSCO SHIPPING Holdings
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Joint Offerors"	Faulkner Global and Shanghai Port Group (BVI) Development Co., Limited (上港集團BVI發展有限公司)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"OOIL"	Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange (Stock Code: 0316) and a subsidiary of the Company
"PRC"	the People's Republic of China
"PRC Accounting Standards"	the accounting standards for business enterprises of the PRC issued by the Ministry of Finance of the PRC
"Qingdao Port International"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
"Qingdao Qianwan Terminal"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司)
"Reporting Period"	the six months ended 30 June 2018
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai China Shipping Terminal"	Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a subsidiary of the Company
"Share(s)"	ordinary share(s) (including A share(s) and H share(s) of the Company) of RMB1.00 each in the issued share capital of the Company

"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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

Shanghai, the People's Republic of China
30 August 2018

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

[1] *Executive director*

[2] *Non-executive director*

[3] *Independent non-executive director*

* *For identification purpose only*