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 2019 INTERIM RESULTS

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	**Difference**
	RMB'000	*RMB'000*	***RMB'000***
Revenues	**71,762,486**	45,041,047	**26,721,439**
Profit attributable to equity holders of the Company arising from:			
– Continuing operation	**1,051,196**	40,796	**1,010,400**
– Discontinued operation	**113,190**	–	**113,190**
	1,164,386	40,796	**1,123,590**
	RMB	*RMB*	***RMB***
Basic earnings per share			
– From continuing operation	**0.0882**	0.0040	**0.0842**
– From discontinued operation	**0.0095**	–	**0.0095**
	0.0977	0.0040	**0.0937**

The Directors hereby announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019. The Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 (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**").

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended 30 June	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Continuing operation			
Revenues	*3*	**71,762,486**	45,041,047
Cost of services and inventories sold		**(64,400,210)**	(42,186,575)
Gross profit		**7,362,276**	2,854,472
Other income		**1,031,753**	358,744
Other expenses		**(216,641)**	(16,663)
Net impairment losses on financial assets		**(25,886)**	(16,859)
Selling, administrative and general expenses		**(4,355,317)**	(2,031,274)
Operating profit	*4*	**3,796,185**	1,148,420
Finance income	*5*	**431,344**	187,270
Finance costs	*5*	**(3,093,808)**	(1,276,395)
Net finance costs	*5*	**(2,662,464)**	(1,089,125)
		1,133,721	59,295
Share of profits less losses of			
– joint ventures		**397,120**	330,688
– associates		**693,136**	686,798
Profit before income tax from continuing operation		**2,223,977**	1,076,781
Income tax expenses	*6*	**(359,828)**	(307,643)
Profit for the period from continuing operation		**1,864,149**	769,138
Discontinued operation			
Profit for the period from discontinued operation	*11*	**150,920**	–
Profit for the period		**2,015,069**	769,138
Profit attributable to:			
– Equity holders of the Company		**1,164,386**	40,796
– Non-controlling interests		**850,683**	728,342
		2,015,069	769,138
Profit attributable to equity holders of the Company arising from:			
– Continuing operation		**1,051,196**	40,796
– Discontinued operation		**113,190**	–
		1,164,386	40,796

		Six months ended 30 June	
		2019	2018
	Note	***RMB***	*RMB*
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share	*8*		
– From continuing operation		**0.0882**	0.0040
– From discontinued operation		**0.0095**	–
		0.0977	0.0040
Diluted earnings per share	*8*		
– From continuing operation		**0.0882**	0.0040
– From discontinued operation		**0.0095**	–
		0.0977	0.0040

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period	**2,015,069**	769,138
Other comprehensive (loss)/income		
Items that will be reclassified or may be reclassified subsequently to profit or loss		
Share of other comprehensive (loss)/income of joint ventures and associates	**(4,608)**	28,330
Cash flow hedges, net of tax	**(14,512)**	(2,077)
Release of reserve upon deemed disposal of an associate	**(163)**	–
Currency translation differences	**31,578**	65,856
Items that will 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	**(4,275)**	(87,993)
Remeasurements of post-employment benefit obligations	**(4,278)**	(6,480)
Share of other comprehensive income/(loss) of an associate-other reserves	**13,318**	(26,774)
Other comprehensive income/(loss) for the period, net of tax	**17,060**	(29,138)
Total comprehensive income for the period	**2,032,129**	740,000
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	**1,181,310**	99,319
– Non-controlling interests	**850,819**	640,681
	2,032,129	740,000
Total comprehensive income attributable to equity holders of the Company arising from:		
– Continuing operation	**1,063,276**	99,319
– Discontinued operation	**118,034**	–
	1,181,310	99,319

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED) AS AT 30 JUNE 2019

	Note	**As at 30 June 2019** *RMB'000*	As at 31 December 2018 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**102,744,554**	115,385,537
Right-of-use assets	*2(a)*	**36,885,549**	–
Investment properties		**2,363,758**	2,372,369
Leasehold land and land use rights		**–**	2,273,525
Intangible assets		**5,710,310**	5,406,925
Goodwill		**5,866,533**	5,785,808
Joint ventures		**9,974,447**	9,886,112
Associates		**18,762,982**	18,991,354
Financial assets at fair value through other comprehensive income		**2,095,053**	2,083,638
Financial assets at fair value through profit or loss		**638,491**	499,442
Financial assets at amortised cost		**1,260,167**	1,299,828
Restricted bank deposits		**395,632**	398,072
Deferred income tax assets		**1,096,714**	1,060,469
Loans to joint ventures and associates		**1,191,157**	1,194,537
Other non-current assets		**661,249**	1,490,185
Total non-current assets		**189,646,596**	168,127,801
Current assets			
Inventories		**4,100,769**	4,100,906
Trade and other receivables and contract assets	*9*	**16,011,131**	14,852,027
Financial assets at fair value through profit or loss		**2,427,415**	2,596,055
Financial assets at amortised cost		**277,513**	230,380
Taxes recoverable		**56,249**	47,809
Restricted bank deposits		**1,152,977**	759,171
Cash and bank balances		**31,869,837**	32,837,729
Assets classified as held for sale	*11*	**10,452,571**	4,591,927
Total current assets		**66,348,462**	60,016,004
Total assets		**255,995,058**	228,143,805

	Note	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**12,259,529**	10,216,274
Reserves		**17,153,963**	12,669,939
		29,413,492	22,886,213
Non-controlling interests		**33,394,213**	33,466,676
Total equity		**62,807,705**	56,352,889
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**82,351,085**	80,244,198
Lease liabilities	*2(a)*	**27,092,815**	–
Provisions and other liabilities		**346,089**	351,172
Put option liability		**1,470,038**	–
Pension and retirement liabilities		**289,340**	305,517
Derivative financial liabilities		**73,958**	50,499
Deferred income tax liabilities		**2,337,082**	1,985,569
Total non-current liabilities		**113,960,407**	82,936,955
Current liabilities			
Trade and other payables and contract liabilities	*10*	**31,435,878**	29,698,425
Derivative financial liabilities		**21,504**	59,786
Short-term borrowings		**26,050,827**	48,220,619
Current portion of long-term borrowings		**6,829,369**	8,730,823
Current portion of lease liabilities	*2(a)*	**7,390,963**	–
Current portion of provisions and other liabilities		**1,151**	2,393
Taxes payable		**978,168**	897,482
Liabilities directly associated with assets classified as held for sale	*11*	**6,519,086**	1,244,433
Total current liabilities		**79,226,946**	88,853,961
Total liabilities		**193,187,353**	171,790,916
Total equity and liabilities		**255,995,058**	228,143,805
Net current liabilities		**12,878,484**	28,837,957
Total assets less current liabilities		**176,768,112**	139,289,844

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Notes:

1 General information

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

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

On 6 July 2018, Orient Overseas (International) Limited ("OOIL") and Faulkner Global Holdings Limited ("Faulkner Global") which are subsidiaries of the Company, amongst others entered into the National Security Agreement pursuant to which OOIL and Faulkner Global committed to divest the subsidiaries which directly or indirectly operate the Long Beach Container Terminal ("OOIL U.S. Terminal Business"). On 29 April 2019, OOIL entered into the Sale and Purchase Agreement with Olivia Holdings LLC relating to the sale and purchase of the entire interests in LBCT LLC, a wholly owned subsidiary of OOIL which operates the OOIL U.S. Terminal Business, for the consideration of US$1,780 million (equivalent to approximately RMB11,977 million) (subject to certain post-completion adjustments). As at 30 June 2019, this transaction has not been completed. Hence, the sale of the OOIL U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operations".

On 24 January 2019, the Company has completed the procedures for registration of the new A-shares issued under the Proposed Non-public Issuance of A Shares with China Securities Depository and Clearing Company Limited (Shanghai Branch). Upon completion of the Proposed Non-public Issuance of A Shares, the total number of Shares increased from 10,216,274,357 shares to 12,259,529,227 shares, and the total number of A-shares increased from 7,635,674,357 A-shares to 9,678,929,227 A-shares.

The Interim Financial Information was approved for issue by the Directors on 30 August 2019.

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" 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 2018 (the "2018 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 2018 Annual Financial Statements.

2 Basis of preparation and significant accounting policies (Continued)

(a) New standard and amendments to standards which are effective in 2019 and adopted by the Group

The following new standard and amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2019:

New standard and amendments

HKFRS 16	Leases
HKFRS 9 (Amendment)	Financial instruments – Prepayment features with negative compensation
HKAS 28 (Amendment)	Long term interests in associates and joint ventures
HKAS 19	Employee benefits – Plan amendment, curtailment or settlement
HK(IFRIC) 23	Uncertainty over income tax

Annual Improvements 2015 – 2017

HKFRS 3	Business combinations
HKFRS 11	Joint arrangements
HKAS 12	Income taxes
HKAS 23	Borrowing costs

The adoption of the above new standard, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 16 "Leases" as set out below.

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.84%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

2 Basis of preparation and significant accounting policies (Continued)

(a) New standard and amendments to standards which are effective in 2019 and adopted by the Group (Continued)

(i) Adjustments recognised on adoption of HKFRS 16 (Continued)

At 31 December 2018, the Group had non-cancellable operating lease commitments for continuing operations of RMB51,313,312,000. As part of the transition, the Group assessed and applied following adjustments before discounting lease payments at the lessee's incremental borrowing rate:

- Service components included in vessels' time charter rates are not included as part of the lease liability. These costs will be recognised in the income statement as incurred.
- Low value leases which will continue to be recognised on straight-line basis as expenses.
- Short-term leases which will continue to be recognised on straight-line basis as expenses.
- Changes in the index or rate affecting variable payments.

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 *RMB'000*	As at 1 January 2019 *RMB'000*
Container vessels	**27,987,789**	31,488,247
Concession rights	**4,503,200**	4,625,523
Land use rights	**2,266,485**	2,273,525
Others	**2,128,075**	2,281,468
Total right-of-use assets	**36,885,549**	40,668,763

2 Basis of preparation and significant accounting policies (Continued)

(a) New standard and amendments to standards which are effective in 2019 and adopted by the Group (Continued)

(i) Adjustments recognised on adoption of HKFRS 16 (Continued)

The adjustments on the condensed consolidated balance sheet as at 1 January 2019 are summarised below:

Condensed consolidated balance sheet (extract)	**31 December 2018 As originally presented** *RMB'000*	**Effect of adoption of HKFRS 16** *RMB'000*	**1 January 2019** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	115,385,537	(18,809,124)	96,576,413
Right-of-use assets	–	40,668,763	40,668,763
Leasehold land and land use rights	2,273,525	(2,273,525)	–
Associates	18,991,354	(337,129)	18,654,225
Deferred income tax assets	1,060,469	250	1,060,719
Other non-current assets	1,490,185	(288,668)	1,201,517
Total non-current assets	**168,127,801**	**18,960,567**	**187,088,368**
Current assets			
Trade and other receivables and contract assets	14,852,027	(18,657)	14,833,370
Assets classified as held for sale	4,591,927	5,621,877	10,213,804
Total current assets	**60,016,004**	**5,603,220**	**65,619,224**
Total assets	**228,143,805**	**24,563,787**	**252,707,592**
EQUITY			
Reserves	12,669,939	(1,738,644)	10,931,295
Non-controlling interests	33,466,676	(541,083)	32,925,593
Total equity	**56,352,889**	**(2,279,727)**	**54,073,162**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	80,244,198	(15,358,963)	64,885,235
Lease liabilities	–	30,524,325	30,524,325
Total non-current liabilities	**82,936,955**	**15,165,362**	**98,102,317**
Current liabilities			
Trade and other payables and contract liabilities	29,698,425	(75,128)	29,623,297
Current portion of long-term borrowings	8,730,823	(1,449,455)	7,281,368
Current portion of lease liabilities	–	7,420,420	7,420,420
Liabilities directly associated with assets classified as held for sale	1,244,433	5,782,315	7,026,748
Total current liabilities	**88,853,961**	**11,678,152**	**100,532,113**
Total liabilities	**171,790,916**	**26,843,514**	**198,634,430**
Total equity and liabilities	**228,143,805**	**24,563,787**	**252,707,592**

2 Basis of preparation and significant accounting policies (Continued)

(a) New standard and amendments to standards which are effective in 2019 and adopted by the Group (Continued)

(i) Adjustments recognised on adoption of HKFRS 16 (Continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- Reliance on previous assessments on whether leases are onerous;

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

- The use of recognition exemption to leases for which the underlying asset is of low value;

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

(ii) The Group's leasing activities and how these are accounted for

The Group leases various container vessels, concession rights, land use rights, containers, buildings and others. Rental contracts are typically made for fixed periods of 1 to 40 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2 Basis of preparation and significant accounting policies (Continued)

(a) New standard and amendments to standards which are effective in 2019 and adopted by the Group (Continued)

(ii) The Group's leasing activities and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise containers, IT-equipment, small items of office furniture and others.

Some leases on concession rights contain variable payment terms that are linked to revenue generated from a port. For individual ports, lease payments are on the basis of variable payment terms with a wide range of percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for port operations. Variable lease payments that depend on revenue are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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

The HKICPA has issued certain new standards, interpretation and amendments to existing standards which are not yet effective for the year ending 31 December 2019 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.

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 business

- Container terminal 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, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), financial assets at amortised cost and assets classified as held for sale 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 taxes recoverable and 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, intangible assets and right-of-use assets.

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Six months ended 30 June 2019							
	Continuing operation							
	Container shipping business[#] *RMB'000*	Container terminal business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Sub-total *RMB'000*	Discontinued operation *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Income statement								
Total revenues	68,907,345	3,566,346	–	(711,205)	71,762,486	896,321	(557,645)	72,101,162
Comprising:								
– Inter-segment revenues	3,047	708,158	–	(711,205)	–	557,645	(557,645)	–
– Revenues (from external customers)	68,904,298	2,858,188	–	–	71,762,486	338,676	–	72,101,162
Revenues from contracts with customers:								
At a point in time	4,742,875	–	–	–	4,742,875	–	–	4,742,875
Over time	64,164,470	3,566,346	–	(711,205)	67,019,611	896,321	(557,645)	67,358,287
	68,907,345	3,566,346	–	(711,205)	71,762,486	896,321	(557,645)	72,101,162
Segment operating profit	3,016,930	690,820	88,435	–	3,796,185	298,004	–	4,094,189
Finance income	299,568	36,287	186,533	(91,044)	431,344	6,839	–	438,183
Finance costs	(1,879,780)	(329,786)	(975,286)	91,044	(3,093,808)	(153,923)	–	(3,247,731)
Share of profits less losses of								
– joint ventures	60,495	336,625	–	–	397,120	–	–	397,120
– associates	49,159	643,977	–	–	693,136	–	–	693,136
Profit/(loss) before income tax	1,546,372	1,377,923	(700,318)	–	2,223,977	150,920	–	2,374,897
Income tax expenses	(150,002)	(209,826)	–	–	(359,828)	–	–	(359,828)
Profit/(loss) for the period	1,396,370	1,168,097	(700,318)	–	1,864,149	150,920	–	2,015,069
Gain/(loss) on disposals of property plant and equipment, net	32,593	(6,147)	–	–	26,446	–	–	26,446
Depreciation and amortisation	5,220,929	654,008	1,689	–	5,876,626	–	–	5,876,626
Additions to non-current assets	6,683,165	2,208,900	5,379	–	8,897,444	24,160	–	8,921,604

(#) Revenues for container shipping business, include respective service income and other related income, and are recognised at a point in-time or over-time.

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Six months ended 30 June 2018				
	Container shipping business (#) *RMB'000*	Container terminal business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *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
Revenues from contracts with customers:					
At a point in time	3,829,422	–	–	–	3,829,422
Over time	38,538,403	3,178,329	–	(505,107)	41,211,625
	42,367,825	3,178,329	–	(505,107)	45,041,047
Segment operating profit/(loss)	427,651	750,325	(29,556)	–	1,148,420
Finance income	118,215	36,405	100,966	(68,316)	187,270
Finance costs	(710,591)	(291,435)	(342,685)	68,316	(1,276,395)
Share of profits less losses of					
– joint ventures	30,597	300,091	–	–	330,688
– associates	13,487	673,311	–	–	686,798
(Loss)/profit before income tax	(120,641)	1,468,697	(271,275)	–	1,076,781
Income tax expenses	(90,840)	(216,803)	–	–	(307,643)
(Loss)/profit for the period	(211,481)	1,251,894	(271,275)	–	769,138
Gain on disposals of property plant and equipment, net	20,270	1,481	–	–	21,751
Depreciation and amortisation	867,743	495,691	818	–	1,364,252
Additions to non-current assets	7,297,847	708,403	4,376	–	8,010,626

(#) Revenues for container shipping business include respective service income and other related income, and are recognised at a point in-time or over-time.

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

Operating segments (Continued)

	As at 30 June 2019				
	Container shipping business *RMB'000*	**Container terminal business** *RMB'000*	**Corporate and other operations** *RMB'000*	**Inter–segment elimination** *RMB'000*	**Total** *RMB'000*
Balance sheet					
Segment operating assets	**167,773,606**	**38,716,022**	**13,516,225**	**(12,243,554)**	**207,762,299**
Joint ventures	**1,140,854**	**8,833,593**	**–**	**–**	**9,974,447**
Associates	**1,280,275**	**17,482,707**	**–**	**–**	**18,762,982**
Loans to joint ventures and associates	**–**	**1,191,157**	**–**	**–**	**1,191,157**
Financial assets at FVOCI	**797,955**	**1,297,098**	**–**	**–**	**2,095,053**
Financial assets at FVPL	**2,427,415**	**638,491**	**–**	**–**	**3,065,906**
Financial assets at amortised cost	**1,537,680**	**–**	**–**	**–**	**1,537,680**
Assets classified as held for sale	**–**	**10,452,571**	**–**	**–**	**10,452,571**
Unallocated assets					**1,152,963**
Total assets					**255,995,058**
Segment operating liabilities	**118,400,553**	**28,296,156**	**48,120,223**	**(11,463,915)**	**183,353,017**
Liabilities directly associated with assets classified as held for sale	**–**	**7,298,725**	**–**	**(779,639)**	**6,519,086**
Unallocated liabilities					**3,315,250**
Total liabilities					**193,187,353**

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

Operating segments (Continued)

	As at 31 December 2018				
	Container shipping business *RMB'000*	Container terminal business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Balance sheet					
Segment operating assets	151,173,935	31,980,354	12,846,864	(10,338,900)	185,662,253
Joint ventures	1,174,995	8,711,117	–	–	9,886,112
Associates	1,294,215	17,697,139	–	–	18,991,354
Loans to joint ventures and associates	–	1,194,537	–	–	1,194,537
Financial assets at FVOCI	825,867	1,257,771	–	–	2,083,638
Financial assets at FVPL	2,596,055	499,442	–	–	3,095,497
Financial assets at amortised cost	1,530,208	–	–	–	1,530,208
Assets classified as held for sale	–	4,641,462	–	(49,535)	4,591,927
Unallocated assets					1,108,279
Total assets					228,143,805
Segment operating liabilities	107,559,286	21,290,002	48,739,119	(9,924,975)	167,663,432
Liabilities directly associated with assets classified as held for sale	–	1,707,893	–	(463,460)	1,244,433
Unallocated liabilities					2,883,051
Total liabilities					171,790,916

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, within Mainland China, 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)
Mainland China	Within Mainland China
Other international market	Trans-Atlantic and others

For the geographical information, freight revenues from container shipping are analysed based on trade lanes for container shipping operations.

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

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

Geographical information (Continued)

(a) Revenues (Continued)

Continuing operation	**Six months ended 30 June 2019** Total revenues *RMB'000*	Inter segment revenues *RMB'000*	External revenues *RMB'000*
Container shipping business			
– America	**19,466,235**	**–**	**19,466,235**
– Europe	**14,967,414**	**–**	**14,967,414**
– Asia Pacific	**16,634,695**	**–**	**16,634,695**
– Mainland China	**8,958,778**	**(3,047)**	**8,955,731**
– Other international market	**8,880,223**	**–**	**8,880,223**
Container shipping business	**68,907,345**	**(3,047)**	**68,904,298**
Container terminal business, corporate and other operations			
– Europe	**1,926,300**	**(321,369)**	**1,604,931**
– Mainland China	**1,640,046**	**(386,789)**	**1,253,257**
Container terminal business, corporate and other operations	**3,566,346**	**(708,158)**	**2,858,188**
Total	**72,473,691**	**(711,205)**	**71,762,486**
Discontinued operation			
– America	**896,321**	**(557,645)**	**338,676**

	Six months ended 30 June 2018 Total revenues *RMB'000*	Inter segment revenues *RMB'000*	External revenues *RMB'000*
Container shipping business			
– America	10,968,497	–	10,968,497
– Europe	8,894,194	–	8,894,194
– Asia Pacific	8,783,484	–	8,783,484
– Mainland China	8,624,358	(3,087)	8,621,271
– Other international market	5,097,292	–	5,097,292
Container shipping business	42,367,825	(3,087)	42,364,738
Container terminal business, corporate and other operations			
– Europe	1,677,021	(219,657)	1,457,364
– Mainland China	1,501,308	(282,363)	1,218,945
Container terminal 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)

(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, intangible assets, right-of-use assets, joint ventures, associates and other non-current assets.

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

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

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
China	**41,824,606**	40,959,523
Outside China	**29,210,096**	24,013,741
Unallocated	**111,934,680**	96,618,551
Total	**182,969,382**	161,591,815

4 Operating profit, net

Operating profit is stated after crediting/charging the following:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Crediting:		
Gain on disposals of property, plant and equipment – others	**32,810**	21,913
Reversal of provision for impairment of trade and other receivables and contract assets	**8,034**	1,474
Dividend income from listed and unlisted investments	**69,419**	11,131
Net exchange gain	**269,011**	93,930
Charging:		
Loss on disposals of property, plant and equipment – others	**6,364**	162
Cost of bunkers consumed	**10,292,323**	6,542,807
Provision for impairment of trade and other receivables and contract assets	**49,253**	18,333

5 Finance income and costs

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
– deposits in COSCO Finance Company Limited ("COSCO Finance") (note a)	**–**	41,623
– deposits in China Shipping Finance Co., Ltd. ("CS Finance")	**51,899**	43
– loans to joint ventures and associates	**15,924**	16,558
– banks	**363,521**	129,046
	431,344	187,270
Finance costs		
Interest expenses on:		
– bank loans	**(1,717,588)**	(678,761)
– other loans	**(3,727)**	(3,316)
– loans from China COSCO SHIPPING Corporation Ltd. ("China COSCO SHIPPING")	**(13,901)**	(21,585)
– loan from China Ocean Shipping Co., Ltd. ("COSCO")	**(6,588)**	(10,192)
– loan from COSCO SHIPPING (HK) Co.,Ltd.	**(125,334)**	(5,927)
– loans from COSCO Finance (note a)	**–**	(49,709)
– loans from CS Finance	**(68,848)**	(1,596)
– loans from a joint venture	**(2,604)**	(3,221)
– loans from an associate	**(1,153)**	(1,156)
– loans from non-controlling shareholders of subsidiaries	**(14,024)**	(15,339)
– lease liabilities	**(628,799)**	(4,438)
– notes/bonds	**(377,038)**	(386,175)
	(2,959,604)	(1,181,415)
Amortised amount of transaction costs on long-term borrowings	**(96,366)**	(22,662)
Amortised amount of discount on issue of notes	**(13,956)**	(13,437)
Other incidental borrowing costs and charges	**(84,596)**	(82,279)
Less: amount capitalised in construction in progress	**66,044**	104,894
	(3,088,478)	(1,194,899)
Net related exchange loss	**(5,330)**	(81,496)
Net finance costs	**(2,662,464)**	(1,089,125)

Notes:

(a) On 23 October 2018, CS Finance absorbed and merged with COSCO Finance. CS Finance continued as the financial service company and COSCO Finance ceased to exist as a legal entity.

6 Income tax expenses

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current income tax (note a):		
– PRC enterprise income tax	**179,842**	181,900
– Hong Kong profits tax	**8,945**	4,676
– Overseas taxation	**133,461**	93,198
Under provision in prior year	**5,292**	597
	327,540	280,371
Deferred income tax	**32,288**	27,272
	359,828	307,643

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates. These rates range from 3% to 46% (six months ended 30 June 2018: 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% (six months ended 30 June 2018: 0% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

7 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

8 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	
	2019	2018
Profit from continuing operation attributable to equity holders of the Company (RMB)	**1,051,196,000**	40,796,000
Profit from discontinued operation attributable to equity holders of the Company (RMB)	**113,190,000**	–
	1,164,386,000	40,796,000
Weighted average number of ordinary shares in issue	**11,918,986,749**	10,216,274,357
Basic earnings per share (RMB)		
– From continuing operation	**0.0882**	0.0040
– From discontinued operation	**0.0095**	–
	0.0977	0.0040

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding dilutive share options granted by the Company had been exercised.

For the six months ended 30 June 2019 and 2018, the outstanding share options granted by COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports") did not have any dilutive effect on the earnings per share.

	Six months ended 30 June	
	2019	2018
Profit from continuing operation attributable to equity holders of the Company (RMB)	**1,051,196,000**	40,796,000
Profit from discontinued operation attributable to equity holders of the Company (RMB)	**113,190,000**	–
	1,164,386,000	40,796,000
Weighted average number of ordinary shares in issue	**11,918,986,749**	10,216,274,357
Adjustments for assumed issuance of shares on exercise of dilutive share options	**5,207,081**	–
Weighted average number of ordinary shares for diluted earnings per share	**11,924,193,830**	10,216,274,357
Diluted earnings per share (RMB)		
– From continuing operation	**0.0882**	0.0040
– From discontinued operation	**0.0095**	–
	0.0977	0.0040

9 Trade and other receivables and contract assets

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Trade receivables (note a)		
– third parties	**8,597,662**	8,161,389
– fellow subsidiaries	**200,253**	140,135
– joint ventures	**21,801**	29,922
– other related companies	**147,249**	113,346
	8,966,965	8,444,792
Bills receivables (note a)	**332,773**	289,594
Contract assets (note a)	**159,589**	161,769
	9,459,327	8,896,155
Prepayments, deposits and other receivables		
– third parties	**4,494,002**	4,776,775
– fellow subsidiaries (note b)	**794,071**	379,704
– joint ventures (note b)	**326,329**	202,207
– associates (note b)	**773,342**	407,322
– other related companies (note b)	**164,060**	189,864
	6,551,804	5,955,872
Total	**16,011,131**	14,852,027

Notes:

(a) Trade receivables with related parties are unsecured and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade and bills receivables and contract assets primarily consist of voyage-related receivables. As at 30 June 2019, the aging analysis of trade and bills receivables and contract assets on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
1-3 months	**9,150,090**	8,470,666
4-6 months	**253,477**	384,713
7-12 months	**215,793**	180,032
Over 1 year	**172,004**	152,267
Trade, bills receivables and contract assets, gross	**9,791,364**	9,187,678
Less: provision for impairment	**(332,037)**	(291,523)
	9,459,327	8,896,155

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

10 Trade and other payables and contract liabilities

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Trade payables (note a)		
– third parties	**8,614,869**	7,473,217
– fellow subsidiaries	**1,483,045**	1,480,888
– joint ventures	**167,685**	178,891
– associates	**60,698**	108,183
– other related companies	**110,618**	101,949
	10,436,915	9,343,128
Bills payables (note a)	**400,000**	57,500
	10,836,915	9,400,628
Other payables and accruals (note b)	**17,926,916**	17,748,736
Contract liabilities	**512,644**	366,069
Due to related companies		
– fellow subsidiaries	**237,565**	269,095
– joint ventures	**253,681**	246,069
– associates	**106,134**	104,777
– other related companies	**1,562,023**	1,563,051
	2,159,403	2,182,992
Total	**31,435,878**	29,698,425

10 Trade and other payables and contract liabilities (Continued)

Notes:

(a) As at 30 June 2019, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
1-6 months	**10,669,261**	9,155,770
7-12 months	**113,612**	152,697
1-2 years	**32,623**	25,983
2-3 years	**5,560**	13,553
Above 3 years	**15,859**	52,625
	10,836,915	9,400,628

(b) Accruals mainly included accruals for voyages costs and accruals for vessel costs RMB11,213,330,000 (2018: RMB10,151,417,000).

11 Discontinued operation

On 6 July 2018, OOIL and Faulkner Global amongst others entered into the National Security Agreement pursuant to which OOIL and Faulkner Global committed to divest the subsidiaries which directly or indirectly operate OOIL U.S. Terminal Business.

On 29 April 2019, OOIL entered into the Sale and Purchase Agreement with Olivia Holdings LLC relating to the sale and purchase of the entire interests in LBCT LLC, for the consideration of US$1,780 million (equivalent to approximately RMB11,977 million) (subject to certain post-completion adjustments).

As at 30 June 2019, this transaction has not been completed. Hence, the sale of the OOIL U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operations".

12 Subsequent events

As announced by the Company on 23 August 2019, Shanghai China Shipping Terminal Development Co., Ltd. ("Shanghai Terminal"), a wholly-owned subsidiary of COSCO SHIPPING Ports and consequently, a non-wholly owned subsidiary of the Company, proposed to enter into a Consortium Agreement with COSCO SHIPPING (Tianjin) Company Limited, a wholly-owned subsidiary of China COSCO SHIPPING (which is in turn the ultimate controlling shareholder of the Company) and independent third party investor(s) (the "Consortium Agreement"), pursuant to which the consortium to be formed thereunder (the "Consortium") would seek to acquire a maximum of 5,519,895,784 shares of CCCC Dredging (Group) Co., Ltd. ("CCCC Dredging") (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from China Communications Construction Company Limited ("CCCC") on an equity exchange in the PRC by way of participation in a public tender process (the "Joint Acquisition"). Under the Consortium Agreement, if the Consortium is successful in the tender process, amongst others, Shanghai Terminal will acquire 1,379,973,946 shares of CCCC Dredging (representing approximately 10% of the enlarged issued share capital of CCCC Dredging) (the "ST Acquisition"). Unless agreed otherwise by all members of the Consortium, the consideration for the ST Acquisition will not exceed RMB2.47 per share of CCCC Dredging, and accordingly the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409 million. Under the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as the entering into of the Consortium Agreement will be subject to Independent Shareholders' approval and approval of the independent shareholders of the Company and COSCO SHIPPING Ports. Shanghai Terminal intended to enter into the Consortium Agreement upon approval of the independent shareholders of the Company and COSCO SHIPPING Ports.

As at the date of this announcement, no binding sale and purchase agreement has been entered into between members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the tender process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

For details of the transaction, please refer to the announcement of the Company dated 23 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE PERIOD ENDED 30 JUNE 2019 PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

	Period from 1 January to 30 June 2019	Period from 1 January to 30 June 2018	Difference
	RMB' 000	*RMB' 000*	*RMB' 000*
Revenues	**71,762,486**	45,041,047	26,721,439
Operating profit	**3,796,185**	1,148,420	2,647,765
Profit before income tax from continuing operation	**2,223,977**	1,076,781	1,147,196
Profit for the period from continuing operation	**1,864,149**	769,138	1,095,011
Profit for the period from discontinued operation	**150,920**	–	150,920
Profit for the period	**2,015,069**	769,138	1,245,931
Profit attributable to equity holders of the Company	**1,164,386**	40,796	1,123,590
Basic earnings per share (RMB)	**0.0977**	0.0040	0.0937

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

In the first half of 2019, global economy and trade faced relatively severe challenges and increased uncertainties, and the growth in demand for container shipping was slowing down. However, at the same time, pressure on the supply of shipping capacity in the industry eased, newly delivered shipping capacity decreased and scrapped capacity increased as compared to the same period of last year. According to the statistics of relevant institutions, the growth rate of both demand and supply in the global container shipping market in the first half of 2019 was less than 2%. The average China Containerized Freight Index (CCFI) was 828 points, increased by 3.9% as compared to that of the same period of last year.

During the Reporting Period, COSCO SHIPPING Holdings proactively responded to adverse external factors. Under the guiding principle of "outperform the market, drive innovation, and lead the era", COSCO SHIPPING Holdings focused on improving the quality of shipping services, fully leveraged the advantages of scale and synergies after the acquisition of OOIL, and have achieved relatively good results. In accordance with Hong Kong Financial Reporting Standards, in the first half of the year, the Company had achieved revenue of RMB 71.8 billion, and recorded net profit attributable to equity holders of the Company of RMB1.16 billion, representing a significant increase from RMB40.796 million for the same period last year. The basic earnings per share amounted to RMB0.0977.

Implementation of globalization strategy, improvement in global routes network and terminal layouts and improvement in service quality

In the first half of the year, leveraging its own advantages of scale, COSCO SHIPPING Holdings continuously upgraded and optimized its global route networks and terminal layouts, and took an active part in the building of the "Belt and Road", continuously expanded its services to emerging markets and regional markets and achieved solid records. During the Reporting Period, in respect of container shipping business, the Company recorded the total shipping volume of 12,459,000 TEUs, representing an increase of 39.8% as compared to the same period of last year, among which, COSCO SHIPPING Lines recorded the shipping volume of 9,085,000 TEUs, representing an increase of 2.0% as compared to the same period of last year, and OOCL recorded the shipping volume of 3,374,000 TEUs on a comparable basis (representing an increase of 3.2% as compared to the same period of last year). COSCO SHIPPING Ports recorded the total throughput of 59,764,000 TEUs, representing an increase of 5.4% as compared to the same period of last year.

In respect of container shipping business, the Company's fleet scale was in steady growth. In the first half of the year, a total of eight large container vessels were delivered, with a total shipping capacity of 144,000 TEUs. They were put into operation in Northwest Europe, the U.S. East Coast and the Middle East routes. As at 30 June 2019, the container fleet operated by two liner companies under COSCO SHIPPING Holdings had 493 vessels, with the total shipping capacity reached 2,896,881 TEUs, representing a growth of 5% as compared to the end of 2018.

The Company further implemented the "OCEAN & PLUS" strategy, adhered to its customers-oriented principle, proactively optimized its shipping capacity layout, and upgraded the Ocean Alliance route products. The Company also protectively participated in the "Belt and Road" development, and enhanced its shipping capacity and service input in the markets such as Europe, Southeast Asia, Middle East, West Asia, Latin America and South Africa, and at the same time stepped up its effort in the construction of feeder service network in intra-regional markets.

In early April 2019, OCEAN Alliance, of which COSCO SHIPPING Lines and OOCL are members, launched the DAY3 route products, covering 40 routes and offering 594 port pairs services with a total shipping capacity of 325 vessels and 3.82 million TEUs, representing a leading position in the industry in terms of route networks, scale of service and coverage. As a result, the Company managed to consolidate its competitive edge in the east-west routes.

In respect of the improvement of route network layouts, the two liner companies (COSCO SHIPPING Lines and OOCL) continued to expand its coverage of emerging markets, and accelerate its deployment of regional and non-China routes. In the first half of the year, COSCO SHIPPING Lines sought to optimize Far East to east coast of South America routes and Europe to west coast of South America routes, and OOCL expanded its coverage of the emerging markets by adding new routes between Middle East/India Subcontinent and North Europe, and Asia to Latin America as well. The two liner companies also continued to improve the service in intra-Asia region, and raised its total number of service routes to 42 in Southeast Asia, which effectively captured the growth opportunities of cargo transportation in Southeast Asia, and provided improved supporting feeder networks for vessels in trunk routes entering and exiting the Southeast Asia region. At the same time, the two liner companies optimised the Middle East regional routes centered on the Abu Dhabi hub port, and enhanced European intra-regional routes, with three new routes with Zeebrugge as port of call added in the first half of the year. Currently, 27 intra-European routes have been put into operation in Europe, providing high-quality transportation services to customers in 25 countries and regions in Europe. The percentage of shipping capacity deployed by the two liner companies in emerging markets and intra-regional markets has increased to 16% and 36%

respectively, making the layout of their shipping route network more balanced and globalized. The Company also proactively responded to new shifts in cargo flow brought on by the China-U. S. trade friction, by expanding shipping capacity of Southeast Asia to the United States routes through adjustment of vessel types, and at the same time strived to improve the marketing and service capabilities in Southeast Asia and South Asia. In the first half of the year, the volume of the two liner companies in non-China routes increased by 7.8% as compared to same period of last year, accounting for 37.1% of their total foreign trade cargo volume (i.e. volume excluding China domestic routes).

In respect of the improvement of customer service, the Company constantly optimized transit routes and operation processes, and improved schedule reliability and efficiencies of transfer operation with an emphasis on ensuring operational safety. In the first half of the year, the comprehensive schedule reliability of the Company's self-operated fleet was better than that of the same period of 2018. As a result, the proportion of overtime trans-shipment cargos gradually decreased, with significant improvement in trans-shipment efficiencies.

As for terminal operations, COSCO SHIPPING Ports, a subsidiary of the Company, as a global leading port operator, further improved its global terminal network and improved the operation quality and service level of its controlling terminals with a focus on the "Belt and Road" and emerging markets. CSP Abu Dhabi terminal has successfully commenced commercial trial operation, and the port is to be built as a major container port and an important hub port in the Middle East. In the first half of 2019, COSCO SHIPPING Ports successfully acquired 60% equity interest in Peru's Terminales Portuarios Chancay S.A., which is the Company's first controlled terminal project in South America. In April 2019, COSCO SHIPPING Ports announced its investment in a supply chain base project in Nansha, Guangzhou, to further enhance the port's extended services so as to meet the diversified requirements of customers and actively cultivate new growth points. In July, the resource allocation of "three-in-one" terminal integration project at the Tianjin Port was optimized, the integrated management standards of non-controlled terminals of the Company were improved, which contributed to reducing operating costs and enhancing corporate competitiveness.

In addition, COSCO SHIPPING Ports sought to strengthen its synergies with COSCO SHIPPING Lines and OOCL on port and shipping operations. In the first half of the year, the cargo volume at the controlled terminals of COSCO SHIPPING Ports, COSCO SHIPPING Lines and OOCL increased by 21.7% and 16.8% respectively, as compared to the same period last year. Among them, the volume at Greek PCT terminal increased by 26% and 18.9% respectively compared with the same period last year, while the volume at the Valencia terminal in Spain increased by 39.5% and 23.1% respectively compared with the same period of last year.

Further building-up of digitalization in shipping and enhancing customer experience and operational efficiency

In July 2019, CargoSmart, a subsidiary of OOIL, announced the execution of global shipping business network (GSBN) services agreements with maritime industry operators CMA CGM, COSCO Shipping Lines, COSCO SHIPPING Ports, Hapag-Lloyd, Hutchison Ports, OOCL, Port of Qingdao, PSA International and Shanghai International Port Group. Under these agreements, each signatory commits to provide resources to support preparatory work required to establish the GSBN, a non-profit joint venture to accelerate the digital transformation of the shipping industry. Upon its establishment, the GSBN intends to provide a platform for all shipping supply chain participants to work collaboratively to accelerate technology innovation and develop solutions through trusted and secure data exchange platforms. The GSBN can unlock underlying value and create exciting new opportunities for all shipping supply chain participants in a more open and transparent way. The signatories of the GSBN Services Agreements plan to complete the establishment of the GSBN in early 2020. The initial preparatory efforts to explore and test the feasibility and value of using blockchain technologies are underway and showing promise.

In respect of the implementation of digitalized shipping, the proprietary e-commerce platform of COSCO SHIPPING Lines continued to maintain a solid growth. The volume delivered on the e-commerce platform in domestic routes reached 260,000 TEUs in the first half of the year, with a total transaction amount of RMB540 million, representing an increase of 4% as compared to the same period of last year. Foreign trade e-commerce business continued to develop and has covered all foreign trade routes. At present, customers can enjoy a variety of personalized services on the mobile terminal such as information subscription, to-do items, imported electronic container collection, visible reports, etc., and enjoy one-stop services including centralized cargo booking, centralized customer services, centralized operation, centralized invoicing, centralized settlement, and centralized billing through the e-commerce platform at different ports, which will further enhance the customer experience. OOCL participated in the CargoSmart's Blockchain Pilot in shipping of dangerous goods. It allows customers to benefit by having real-time visibility of their shipments and speeding up of the approval process.

Implementation of end-to-end strategy, strengthening channels construction and provision of value extension services to customers

Leveraging its routes layout, the Company actively promotes the effective docking of shipping and inland transportation channels, and continuously improves its capability in providing end-to-end one-stop transportation services, in order to offer a rich variety of sea-rail intermodal channel product mixes to customers. At present, the Company operates 123 railway routes for foreign trade, and 167 railway routes for domestic trade, and the number of door-to-door service points has exceeded 20,000.

In the first half of the year, the Company further accelerated its construction of the China-European Sea-rail Express. Leveraging the Port of Piraeus in Greece, China-European Sea-rail Express business grow rapidly, with a coverage of more than 1,500 inland points in seven countries in Europe, which achieved a shipping volume of 37,000 TEUs, representing an increase of 28% as compared to the same period of last year. In addition, the Company launched 20 new China-Europe railway container liner service routes in the first half of the year, totaling 25 routes at present. In the first half of the year, the Company completed 211 container freights in China-Europe railway services and a total cargo volume of 16,000 TEUs, about 10 times that of the same period last year. In the first half of the year, the Company also recorded a total volume of 530,000 TEUs in railway services for China domestic and foreign trade, representing an increase of 8% as compared to the same period of last year.

Implementation of the "dual brands" strategy for achieving synergies

During this year, the Company proactively implemented the "dual brands" strategy, focusing on the synergies among routes network optimization, improvement in efficiency on equipment utilisation, centralized procurement, information system construction and other aspects, further explored the potentials of business synergies, leveraged competitive advantages, and expanded the influence of the dual brands.

In the first half of the year, the Company refined its fleet resources to optimise vessel types deployed for each route. Through the exchange of several vessels of different types by chartering under the dual brands, the fleet resources were fully utilized. In terms of routes layout, we continued to promote OOCL's use of COSCO SHIPPING Lines' slots in Africa and South America routes. OOCL has covered seven countries in Africa and nine Far East to Africa routes; eight countries in South America and three Far East to South America routes. At the same time, joint operation was launched under the dual brands in European to West Africa routes. In the first half of the year, the transfer of ship operation rights on the Trans-Atlantic route was successfully completed. After the switch, OOCL operated all vessels of the Trans-Atlantic routes under the dual brands, and COSCO SHIPPING Lines continued to offer the Atlantic route service products by purchasing slots on vessels of OOCL.

Looking forward to the second half of 2019, subject to the influence of multiple factors, relatively large uncertainties persist in global economic growth and trade situation, and China's economy is facing increasing downward pressure. The International Monetary Fund (IMF) has repeatedly lowered the figures in the forecast of the global economic growth in 2019. It is expected that demand in container shipping market will maintain a slow growth. Meanwhile, as the shipping capacity to be delivered during the year will be relatively low, and the new IMO low-sulfur regulation is expected to accelerate the scrapping of old vessels of less operational efficiency and the temporary halt of service of some vessels to be installed with scrubbers, pressure on the supply side of container shipping capacity growth will be relatively low, which serves to maintain the market freight rate at a reasonable level. Meanwhile, China's total trade volume with the countries along the "Belt and Road" is expected to continue to grow rapidly, and the Second China International Import Expo will help China expand the import of consumer goods, which will provide positive impetus in raising backhaul container cargo volume and balancing the volume on both directions.

In future, COSCO SHIPPING Holdings will continue to focus on building itself into a world-class container shipping integrated service provider, and seek to fully promote strategic and business synergy between the two segments of container shipping and terminal operation management, as well as continue to enhance its comprehensive competitiveness and promote high-quality development.

In respect of the container shipping segment, the "OCEAN & PLUS" strategy emphasizing "Globalization, Dual brands, Digitalization and End-to-End" will continue to be fully implemented. Returning from emphasizing development on scale to the essence of shipping, we strive to improve service quality and continue the build-up of a world class shipping company with international competitiveness.

In respect of the terminal operation management segment, we strive to further our three grand strategies of "Global terminal layout, Synergy with the parent company fleet and the Ocean Alliance, Strengthening the management of ports and terminals businesses and efficiency improvement", and continue to improve our global terminal network layout, and to create a holding network that matters to global users, to create a win-win sharing platform that creates the largest value for upstream and downstream industries, and towards the status as the world's leading port operator.

The Company will continue to consolidate and develop its container shipping, terminal operation and management and related businesses, and improve the container shipping value chain. Through synergies and lean management, the Company will continuously improve the comprehensive competitiveness of container shipping and port services, and further promote a healthy, stable and sustainable development of the principal businesses, provide better services to customers, and maximize corporate benefits, corporate value and shareholder's returns.

(II) Major profit or loss items and cashflow analysis

In the first half of 2019, the Group generated revenues of RMB71,762,486,000, representing an increase of RMB26,721,439,000 or 59.33% as compared to the same period of last year. In the first half of 2019, profit attributable to equity holders of the Group was RMB1,164,386,000, as compared to the profit attributable to equity holders of the Company of RMB40,796,000 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	**Six months ended 30 June 2019**	Six months ended 30 June 2018	Difference
	RMB' 000	*RMB' 000*	*RMB' 000*
Revenues	**71,762,486**	45,041,047	26,721,439
Cost of services and inventories sold	**(64,400,210)**	(42,186,575)	(22,213,635)
Other income	**1,031,753**	358,744	673,009
Other expenses	**(216,641)**	(16,663)	(199,978)
Net impairment losses on financial assets	**(25,886)**	(16,859)	(9,027)
Selling, administrative and general expenses	**(4,355,317)**	(2,031,274)	(2,324,043)
Finance income	**431,344**	187,270	244,074
Finance costs	**(3,093,808)**	(1,276,395)	(1,817,413)
Share of profits less losses of			
– joint ventures	**397,120**	330,688	66,432
– associates	**693,136**	686,798	6,338
Income tax expenses	**(359,828)**	(307,643)	(52,185)
Net cash flows generated from operating activities	**9,466,839**	466,261	9,000,578
Net cash flows used in investing activities	**(5,592,115)**	(7,400,763)	1,808,648
Net cash flows (used in)/generated from financing activities	**(5,017,931)**	10,545,294	(15,563,225)

2. Revenues

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

Overview

In the first half of 2019, the revenues of the Group amounted to RMB71,762,486,000, representing an increase of RMB26,721,439,000 or 59.33% as compared to the same period of last year. In the first half of 2019, the revenues of COSCO SHIPPING Holdings increased by 10.19% from the same period of last year on a comparable basis (by including the revenues of OOIL of the same period of last year).

Revenue from container shipping business

In the first half of 2019, revenue from container shipping business amounted to RMB68,907,345,000, representing an increase of RMB26,539,520,000 or 62.64% as compared to the same period of last year, of which COSCO SHIPPING Lines generated revenues of RMB46,941,196,000 from container shipping business, representing an increase of RMB4,573,371,000 or 10.79% as compared to the same period of last year.

Revenue from terminal business

In the first half of 2019, revenue generated from the terminal business amounted to RMB3,566,346,000, representing an increase of RMB388,017,000 or 12.21% as compared to the same period of last year.

3. Costs

Overview

In the first half of 2019, the operating cost of the Group amounted to RMB64,400,210,000, representing an increase of RMB22,213,635,000 or 52.66% as compared to the same period of last year. In the first half of 2019, the operating cost of COSCO SHIPPING Holdings increased by 6.1% as compared to the same period of last year on a comparable basis (including OOIL as the same period of last year).

Container shipping business cost

In the first half of 2019, the container shipping business cost amounted to RMB62,559,853,000, representing an increase of RMB22,111,672,000 or 54.67% as compared to the same period of last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in the first half of 2019 amounted to RMB43,305,407,000, representing an increase of RMB2,857,226,000 or 7.06% as compared to the same period of last year.

Terminal business cost

In the first half of 2019, the terminal business cost amounted to RMB2,466,332,000, representing an increase of RMB306,510,000 or 14.19% as compared to the same period of last year.

4. Other profit or loss items

Other income

The other income of the Group in the first half of 2019 was RMB1,031,753,000, representing an increase of RMB673,009,000 as compared to the same period of last year. As compared to the same period of last year, the income from changes in fair value of related financial assets, dividend, interest income and income on disposal increased mainly due to the successful acquisition of OOIL.

Other expense

Other expense of the Group in the first half of 2019 was RMB216,641,000, representing an increase of RMB199,978,000 as compared to the same period of last year. During the period, Qingdao Port International, an associate of the Group, issued A shares, which diluted our equity interest in it and resulted in a net loss from dilution of RMB153,015,000.

Selling, administrative and general expenses

In the first half of 2019, the selling, administrative and general expenses of the Group amounted to RMB4,355,317,000, representing an increase of RMB2,324,043,000 as compared to the same period of last year. After completing the acquisition of OOIL, the administrative expenses of the Group included the administrative expenses incurred by OOIL.

Finance income

In the first half of 2019, the finance income of the Group amounted to RMB431,344,000, representing an increase of RMB244,074,000 as compared to the same period of last year. After completing the acquisition of OOIL, the finance income of the Group included the finance income generated by OOIL.

Finance costs

In the first half of 2019, the finance costs of the Group amounted to RMB3,093,808,000, representing an increase of RMB1,817,413,000 as compared to the same period of last year. The finance costs increased as compared to the same period of last year, mainly due to the changes in consolidation scope and increase in the balance of borrowings upon acquisition of OOIL, and the implementation of HKFRS 16 "Leases" since 1 January 2019.

Share of profits of joint ventures and associated companies

In the first half of 2019, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB1,090,256,000, representing an increase of RMB72,770,000 as compared to the same period of last year. After completing the acquisition of OOIL, the share of profits of joint ventures and associated companies of the Group included the profit generated by OOIL.

Income tax expenses

In the first half of 2019, the income tax expenses of the Group amounted to RMB359,828,000, representing an increase of RMB52,185,000 as compared to the same period of last year. After completing the acquisition of OOIL, the income tax expenses of the Group included the income tax expenses generated by OOIL.

Analysis of profit from discontinued operation

OOIL was consolidated into the financial statements of COSCO SHIPPING Holdings from 1 July 2018. On 6 July 2018, OOIL, Faulkner Global Holdings Limited ("Faulkner Global", a subsidiary of the Company) and the U.S. Departments of Homeland Security and Justice entered into the national security agreement, pursuant to which OOIL and Faulkner Global committed to divest their entities which directly or indirectly operate the Long Beach Container Terminal, Inc. (the terminal business in the U.S.). According to HKFRS 5 "Non-current assets held for sale and discontinued operations", the U.S. terminal business of OOIL upon completion of acquisition should be presented as the discontinued operation of the Group. In the first half of 2019, the Group recorded an after-tax profit of RMB150,920,000 from discontinued operation, which was the after-tax profit generated from the US terminal business of OOIL in the first half of 2019. The Group did not have any discontinued operation for the same period of last year.

5. Cash flow

As at the end of the first half of 2019, the cash and cash equivalents amounted to RMB31,869,837,000, representing a decrease of RMB967,892,000 or 2.95% from the beginning of the year. The cash and cash equivalents of the Group were principally denominated in RMB and US dollar, and the rest were denominated in Euro, Hong Kong dollar and other currencies.

(1) Net cash flow from operating activities

In the first half of 2019, the cash inflow from operating activities amounted to RMB9,466,839,000, representing an increase of RMB9,000,578,000 as compared to that of the same period of last year. This was mainly due to the increase in performance, changes in the scope of consolidation and the implementation of HKFRS 16 "Leases".

(2) Net cash flow from investing activities

In the first half of 2019, the net cash outflow from investing activities amounted to RMB5,592,115,000, representing a decrease of RMB1,808,648,000 as compared to that of the same period of last year of the Group, which included the cash outflows for the construction of container vessels, the purchase of containers and the terminal construction projects, etc.

(3) Net cash flow from financing activities

In the first half of 2019, the net cash outflow from financing activities amounted to RMB5,017,931,000, representing an increase of RMB15,563,225,000 as compared to that of the same period of last year, which included the net cash inflow of funds raised from the non-public issuance of A Shares of RMB7.702 billion, borrowings from banks and non-bank financial institutions of RMB27.520 billion, repayment of debts to banks and non-bank financial institutions of RMB33.108 billion, and the cash outflow for profit distribution and interest payment, rental paid for asset lease, etc.

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

As at the end of June 2019, the balance of cash and cash equivalents increased by RMB184,793,000, which was primarily due to an appreciation in the USD to RMB exchange rate at the end of June 2019 as compared to the beginning of the year.

(5) Changes in cash and cash equivalents classified as held-for-sale asset disposal group

The changes in cash and cash equivalents classified as held-for-sale asset disposal group for the period amounted to RMB9,478,000, which was the changes in cash and cash equivalents of Long Beach Terminal for the year.

(II) Working Capital, Financial Resources and Capital Structure

Overview

As at the end of June 2019, the assets and liabilities increased as compared to the end of the last year, mainly due to the implementation of HKFRS 16 "Leases" since 1 January 2019. As at 30 June 2019, the total assets of the Group amounted to RMB255,995,058,000, representing an increase of RMB27,851,253,000 or 12.21% as compared to the end of last year. The total liabilities amounted to RMB193,187,353,000, representing an increase of RMB21,396,437,000 or 12.45% as compared to the end of last year.

As at 30 June 2019, the total outstanding borrowings of the Group were RMB115,231,281,000. After deducting the cash and cash equivalents, the net amount was RMB83,361,444,000, representing a decrease of RMB20,996,467,000 or 20.12% as compared to the end of last year. This was mainly due to the repayment of some short-term loans in the first half of 2019. As at 30 June 2019, the Group's net current liabilities were RMB12,878,484,000, representing a decrease of RMB15,959,473,000 from the end of the previous year; mainly due to the increase in performance in the first half of 2019, non-public issuance of A Shares, and repayment of borrowings, etc. As at 30 June 2019, the net debt to equity ratio was 132.72%, representing a decrease of 52 percentage points 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, purchases of container vessels, investments in terminals and repayment of loans.

Debt analysis

Categories		**As at 30 June 2019** *RMB'000*	**As at 31 December 2018** *RMB'000*
Short-term borrowings		**26,050,827**	48,220,619
Long-term borrowings		**89,180,454**	88,975,021
Among which:	Less than 1 year	**6,829,369**	8,730,823
	One to two years	**14,467,534**	14,102,082
	Three to five years	**41,569,889**	41,809,934
	Over five years	**26,313,662**	24,332,182
Total of long-term and short-term borrowings		**115,231,281**	137,195,640

Borrowings by categories

As at 30 June 2019, the Group had bank borrowings of RMB85,344,773,000, notes and bonds payable of RMB19,360,585,000 and other borrowings of RMB10,525,923,000, representing 74.06%, 16.80% and 9.14% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB38,209,655,000 and unsecured borrowings amounted to RMB47,135,118,000, representing 33.16% and 40.90% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As at 30 June 2019, the borrowings of the Group denominated in U.S. dollar were equivalent to RMB75,314,513,000, borrowings denominated in RMB were equivalent to RMB31,733,437,000, borrowings denominated in Euro were equivalent to RMB5,808,253,000, and borrowings denominated in Hong Kong dollar were equivalent RMB2,375,078,000, representing 65.36%, 27.54%, 5.04% and 2.06% of the total borrowings, respectively.

Secured borrowings

As at 30 June 2019, certain properties, plant and equipment of the Group with net book value of RMB57,179,702,000 (as at 31 December 2018: RMB53,203,080,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB38,278,175,000 (as at 31 December 2018: RMB37,751,000,000), representing 55.65% of the total value of the property, plant and equipment (as at 31 December 2018: 46.11%).

Guarantees (excluding discontinued operation)

As at 30 June 2019, the Group had provided guarantees in the amount of RMB41,216,670,000 to subsidiaries (as at 31 December 2018: RMB44,975,697,000).

Contingent liabilities

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

As at 30 June 2019, the Group was unable to ascertain the likelihood and amounts of the above-mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors were of the opinion that the relevant claims amounts should not have material effect on the Group's consolidated financial statements for the six months ended 30 June 2019.

Foreign exchange risk

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

Capital commitments (excluding discontinued operation)

As at 30 June 2019, the Group had a total of 2 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB1,909,324,000.

As at 30 June 2019, the Group's containers under construction amounted to 119,000 TEU in aggregate. The capital commitments for future construction of containers amounted to RMB642,149,000.

As at 30 June 2019, the Group's capital commitments for investment in terminals amounted to RMB4,752,017,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB2,218,212,000 and the equity investment commitment of terminals amounted to RMB2,533,805,000.

Facilities and financing plans

Facilities

As at 30 June 2019, the unutilized bank loan facilities of the Group were RMB46,252,512,000. 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 2019 into consideration, including the acquisition of equity interests in companies, 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.

(III) Investment analysis

1. Analysis of external equity investments

As at the end of June 2019, the total balance of the Group's investments in associates and joint ventures amounted to RMB28,737 million, and after excluding the effect of adoption of HKFRS 16 "Leases", representing an increase of RMB197 million as compared to the end of last year. During the Reporting Period, the Group made additional capital contribution of RMB235 million to Qingdao Port International, an associate of the Group.

(1) Significant equity investments

Nil.

2. Financial assets at fair value

Unit: RMB'000

Name	Opening investment cost	Shareholding at the end of period (%)	Opening carrying amount	Closing carrying amount	Impact of profit for the period	Change in carrying amount for the Reporting Period
Shanghai Cosco Shipping Engineering Co., Ltd. (上海中遠船務工程有限公司)	6,311	5.00	23,574	24,080	0	506
Shanghai Tianhongli Asset Management Co., Ltd.	394,160	19.00	462,448	468,606	0	6,158
Ocean Hotel Shanghai Co., Ltd.	85,255	10.00	111,651	111,826	0	175
Hui Xian Holdings Ltd. ("Hui Xian Holdings")	8,039	7.90	158,542	106,491	53,598	(52,051)
Imoto Lines,Ltd.	206	–	206	0	0	(206)
SAGEP Bilbao	397	37.36	397	396	0	(1)
SAGEP Valencia	4,941	28.02	4,941	4,922	0	(19)
TCU Gmbh & Co. KG	28	–	28	0	0	(28)
Shanghai Yuanhong Industrial Co., Ltd. (上海遠虹實業有限公司)	929	5.80	929	929	0	0
Shanghai Tonglian Real Estate Co., Ltd. (上海通聯房地產有限公司)	2,544	2.02	3,422	3,422	0	0
Shanghai Tongda Property Co., Ltd. (上海通達物業有限公司)	157	3.58	157	157	0	0
Northeast Pharmaceutical Group Co., Ltd. (東北製藥集團股份有限公司)	200	0.03	1,267	1,380	0	113
Sichuan Tianhua Co., Ltd. (四川天華股份有限公司)	200	–	200	200	0	0
Tianjin Wanhua Co., Ltd. (天津萬華股份有限公司)	150	–	150	150	0	0
Tianjin Quanyechang (Group) Co., Ltd. (天津勸業場(集團)股份有限公司)	99	0.02	335	347	0	12
Tianjin Hualian Commercial Building Co., Ltd. (天津華聯商廈股份有限公司)	144	–	144	144	0	0
Guangzhou Port Co., Ltd.	498,096	3.98	976,465	1,030,713	8,630	54,248
Wuhan Port Container Co., Ltd.	500	0.13	500	500	0	0
Haitong Securities	7,017	–	42,854	69,102	0	26,248
Yantai Port Co., Ltd.	198,837	3.90	198,837	198,837	0	0
Qinghuangdao Port Co., Ltd.	203,713	0.88	74,132	59,228	0	(14,904)
Lianyungang Electronic Port Information Development Co., Ltd.	3,000	13.47	3,000	3,000	1,800	0
Qingdao Luhai International Freight Group Co., Ltd. (青島陸海國際貨運集團股份有限公司)	4,702	9.08	10,622	10,622	0	0
Beibu Gulf Port Co., Ltd.	471,065	4.34	499,442	638,491	139,049	139,049
Shares, bonds, funds and other investment	2,714,612	–	2,604,890	2,427,417	176,093	(177,473)
Total	**4,605,302**	–	**5,179,133**	**5,160,960**	**379,170**	**(18,173)**

(IV) Industry Operation Information

Container shipping business

(1) Shipping volume

Containers shipped by the Group (TEU)

Routes	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Percentage of change (%)**
Trans-Pacific	2,234,613	1,456,468	53.43
Asia and Europe (including the Mediterranean)	2,405,980	1,504,958	59.87
Asia Region (including Australia)	3,848,404	2,307,624	66.77
Other international region (including the Atlantic)	1,221,929	815,740	49.79
Mainland China	2,748,423	2,825,381	(2.72)
Total	**12,459,349**	**8,910,171**	**39.83**

Containers shipped by COSCO SHIPPING Lines (a subsidiary of the Group) (TEU)

Routes	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Percentage of change (%)**
Trans-Pacific	1,290,922	1,456,468	(11.37)
Asia and Europe (including the Mediterranean)	1,714,165	1,504,958	13.90
Asia Region (including Australia)	2,349,792	2,307,624	1.83
Other international region (including the Atlantic)	981,635	815,740	20.34
Mainland China	2,748,423	2,825,381	(2.72)
Total	**9,084,937**	**8,910,171**	**1.96**

(2) Revenue from routes

Revenue from routes by the Group (RMB' 000)

Routes	Six months ended 30 June 2019	Six months ended 30 June 2018	Percentage of change (%)
Trans-Pacific	19,063,665	10,895,030	74.98
Asia and Europe (including the Mediterranean)	14,154,435	8,401,989	68.47
Asia Region (including Australia)	16,011,039	8,617,140	85.80
Other international region (including the Atlantic)	8,891,236	5,049,417	76.08
Mainland China	5,712,102	5,504,068	3.78
Total	**63,832,477**	**38,467,644**	**65.94**

Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (RMB' 000)

Routes	Six months ended 30 June 2019	Six months ended 30 June 2018	Percentage of change (%)
Trans-Pacific	11,062,708	10,895,030	1.54
Asia and Europe (including the Mediterranean)	10,028,847	8,401,989	19.36
Asia Region (including Australia)	9,749,443	8,617,140	13.14
Other international region (including the Atlantic)	6,915,062	5,049,417	36.95
Mainland China	5,739,216	5,504,068	4.27
Total	**43,495,276**	**38,467,644**	**13.07**

Revenue from routes by the Group (equivalent to US$'000)

Routes	Six months ended 30 June 2019	Six months ended 30 June 2018	Percentage of change (%)
Trans-Pacific	2,809,867	1,700,227	65.26
Asia and Europe (including the Mediterranean)	2,086,277	1,311,175	59.12
Asia Region (including Australia)	2,359,929	1,344,750	75.49
Other international region (including the Atlantic)	1,310,514	787,988	66.31
Mainland China	841,929	858,939	(1.98)
Total	**9,408,516**	**6,003,079**	**56.73**

Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (equivalent to US$'000)

Routes	Six months ended 30 June 2019	Six months ended 30 June 2018	Percentage of change (%)
Trans-Pacific	1,630,575	1,700,227	(4.10)
Asia and Europe (including the Mediterranean)	1,478,191	1,311,175	12.74
Asia Region (including Australia)	1,437,008	1,344,750	6.86
Other international region (including the Atlantic)	1,019,238	787,988	29.35
Mainland China	845,925	858,939	(1.52)
Total	**6,410,937**	**6,003,079**	**6.79**

(3) Major performance indicators

Major performance indicators of the container shipping business of the Group (RMB)

Items	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Difference**
Revenue from container shipping business (RMB'000)	68,907,345	42,367,825	26,539,520
Including: Revenue from routes (RMB'000)	63,832,477	38,467,644	25,364,833
EBIT (RMB'000)	3,383,425	511,251	2,872,174
EBIT margin	4.91%	1.21%	3.70%
Net profit (RMB'000)	1,396,370	(226,773)	1,623,143

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines, a subsidiary of the Group (RMB)

Items	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Difference**
Revenue from container shipping business (RMB'000)	46,941,196	42,367,825	4,573,371
Including: Revenue from routes (RMB'000)	43,495,276	38,467,644	5,027,632
EBIT (RMB'000)	2,033,643	511,251	1,522,392
EBIT margin	4.33%	1.21%	3.12%
Net profit (RMB'000)	631,230	(226,773)	858,003

Major performance indicators of the container shipping business of the Group (USD equivalent)

Items	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Difference**
Revenue from container shipping business (USD' 000)	10,156,520	6,611,722	3,544,798
Including: Revenue from routes (USD' 000)	9,408,516	6,003,079	3,405,437
Revenue per TEU from international routes (USD/TEU)	882.16	845.41	36.75
EBIT (USD' 000)	498,696	79,783	418,913
Net profit (USD' 000)	205,816	(35,389)	241,205

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines, a subsidiary of the Group (USD equivalent)

Items	Six months ended 30 June 2019	Six months ended 30 June 2018	Difference
Revenue from container shipping business (USD'000)	6,918,844	6,611,722	307,122
Including: Revenue from routes (USD'000)	6,410,937	6,003,079	407,858
Revenue per TEU from international routes (USD/TEU)	878.24	845.41	32.83
EBIT (USD'000)	299,747	79,783	219,964
Net profit (USD'000)	93,039	(35,389)	128,428

Notes:

① OOIL was consolidated into the Group's combined financial statements from 1 July 2018. As such, the shipping volume, revenue from routes and major performance indicators of the container shipping business of the Group are the combined figures of the container shipping businesses of both COSCO SHIPPING Lines (a subsidiary of the Company) and OOIL in the current period (the first half of 2019), while they included the figures of COSCO SHIPPING Lines only in the same period of last year (the first half of 2018).

② The EBIT of COSCO SHIPPING Lines (a subsidiary of the Group) amounted to RMB2.779 billion and RMB3.172 billion (equivalent to USD0.419 billion and USD0.469 billion) in 2018 and 2017, respectively.

③ The revenue from routes and major performance indicators above were translated into US dollars at an average exchange rate of RMB6.7845: USD1, RMB6.4080: USD1, RMB6.6261: USD1 and RMB6.7573: USD1 in the first half of 2019, the first half of 2018, 2018 and 2017, respectively.

Terminal business

The total throughput of the container terminal business of the Group (include discontinued operation)

Location of terminal	Six months ended 30 June 2019 (TEU)	Six months ended 30 June 2018 (TEU)	Percentage of change (%)
Bohai Rim Region	21,779,319	18,677,784	16.61
Yangtze River Delta Region	9,989,132	9,659,775	3.41
Southeast Coast and others	2,890,372	2,812,495	2.77
Pearl River Delta Region	13,112,675	12,764,909	2.72
Southwest Coast	724,795	643,599	12.62
Overseas	14,483,682	12,150,188	19.21
Total	62,979,975	56,708,750	11.06
Of which: Controlled terminals	13,180,245	10,863,570	21.33
Non-controlled terminals	49,799,730	45,845,180	8.63

Notes:

① OOIL was consolidated into the Group's combined financial statements from 1 July 2018. As such, the total throughput of the container terminal business of the Group was the combined throughput of the terminal businesses of COSCO SHIPPING Ports (a subsidiary of the Company) and OOIL in the current period (the first half of 2019), while it included the throughput of COSCO SHIPPING Ports only in the same period of last year (the first half of 2018).

② In the first half of 2019, the total throughput of COSCO SHIPPING Ports amounted to 59,764,100 TEU, representing an increase of 5.39% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 12,445,300 TEU, representing an increase of 14.56% as compared to the same period of last year; the throughput of non-controlled terminals amounted to 47,318,800 TEU, representing an increase of 3.21% as compared to the same period of last year.

SIGNIFICANT EVENTS

1. On 23 January 2019, COSCO SHIPPING Ports (a non-wholly owned subsidiary of the Company), and its subsidiary, COSCO SHIPPING Ports (Chancay) Limited entered into a subscription and investment agreement with Volcan Compañía Minera S.A.A. (a company incorporated in Peru) and Terminales Portuarios Chancay S.A. (a company incorporated in Peru, "**TPCH**") pursuant to which TPCH has conditionally agreed to issue, and COSCO SHIPPING Ports (Chancay) Limited has conditionally agreed to subscribe for, the shares in TPCH (representing 60% of the shares in TPCH immediately after the closing) at a subscription price of US$225,000,000. For details of such transaction, please refer to the announcements of the Company dated 23 January 2019.

   As at the end of the Reporting Period, such transaction was completed.

2. On 29 April 2019, OOCL LLC and Long Beach Container Terminal, Inc. (both wholly beneficially owned subsidiaries of OOIL and therefore non-wholly owned subsidiaries of therefore the Company, as sellers) and OOCL(Assets) Holdings Inc. (a wholly owned subsidiary of OOIL and therefore a non-wholly owned subsidiary of the Company) entered into a sale and purchase agreement with Olivia Holdings LLC (as buyer) relating to the sale and purchase of the entire interests in LBCT LLC (a wholly beneficially owned subsidiary of OOIL and therefore a non-wholly owned subsidiary of the Company) for the consideration of US$1.78 billion (subject to certain post-completion adjustments). For details of such transaction, please refer to the announcement of the Company dated 29 April 2019.

   As at the end of the Reporting Period, such transaction was still in progress.

3. During the Reporting Period, upon completion of the non-public issuance of 2,043,254,870 A Shares in the Company and as authorized by the extraordinary general meeting of the Company and considered and approved by the twenty-third meeting of the fifth session of the Board, the Company made the amendments to the relevant articles of the Articles of Association upon completion of the proposed non-public issuance of A Shares according to the result of issuance under the non-public issuance of A Shares and completed the relevant industrial and commercial registration or filing procedures in respect of the amendments to the articles of association of the Company. The amendments to the Articles of Association of the Company have taken effect after completion of the registration and filing with the relevant industrial and commercial authority of the PRC. For details, please refer to the announcement of the Company dated 6 March 2019, the announcement dated 30 August 2018 on the resolutions passed at the extraordinary general meeting and the overseas regulatory announcement of the Company dated 22 March 2019.

4. As considered and approved by the fifth session of the Board, the supervisory committee and the extraordinary general meeting of the Company, the Company has proposed to apply to the National Association of Financial Market Institutional Investors for the registration and issuance of medium-term notes in the amount of RMB5 billion and super and short-term commercial paper in the amount of RMB10 billion, and has granted the authorization to any Director. On 15 April 2019, the Company issued the first tranche of 2019 super and short-term commercial paper in the amount of RMB1.5 billion. For details, please refer to the announcement of the Company dated 13 July 2018 and the overseas regulatory announcement of the Company dated 18 April 2019.

SUBSEQUENT EVENTS

Please refer to note 12 to the unaudited condensed consolidated interim financial information.

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 three independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee), Mr. Yang, Liang Yee Philip and Mr. Wu Dawei, who meet regularly with management of the Company and the Company's external auditors, and review external auditors' review and audit reports (as applicable) 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 2019, 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 2019.

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 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company had not redeemed any of its listed Shares during the six months ended 30 June 2019. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2019.

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 2019 containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share interim report prepared under the PRC Accounting Standards on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) for investors' reference.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Company" or "COSCO SHIPPING Holdings"	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (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
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"OOCL"	Orient Overseas Container Line Limited, a company incorporated under the laws of Hong Kong and a non-wholly owned subsidiary of the Company
"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 2019
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai 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 2019

As at the date of this announcement, the directors of the Company are Mr. XU Lirong[1] (Chairman), Mr. WANG Haimin[1] (Vice Chairman), Mr. YANG, Liang Yee Philip[2], Mr. WU Dawei[2], Mr. ZHOU Zhonghui[2] and Mr. TEO Siong Seng[2].

1 *Executive Director*
2 *Independent non-executive Director*

* *For identification purpose only*