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

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

(Stock Code: 1919)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS:

- Revenues from continuing operation of the Group for the year 2018 was RMB120,342,284,000, representing an increase of RMB29,943,206,000 as compared to 2017.
- Profit attributable to equity holders of the Company for the year 2018 was RMB1,230,026,000 as compared to profit attributable to equity holders of the Company of RMB2,661,936,000 in 2017.
- The basic and diluted earnings per share for 2018 amounted to RMB0.12 and RMB0.12, respectively.
- The Board resolved not to propose any final dividend for the year 2018.

The board of directors (the "**Board**") of COSCO SHIPPING Holdings Co., Ltd.* (the "**Company**" or "**COSCO SHIPPING Holdings**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2017.

COSCO SHIPPING HOLDINGS CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018** **RMB'000**	**2017** **RMB'000**
Continuing operation			
Revenues	3	120,342,284	90,399,078
Cost of services and inventories sold		(110,725,942)	(82,761,870)
Gross profit		9,616,342	7,637,208
Other income, net	4	2,199,387	1,108,134
Gain on disposal of a joint venture		—	1,886,333
Gain on remeasurement of previously held interest of an available-for-sale financial asset upon further acquisition to become an associate		—	264,099
Selling, administrative and general expenses		(6,816,932)	(5,232,051)
Operating profit		4,998,797	5,663,723
Finance income	5	571,051	484,725
Finance costs	5	(3,998,008)	(2,147,368)
Net finance costs	5	(3,426,957)	(1,662,643)
		1,571,840	4,001,080
Share of profits less losses of			
- joint ventures		697,250	641,548
- associates		1,380,277	1,060,408
Profit before income tax from continuing operation		3,649,367	5,703,036
Income tax expense	6	(818,961)	(872,351)
Profit for the year from continuing operation		2,830,406	4,830,685

	Note	2018 RMB'000	2017 RMB'000
Discontinued operation			
Profit for the year from discontinued operation	11	195,955	—
Profit for the year		3,026,361	4,830,685
Profit attributable to:			
Equity holders of the Company		1,230,026	2,661,936
Non-controlling interests		1,796,335	2,168,749
		3,026,361	4,830,685
Profit attributable to equity holders of the Company arising from:			
- Continuing operation		1,083,059	2,661,936
- Discontinued operation		146,967	—
		1,230,026	2,661,936

		2018 RMB	2017 RMB
Earnings per share attributable to equity holders of the Company:			
Basic and diluted earnings per share (RMB)			
- From continuing operation	8	0.11	0.26
- From discontinued operation	8	0.01	—
		0.12	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 RMB'000	2017 RMB'000
Profit for the year	3,026,361	4,830,685
Other comprehensive 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	(30,044)	65,344
Cash flow hedges, net of tax	(8,116)	4,338
Fair value gains on available-for-sale financial assets, net of tax	—	1,008,862
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	(264,099)
Release of reserve upon disposal of a joint venture	—	(77,681)
Release of reserve upon contribution of equity investments to an associate	—	(9,555)
Release of reserve upon further acquisition of an associate to become a subsidiary	—	26,860
Currency translation differences	1,159,177	(1,075,486)
Item 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	(396,732)	—
Remeasurements of post-employment benefit obligations	(82,964)	(17,600)
Share of other comprehensive (loss)/income of an associate-other reserve	(29,981)	63,863
Other comprehensive income/(loss) for the year, net of tax	611,340	(275,154)
Total comprehensive income for the year	3,637,701	4,555,531

	2018 RMB'000	2017 RMB'000
Total comprehensive income for the year attributable to:		
- Equity holders of the Company	1,671,176	2,106,033
- Non-controlling interests	1,966,525	2,449,498
	3,637,701	4,555,531
Total comprehensive income attributable to equity holders of the Company arising from:		
- Continuing operation	1,615,528	2,106,033
- Discontinued operation	55,648	—
	1,671,176	2,106,033

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	**2018** **RMB'000**	**2017** **RMB'000**
ASSETS			
Non-current assets			
Property, plant and equipment		115,385,537	57,420,313
Investment properties		2,372,369	192,042
Leasehold land and land use rights		2,273,525	2,082,427
Intangible assets		5,406,925	2,176,799
Goodwill		5,785,808	905,022
Joint ventures		9,886,112	8,169,778
Associates		18,991,354	17,692,258
Available-for-sale financial assets		—	2,366,832
Financial assets at fair value through other comprehensive income		2,083,638	—
Financial assets at fair value through profit or loss		499,442	—
Financial assets at amortised cost		1,299,828	—
Restricted bank deposits		398,072	—
Deferred income tax assets		1,060,469	1,158,757
Loans to joint ventures and associates		1,194,537	1,046,848
Other non-current assets		1,490,185	572,092
Total non-current assets		168,127,801	93,783,168
Current assets			
Inventories		4,100,906	2,330,221
Trade and other receivables and contract assets	9	14,852,027	10,986,870
Financial assets at fair value through profit or loss		2,596,055	—
Financial assets at amortised cost		230,380	—
Taxes recoverable		47,809	—
Restricted bank deposits		759,171	351,220
Cash and bank balances		32,837,729	25,738,526
Assets classified as held for sale	11	4,591,927	—
Total current assets		60,016,004	39,406,837
Total assets		228,143,805	133,190,005

	Note	**2018** **RMB'000**	**2017** **RMB'000**
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		10,216,274	10,216,274
Reserves		12,669,939	10,453,013
		22,886,213	20,669,287
Non-controlling interests		33,466,676	23,041,293
Total equity		56,352,889	43,710,580
Non-current liabilities			
Long-term borrowings		80,244,198	43,909,214
Provisions and other liabilities		351,172	368,935
Pension and retirement liabilities		305,517	283,078
Derivative financial liabilities		50,499	42,649
Deferred income tax liabilities		1,985,569	1,313,987
Total non-current liabilities		82,936,955	45,917,863
Current liabilities			
Trade and other payables and contract liabilities	10	29,698,425	23,185,929
Derivative financial liabilities		59,786	18,527
Short-term borrowings		48,220,619	10,939,802
Current portion of long-term borrowings		8,730,823	8,540,731
Current portion of provisions and other liabilities		2,393	4,688
Taxes payable		897,482	871,885
Liabilities directly associated with assets classified as held for sale	11	1,244,433	—
Total current liabilities		88,853,961	43,561,562
Total liabilities		171,790,916	89,479,425
Total equity and liabilities		228,143,805	133,190,005

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 3rd Floor, No.1 Tongda Square, 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.

On 9 July 2017, Faulkner Global Holdings Limited (a wholly-owned subsidiary of the Company, "Faulkner Global"), together with Shanghai Port Group (BVI) Development Co., Limited ("Shanghai Port", together with Faulkner Global as "Joint Offerors") announced that the Joint Offerors intend to make a voluntary general offer to acquire all of the issued shares of Orient Overseas (International) Limited ("OOIL") (the "Offer"), subject to the satisfaction or waiver of the pre-conditions as described in the announcement made. On 13 July 2018, Fortune Crest Inc. and Gala Way Company Inc., who were the then existing controlling shareholder of OOIL("Controlling Shareholders") accepted the Offer made by the Joint Offerors, and all pre-conditions had been made. With the acceptance of the Offer by the existing Controlling Shareholders, the Company obtained control and became the controlling shareholder of OOIL.

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 the Long Beach Container Terminal ("U.S. Terminal Business"). The proposed sale of the U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operation".

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

These consolidated financial statements have been approved for issue by the Directors on 29 March 2019.

2 Basis of preparation

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but are extracted from these financial statements included in the Annual Report of the Company, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for 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.

(a) **New standard and amendments to standards which are effective in 2018 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 2018:

Amendments

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

Annual Improvements 2014 — 2016

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

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

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

Condensed consolidated balance sheet (extract)	*31 December 2017 As originally presented RMB'000*	*Adjustment on initial adoption of HKFRS 9 RMB'000*	*Adjustment on initial adoption of HKFRS 15 RMB'000*	*1 January 2018 Restated RMB'000*
ASSETS				
Financial assets at fair value through other comprehensive income ("**FVOCI**")	—	2,431,579	—	2,431,579
Available-for-sale financial assets	2,366,832	(2,366,832)	—	—
Total non-current assets	93,783,168	64,747	—	93,847,915
Trade and other receivables and contract assets	10,986,870	—	41,703	11,028,573
-Contract assets	—	—	142,959	142,959
Total current assets	39,406,837	—	41,703	39,448,540
Total assets	133,190,005	64,747	41,703	133,296,455
EQUITY				
Reserves	10,453,013	48,560	—	10,501,573
Total equity	43,710,580	48,560	—	43,759,140
LIABILITIES				
Deferred income tax liabilities	1,313,987	16,187	—	1,330,174
Total non-current liabilities	45,917,863	16,187	—	45,934,050
Trade and other payables and contract liabilities	23,185,929	—	41,703	23,227,632
- Contract liabilities	—	—	296,001	296,001
Total current liabilities	43,561,562	—	41,703	43,603,265
Total liabilities	89,479,425	16,187	41,703	89,537,315
Total equity and liabilities	133,190,005	64,747	41,703	133,296,455

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

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

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

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

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

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

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

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

Equity investments and other financial assets

Classification and measurement

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

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

- Those to be measured at amortised cost

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

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

Equity investments previously classified as available-for-sale

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

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

Impairment of financial assets

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

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

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

Presentation of contract assets and contract liabilities

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

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

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

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

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

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

Revenue for terminals and related services is recognised over time as Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

(b) **New 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 2018 and have not been early adopted by the Group. The Group will apply these standards, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group, certain of which will give rise to change in presentation disclosure and measurements of certain items in the financial statements as explained below:

HKFRS 16 "Leases"

HKFRS 16 will affect primarily the accounting for the Group's operating leases. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated balance sheet. Management considers the operating lease commitments will result in the recognition of an asset and a liability for future payments and will affect the Group's results and classification of cash flows. The impact of adoption will be disclosed in the interim report 2019.

3 **Revenues and segment information**

Operating segments

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

- Container shipping and related business
- Container terminal and related business
- Corporate and other operations that primarily comprise investment holding, management services, financing and investment property rent.

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude joint ventures, associates, loans to joint ventures and associates, FVOCI (classification from 1 January 2018), available-for-sale financial assets (classification until 31 December 2017), financial assets at fair value through profit or loss ("FVPL") and financial assets at amortised cost not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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

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

	Year ended 31 December 2018							
	Continuing operation							
	Container shipping and related business (#)	Container terminal and related business	Corporate and other operations	Inter-segment elimination	Sub-total	Discontinued operation	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement								
Total revenues	114,759,218	6,634,745	87,062	(1,138,741)	120,342,284	992,965	(589,939)	120,745,310
Comprising:								
- Inter-segment revenues	6,121	1,131,019	1,601	(1,138,741)	—	589,939	(589,939)	—
- Revenues (from external customers)	114,753,097	5,503,726	85,461	—	120,342,284	403,026	—	120,745,310
Revenues from contracts with customers:								
At a point in time	8,350,340	—	—	—	8,350,340	—	—	8,350,340
Over time	106,408,878	6,634,745	—	(1,137,140)	111,906,483	992,965	(589,939)	112,309,509
	114,759,218	6,634,745	—	(1,137,140)	120,256,823	992,965	(589,939)	120,659,849
Revenue from other source:								
Rental income	—	—	87,062	(1,601)	85,461	—	—	85,461
	114,759,218	6,634,745	87,062	(1,138,741)	120,342,284	992,965	(589,939)	120,745,310
Segment profit/(loss)	3,754,881	1,652,108	(408,192)	—	4,998,797	206,480	—	5,205,277
Finance income	344,590	16,009	505,839	(295,387)	571,051	2,374	—	573,425
Finance costs	(2,305,385)	(484,209)	(1,503,801)	295,387	(3,998,008)	(12,899)	—	(4,010,907)
Share of profits less losses of								
- joint ventures	94,478	602,772	—	—	697,250	—	—	697,250
- associates	45,801	1,334,476	—	—	1,380,277	—	—	1,380,277
Profit/(loss) before income tax	1,934,365	3,121,156	(1,406,154)	—	3,649,367	195,955	—	3,845,322
Income tax expenses	(271,772)	(386,035)	(161,154)	—	(818,961)	—	—	(818,961)
Profit/(loss) for the year	1,662,593	2,735,121	(1,567,308)	—	2,830,406	195,955	—	3,026,361
Gain on disposals of property plant and equipment, net	115,420	1,272	375	—	117,067	630	—	117,697
Depreciation and amortisation	3,238,360	953,681	12,077	—	4,204,118	—	—	4,204,118
Additions to non-current assets	61,832,108	2,427,618	523	—	64,260,249	5,748	—	64,265,997

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

	Year ended 31 December 2017				
	Continuing operation				
	Container shipping and related business(#)	Container terminal and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Income statement					
Total revenues	86,751,206	4,292,927	—	(645,055)	90,399,078
Comprising:					
— Inter-segment revenues	8,938	636,117	—	(645,055)	—
— Revenues (from external customers)	86,742,268	3,656,810	—	—	90,399,078
Segment profit/(loss)	2,824,204	3,394,570	(554,636)	(415)	5,663,723
Finance income	328,106	7,107	282,083	(132,571)	484,725
Finance costs	(1,107,007)	(381,446)	(791,486)	132,571	(2,147,368)
Share of profits less losses of					
- joint ventures	56,833	584,715	—	—	641,548
- associates	(2,087)	1,013,588	48,907	—	1,060,408
Profit/(loss) before income tax	2,100,049	4,618,534	(1,015,132)	(415)	5,703,036
Income tax expenses	(312,918)	(559,287)	(280)	134	(872,351)
Profit/(loss) for the year	1,787,131	4,059,247	(1,015,412)	(281)	4,830,685
Loss on disposals of property plant and equipment, net	86,429	2,460	—	—	88,889
Depreciation and amortisation	1,611,022	711,998	11,522	—	2,334,542
Gain on remeasurement of previously held interest of an available-for-sale financial asset at fair value upon further acquisition to become an associate	—	264,099	—	—	264,099
Gain on disposal of joint ventures and an associate	—	1,886,333	—	—	1,886,333
Additions to non-current assets	9,575,660	1,369,182	13,757	—	10,958,599

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

	As at 31 December 2018				
	Container shipping and related business	Container terminal and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance sheet					
Segment assets	141,084,773	29,646,914	28,549,127	(13,618,561)	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	667,327	1,257,771	158,540	—	2,083,638
Financial assets at FVPL	—	499,442	2,596,055	—	3,095,497
Investments at amortised cost	—	—	1,530,208	—	1,530,208
Assets classified as held for sale	—	4,591,927	—	—	4,591,927
Unallocated assets					1,108,279
Total assets					228,143,805
Segment liabilities	107,404,594	16,854,158	57,023,241	(13,618,561)	167,663,432
Liabilities directly associated with assets classified as held for sale	—	1,244,433	—	—	1,244,433
Unallocated liabilities					2,883,051
Total liabilities					171,790,916

	As at 31 December 2017				
	Container shipping and related business	Container terminal and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance sheet					
Segment assets	70,320,940	27,602,089	18,149,867	(13,317,364)	102,755,532
Joint ventures	350,644	7,819,134	—	—	8,169,778
Associates	343,123	16,853,611	495,524	—	17,692,258
Loans to a joint venture and associates	—	1,046,848	—	—	1,046,848
Available-for-sale financial assets	559,776	1,807,056	—	—	2,366,832
Unallocated assets					1,158,757
Total assets					133,190,005
Segment liabilities	59,816,308	15,638,896	25,155,713	(13,317,364)	87,293,553
Unallocated liabilities					2,185,872
Total liabilities					89,479,425

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, 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	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.

	Year ended 31 December 2018		
Continuing operation	**Total revenue RMB'000**	**Inter segment revenue RMB'000**	**External revenue RMB'000**
Container shipping and related business			
- America	33,112,383	—	33,112,383
- Europe	23,750,637	—	23,750,637
- Asia Pacific	25,875,226	—	25,875,226
- Mainland China	17,736,449	6,121	17,730,328
- Other international market	14,284,523	—	14,284,523
Container shipping and related business	114,759,218	6,121	114,753,097
Container terminal and related business			
- Europe	3,581,339	536,101	3,045,238
- Mainland China	3,053,406	594,918	2,458,488
Container terminal and related business	6,634,745	1,131,019	5,503,726
Corporate and other operations			
- America	87,062	1,601	85,461
Total	121,481,025	1,138,741	120,342,284
Discontinued operation			
- America	992,965	589,939	403,026

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

Notes:

(b) *Non-current assets*

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

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

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

	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Mainland China	40,959,523	38,547,518
Outside of mainland China	24,013,741	14,193,260
Unallocated	96,618,551	36,469,953
Total	161,591,815	89,210,731

4 Other income, net

	2018 RMB'000	2017 RMB'000
Dividend income	26,999	13,029
Government subsidy for demolition of vessels and other subsidies (note a)	1,520,665	1,171,581
Gain on disposal of property, plant and equipment		
— others	131,481	2,274
Gain on disposal of an associate	20,157	203
Gain on remeasurement of equity investments	—	49,751
Reversal of provision for impairment of trade and other receivables	19,021	3,264
Gain on derivatives at fair value	4,311	—
Gain on disposal of subsidiaries	25,066	4,417
Interest income from FVPL	47,681	—
Interest income from investments at amortised cost	33,544	—
Management fee income	40,797	36,124
Exchange gain	514,492	35,833
Fair value gain on financial assets at FVPL	28,367	—
Others	60,710	47,566
Subtotal of other income	2,473,291	1,364,042

	2018 RMB'000	2017 RMB'000
Loss on disposal of/write off property, plant and equipment		
— container vessels	—	(91,163)
— others	(14,414)	—
Provision for impairment of trade and other receivables	(57,468)	(14,098)
Exchange loss	(33,936)	(90,950)
Donations	(6,016)	(377)
Fair value loss on financial assets at FVPL	(68,429)	—
Loss on derivatives at fair value	(38,279)	—
Others	(55,362)	(59,320)
Subtotal of other expense	(273,904)	(255,908)
Total of other income, net	2,199,387	1,108,134

Note:

(a) In 2018, the Company received a subsidy of approximately RMB809.2 million (2017: approximately RMB509.7 million) from the Ministry of Finance ("MoF") through China COSCO Shipping Corporation Limited ("COSCO Shipping") in respect of the demolition of vessels in accordance with the "Implementation Plan for Early Retirement and Replacement of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪提前報廢更新實施方案》) and "Administrative Measure For The Special Subsidies Given By The Central Finance To Encourage Retirement And Replacement Of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪報廢更新中央財政補助專項資金管理辦法》) jointly promulgated by MoF, the Ministry of Transport, the Development and Reform Commission, and the Ministry of Industry and Information Technology of China.

5 Finance income and costs

	2018	**2017**
	RMB'000	**RMB'000**
Finance income		
Interest income from:		
- deposits in China Shipping Finance Company Limited ("CS Finance")/COSCO Finance Company Limited ("COSCO Finance" (note a))	99,048	62,790
- deposits in CS Finance	9,626	170
- loans to joint ventures and associates	34,848	50,347
- banks	427,529	371,418
	571,051	484,725

	2018 RMB'000	2017 RMB'000
Finance costs		
Interest expenses on:		
- bank loans	(2,174,444)	(1,140,257)
- other loans	(5,693)	(3,762)
- loans from COSCO SHIPPING (Hong Kong) Ltd.	(119,893)	—
- loans from non-controlling shareholders of subsidiaries	(29,943)	(30,989)
- loans from a joint venture	(6,043)	(6,446)
- loan from an associate	(2,332)	(122)
- loans from COSCO Shipping	(44,066)	(11,000)
- loan from China Holdings Corporation Limited	(19,934)	(20,554)
- loans from CS Finance/COSCO Finance	(112,303)	(67,718)
- loans from CS Finance	(3,220)	(3,581)
- finance lease obligations	(301,007)	(10,899)
- notes/bonds	(786,154)	(750,120)
	(3,605,032)	(2,045,448)
Amortised amount of transaction costs on long-term borrowings	(92,030)	(61,709)
Amortised amount of discount on issue of notes	(1,279)	(1,433)
Other incidental borrowing costs and charges	(197,567)	(171,941)
Less: amount capitalised in construction in progress	170,046	168,996
Net related exchange loss	(272,146)	(35,833)
	(3,998,008)	(2,147,368)
Net finance costs	(3,426,957)	(1,662,643)

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**

	2018	2017
	RMB'000	**RMB'000**
Current income tax (note a)		
- PRC enterprise income tax	404,481	648,642
- Hong Kong profits tax	6,784	9,320
- Overseas taxation	258,528	187,388
Under/(over) provision in prior years	11,242	(2,498)
	681,035	842,852
Deferred income tax	137,926	29,499
	818,961	872,351

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 10% to 46% (2017: 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 15% (2017: 0% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

7 **Dividend**

The Board of Directors did not recommend the payment of interim or final dividend for the year ended 31 December 2018 (2017: 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 year.

	2018	**2017**
Profit from continuing operation attributable to equity holders of the Company (RMB)	1,083,059,000	2,661,936,000
Profit from discontinued operation attributable to equity holders of the Company (RMB)	146,967,000	—
	1,230,026,000	2,661,936,000
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic and diluted earnings per share (RMB)		
From continuing operation	0.11	0.26
From discontinued operation	0.01	—
	0.12	0.26

(b) Diluted

The basic and diluted earnings per ordinary share are the same since there are no potential dilutive shares.

9 Trade and other receivables and contract assets

	2018 RMB'000	2017 RMB'000
Trade receivables (note a)		
- third parties	8,161,389	5,912,593
- fellow subsidiaries	140,135	125,533
- joint ventures	29,922	19,216
- other related companies	113,346	138,504
	8,444,792	6,195,846
Bills receivables (note a)	289,594	297,932
Contract assets (note a)	161,769	—
	8,896,155	6,493,778
Prepayments, deposits and other receivables (note b)		
- third parties	4,776,775	3,131,728
- fellow subsidiaries	379,704	306,997
- joint ventures	202,207	703,465
- associates	407,322	149,275
- other related companies	189,864	201,627
	5,955,872	4,493,092
Total	14,852,027	10,986,870

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 receivables primarily consisted of voyage-related receivables. As at 31 December 2018, the aging analysis of trade and bills receivables is as follows:

	2018 RMB'000	2017 RMB'000
1-3 months	8,470,666	6,045,919
4-6 months	384,713	336,047
7-12 months	180,032	147,985
Over 1 year	152,267	57,275
Trade, bills receivables and contract assets, gross	9,187,678	6,587,226
Less: provision for impairment	(291,523)	(93,448)
	8,896,155	6,493,778

(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

	2018 RMB'000	2017 RMB'000
Trade payables (note a)		
- third parties	7,473,217	6,222,836
- fellow subsidiaries	1,480,888	1,460,610
- joint ventures	178,891	183,544
- associates	108,183	41,704
- other related companies	101,949	40,283
	9,343,128	7,948,977
Bills payables (note a)	57,500	122,725
	9,400,628	8,071,702
Advances from customers	—	242,557
Other payables and accruals (note b)	17,748,736	13,287,480
Contract liabilities	366,069	—
Due to related companies		
- fellow subsidiaries	269,095	257,795
- joint ventures	246,069	305,508
- associates	104,777	102,186
- other related companies	1,563,051	918,701
	2,182,992	1,584,190
Total	29,698,425	23,185,929

Notes:

(a) As at 31 December 2018, the ageing analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	2018	2017
	RMB'000	RMB'000
1-6 months	9,155,770	7,914,745
7-12 months	152,697	95,879
1-2 years	25,983	34,258
2-3 years	13,553	12,238
Above 3 years	52,625	14,582
	9,400,628	8,071,702

(b) Accruals mainly included accruals for voyages costs and accruals for vessel costs RMB10,151,417,000 (2017: RMB8,293,959,000).

11 **Discontinued operation**

On 6 July 2018, OOIL and Faulker Global amongst others entered into the National Security Agreement pursuant to which OOIL and Faulker Global committed to divest the subsidiaries which directly or indirectly operate U.S. Terminal Business. The proposed sale of the U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operation".

12 **Contingent liabilities**

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

As at 31 December 2018, the Group was unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2018.

13. **Subsequent events**

On 21 January 2019, Qingdao Port International Co., Ltd. ("QPI") completed its A share offering and listed on the Shanghai Stock Exchange. As a result, COSCO SHIPPING Ports Limited ("CSPL", a non-wholly owned subsidiary of the Company)'s 18.41% equity interests in QPI was diluted to 17.12%. As the share of contribution from the A share offer is less than the cost of deemed disposal, CSPL recognised a loss of approximately US$23million (equivalent to approximately RMB151 million) on deemed disposal of partial interest in QPI.

On 23 January 2019, CSPL, COSCO SHIPPING Ports (Chancay) Limited ("CSP (Chancay)", a wholly-owned subsidiary of CSPL), Volcan Compañía Minera S.A.A. ("Volcan") and Terminales Portuarios Chancay S.A. ("TPCH") entered into a subscription and investment agreement pursuant to which TPCH has conditionally agreed to issue, and CSP (Chancay) has conditionally agreed to subscribe for, shares representing 60% of the shares of TPCH at a subscription price of US$225 million (equivalent to approximately RMB1.5 billion), and TPCH will become a subsidiary of CSPL. As at the date of this announcement, the subscription was not completed.

The Company issued ordinary shares of A-shares in the form of non-public offering to specific investors, with an issue quantity of 2,043,254,870 shares, an issue price of RMB3.78 per share, and A share total raised capital of RMB7,723,503,000. As of 22 January 2019, all raised funds have been received and approved by the capital verification.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out above in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Final Results for the Reporting Period from 1 January to 31 December 2018 Prepared under the Hong Kong Financial Reporting Standards

	Period from 1 January to 31 December 2018	Period from 1 January to 31 December 2017	Difference	Percentage of Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Revenue	**120,342,284**	90,399,078	29,943,206	33.12
Operating profit	**4,998,797**	5,663,723	(664,926)	(11.74)
Profit before income tax from continuing operation	**3,649,367**	5,703,036	(2,053,669)	(36.01)
Profit after income tax from continuing operation	**2,830,406**	4,830,685	(2,000,279)	(41.41)
Profit after tax from discontinued operation	**195,955**	—	195,955	—
Profit for the period	**3,026,361**	4,830,685	(1,804,324)	(37.35)
Profit attributable to equity holders of the Company	**1,230,026**	2,661,936	(1,431,910)	(53.79)
Basic earnings per share (RMB)	**0.12**	0.26	(0.14)	(53.85)

I. Discussion and Analysis of the Board on the Operation of the Company during the Reporting Period

Achieving a historic leap-forward development through the acquisition of OOIL

The year of 2018 marked a milestone in the development history of COSCO SHIPPING Holdings. In July, the Company successfully acquired Orient Overseas (International) Limited ("**OOIL**", a company listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (stock code:316)), and achieved a leap-forward development in terms of the size of its fleet. The Group ranked third in the industry in terms of shipping capacity and has become one of the first-tier container shipping companies in the world. As at the end of 2018, the Group operated a fleet comprising 477 container vessels with total shipping capacity of 2.76 million TEU and had orders of nearly 180,000 TEU in terms of shipping capacity.

The global network advantages of COSCO SHIPPING Lines Co., Ltd. ("**COSCO SHIPPING Lines**", a subsidiary of COSCO SHIPPING Holdings) and Orient Overseas Container Line Limited ("**OOCL**", a wholly-owned subsidiary of OOIL) have been integrated by this acquisition, which is beneficial for them to achieve synergies, to provide customers with more diversified product choices and to provide customers with better service experience.

OOIL has an outstanding management team, a brand trusted by customers and an efficient management system. For the better development of these valuable intangible assets, COSCO SHIPPING Holdings formulated a "dual-brand" strategy, which will facilitate synergistic development of the "dual-brand" of the container shipping business.

Under the leadership of the new senior management team of COSCO SHIPPING Holdings, COSCO SHIPPING Lines and OOCL cooperated closely to explore and gradually achieve synergies in the areas such as shipping capacity and shipping route network planning, procurement, container management, IT, commercial coordination and shipping operation. In the second half of 2018, both of these companies achieved good operating results, which has improved the overall competitiveness of the container shipping business of COSCO SHIPPING Holdings.

Completing the non-public issuance of A Shares to optimize the Company's capital structure

In 2018, COSCO SHIPPING Holdings proactively proceeded with the non-public issuance of A shares of the Company ("**A Shares**"). A number of strategic investors have highly appreciated and supported the Company for the significant improvement of its international competitiveness and its clear development strategy since restructuring in 2016. The issuance was successfully completed in January 2019 and the proceeds of RMB7.7 billion was raised, which further optimized the Company's capital structure and enhanced the ability of sustainable development of core businesses of the Company.

Proposing the Share Option Incentive Scheme and improving incentive system

In order to establish a long-term and more comprehensive incentive system of the Company and fully incentivize the middle and senior management and key technical personnel of the Company, COSCO SHIPPING Holdings proposed a share option incentive scheme (the "**Share Option Incentive Scheme**") in 2018 and proposed to grant the share options to no more than 475 participants. The implementation of the Share Option Incentive Scheme is expected to deeply bind the personal interests to the Company's long-term development strategy, further stimulate the initiative and creativity of the employees of the Company and help maximize the value of the Company and the shareholders' returns.

Pragmatism and entrepreneurship to improve efficiency and achieve profitability

Looking back to 2018, the global economy continued to recover, but the growth momentum slowed down. The negative factors, such as the concentrated vessel delivery in the first half of the year, significant rising of oil prices and escalating trade frictions, resulted in significant decrease in overall financial performance of the container liner industry as compared to 2017.

During the Reporting Period, taking the advantage of the acquisition of OOIL, COSCO SHIPPING Holdings took a pragmatic and entrepreneurial approach to overcome the impact of adverse market factors, achieved a net profit attributable to the shareholders of the Company (the "**Shareholders**") of RMB1.23 billion and the overall results remained at relatively good level in the industry. In the container shipping segment, both of our two liner companies were profitable and achieved significant improvement in the second half of the year as compared to the first half of the year. The results of the terminal segment excluding revenue from one-off exceptional items in 2017, increased at a higher rate.

In view of major operating data, the principal businesses of the Company continued to maintain sound development momentum. In 2018, the container shipping business of the Company handled shipping volume (based on the container volume as per bill of lading) of 21,792,000 TEU, representing a year-on-year increase of 29%, of which COSCO SHIPPING Lines handled the shipping volume of 18,366,000 TEU, representing a year-on-year increase of 8.7% and OOIL handled the shipping volume of 3,426,000 TEU from July to December. The container terminals business of the Company achieved a total throughput of 120 million TEU, representing a year-on-year increase of 21%.

Promoting the global layout of shipping routes and terminals and improving the capability of end-to-end one-stop transportation services

Since March 2016, COSCO SHIPPING Lines, a subsidiary of the Company, has made great efforts to explore emerging markets and intra-regional markets. The percentage of shipping capacity deployed by the Company in emerging markets increased from 12% to 18% and that in intra-regional markets increased from 30% to 37%, making the layout of its shipping route network more balanced and globalized. Since the second half year of 2018, OOCL, a subsidiary of the Company, began to utilize the vessel slots of COSCO SHIPPING Lines in the shipping routes of Africa and South America services to explore emerging markets. COSCO SHIPPING Lines and OOCL cooperated closely, exerted synergies, explored market opportunities and fully committed to and actively implemented the Belt and Road Initiative.

Meanwhile, in light of its shipping route layout, COSCO SHIPPING Lines proactively developed the sea-rail transportation business to facilitate end-to-end one-stop transportation service capabilities. In 2018, the Company operated several new self-operating China-European trains in cooperation with China Railway Corporation* (中國鐵路總公司). The Company provided services in a total of 112 foreign trade railway lines departing from China and 152 domestic trade lines, covering over 20,000 to-door-service points, which enabled its customers to have diversified choices and end-to-end transportation solutions. The Company continued to promote the construction of the China-European Sea-rail Express based in Piraeus Port in Greece. In 2018, the China-European Sea-rail Express recorded a freight volume of 50,000 TEU, representing a year-on-year increase of 27%.

In respect of the the terminal business, COSCO SHIPPING Ports Limited ("**COSCO SHIPPING Ports**", a subsidiary of the Company and listed on the Stock Exchange (stock code: 1199)) continued to improve the global terminal layout. Currently, COSCO SHIPPING Ports has 283 berths in operation, including 192 container berths with an annual handling capacity of 105.87 million TEU. In November 2018, COSCO SHIPPING Ports operated the additional two new berths at the COSCO-PSA Terminal in Singapore to strengthen its presence in Southeast Asia. In December 2018, Abu Dhabi Terminal, a terminal invested and developed by COSCO SHIPPING Ports was formally inaugurated and is planned to be a major container gateway port and important hub in the Middle East. In January 2019, COSCO SHIPPING Ports entered into an agreement to acquire 60% equity interest in Chancay Terminal in Peru, which is the first terminal project in South America controlled by the Company.

Promoting the development of digitalized shipping to improve service standards and customer experience

In November 2018, COSCO SHIPPING Lines, OOCL and several other world leading ocean carriers and terminal operators entered into a letter of intent for the establishment of the Global Shipping Business Network (GSBN), an open digital platform in the shipping industry based on blockchain technology, with the aim to jointly promote the establishment and information sharing of digital standards and improve the operational efficiency and the quality of customer service of the industry. The software solutions of the shipping blockchain consortium which is the core technology application will be developed and provided by Cargo Smart, a subsidiary of OOIL.

Adhering to the customer-oriented philosophy, COSCO SHIPPING Lines promoted the application of digital technology. In the first half of 2018, the Company, together with JD.COM (京東) and Good-farmer (佳農), jointly initiated the project of tracing the origin of Ecuador's bananas, enabling consumers to trace the origin of foods by scanning Two-dimensional codes. It was the first commercial application of blockchain technology in the shipping industry, which enabled the Company to provide B2B2C services.

Improving brand image by upholding the philosophy of sustainable development and proactively fulfilling social responsibilities

COSCO SHIPPING Holdings has been upholding the philosophy of sustainable development for a long term, thereby improved its corporate awareness and intrinsic value through sustainable development and management. The Company has strived to enhance its operation, fulfill its social responsibilities, pursue the goal of green shipping and build low-carbon ports in order to promote continuous improvement of its internal management and strive to become a respected and trustworthy multinational shipping enterprise.

In 2018, the Company continued to promote and use various advanced energy conservation and emission reduction technologies, and effectively reduced fuel oil consumption through management measures such as optimizing structure of its fleet and design of its shipping routes and improving operation efficiency of vessels at port, thereby reduced the environmental impact and carbon emission from the business operation. In response to the new regulation on limiting sulphur emission to be implemented worldwide by International Maritime Organization (IMO) in 2020, the Company proactively studied and compared various solutions, followed up the development trend of global low-sulphur fuel supply and strengthened communication with fuel suppliers to secure supply in order to make good preparations to meet the requirement of IMO in time.

Through continuous efforts of the Company in serving the development of global economy and trade and fulfilling social responsibilities, the brand image and market recognition of the Company have been further enhanced. In May 2018, both of the A Shares and H shares of the Company were included in the MSCI China Index; in September, the H shares of the Company were selected as a constituent stock of the Hang Seng Corporate Sustainability Index Series; in October, the November was included in the World's Best Employers List 2018 by Forbes; in December, the Company was awarded "The Golden Bauhina-The Best Listed Company for Practicing the Belt and Road Initiative" (金紫荊"一帶一路"最佳實踐上市公司) by Ta Kung Pao; in January 2019, the Company was included in the Top 50 Companies List in the first "New Fortune Best Listed Companies (新財富最佳上市公司) Award".

Looking forward to 2019, the Company is cautiously optimistic about the global economy and the shipping environment as both challenges and opportunities are lying ahead. The challenges include a slowdown in the global economic growth, as reflected by the adjustment of the global economic growth forecast for 2019 from 3.7% downwards to 3.5% by the International Monetary Fund (IMF) in January; the uncertainties that may negatively affect shipping, including trade frictions, high oil price, etc.; the industry's supply-demand imbalance, especially the surplus shipping capacity in the markets of some regions. The favorable conditions and positive factors include: first, the growth drivers of the economy of China remain stable and strong; second, China continues to open up and provides new driving forces for the development of the global free trade; third, the Belt and Road Initiative creates significant opportunities for the development of the world economy, and with the building of the Belt and Road being further deepened worldwide, emerging markets represented by Southeast Asia, Middle East, Central and South America and West Africa could be further developed, thereby driving the global economic growth; and fourth, the capacity growth of container shipping tends to slow down, thus may help alleviate the pressure on supply side.

Currently, we believe that the development of the shipping industry has the following characteristics: firstly, the macro economy has been changing while the "trade position" of the shipping industry remains unchanged; secondly, the factor market of the industry has been changing while the "service essence" of the shipping industry remains unchanged; and thirdly, the competitive landscape of enterprises has been changing while the "value concept" of the shipping industry remains unchanged. The way to adapt to various kinds of changes is to focus on their essence. The shipping industry can adapt to market changes and achieve sustainable development only by adhering to the principle of customer orientation, persisting on the service essence and sticking to the philosophy of mutual benefits and win-win.

As a global leading container liner company and terminal operator, COSCO SHIPPING Holdings should focus on the essence of such changes and unchanged factors. Facing opportunities and challenges, the Company will follow the established strategies to achieve higher quality and more sustainable development with a sense of urgency, determination, confidence and belief of "outperforming in the market, outperforming in the reform and outperforming in the era".

In respect of the container shipping business, 2019 is a crucial year for the Company to transform from "scale development" to "operating in a more precisely way, returning to the essence of the shipping industry and improving service". The Company will fully implement its core "OCEAN & PLUS" strategy, namely "globalization, dual-brand, digitalization and end-to-end". In respect of shipping services, the Company will further promote globalization, improve the quality of shipping services and continuously reduce costs through the dual-brand strategy to generate higher revenue. Moreover, the Company will continue to improve customer experience through digitalization and end-to-end services.

In respect of the implementation of the globalization strategy, the Company will further optimize the layout of its shipping routes, continue to make greater efforts to explore emerging markets, intra-regional markets and markets outside China, in order to achieve a more balanced allocation of fleet resources and take active measures to adapt to global trade frictions. In the traditionally advantageous routes, the Company will further reduce the cost per TEU through allocation of large vessels with the aim to improve the competitiveness. Meanwhile, the Company will continue to proactively promote the cooperation among OCEAN Alliance members. In January 2019, OCEAN Alliance members entered into documents to extend the duration of cooperation to 10 years until 2027, and formally launched the DAY3 product in 2019 in the market with the total shipping capacity of 3.86 million TEU in 40 shipping routes, which make the product structure further optimized, the coverage more extensive and the service frequency higher, and therefore, further improve the service quality.

In respect of the implementation of the dual-brand strategy, the Company will accelerate the integration of the backstage work such as container management, procurement, IT and network planning with the aim to achieve synergies and improve service quality. The synergy management teams of COSCO SHIPPING Holdings and its two liner subsidiaries will work together to strive to achieve the established annual target of synergies.

In respect of the implementation of the digitalization strategy, the Company will use digital technology to not only meet but also guide and create customer demands, bring new experience to customers and create values for customers. The Company will proactively establish digital operation supporting systems and innovative business model and service products through a combined application of new technologies such as big data, artificial intelligence, E-commerce platform and blockchain, so as to constantly improve the operational efficiency and service quality of supply chain.

In respect of the implementation of the end-to-end strategy, the Company will design and launch more end-to-end services and products, accelerate the development of extended services and endeavor to enhance the capacity in the one-stop transportation services. In respect of railway transportation, the Company will include more countries in Central and Eastern Europe into the service scope of the China-Europe Sea-rail Express, focus on integrated logistics solutions, develop more end-to-end customers and take the complimentary advantages of OOIL Logistics (a subsidiary of the Company), accomplish the design, construction and management of end-to-end service channels and solve the “last one kilometer” issues.

In respect of the port business, COSCO SHIPPING Ports will continue to improve the global terminal network layout and devote to create a meaningful holding network for users around the world and create a win-win and shared platform for the upstream and downstream industries of the shipping business. The Company will continue to stick to its five-year strategic plan to strengthen its global terminal network, take advantage of the synergies between the fleet of its parent company and OCEAN Alliance, enhance the management and efficiency of the port and terminal operation and become a world class port operator.

"All rivers eventually flow into the sea despite of different sources". In the new year, as the most significant component of core businesses, listed platform of the container shipping service supply chain and listed flagship subsidiary of China COSCO Shipping Corporation Limited ("**China COSCO Shipping**", the controlling shareholder of the Company) together with its subsidiaries ("**China COSCO Shipping Group**"), COSCO SHIPPING Holdings, together with elites from various fields, will continue to work proactively and diligently, constantly improve development quality, endeavor to build the Company as a world class integrated container shipping service provider, to provide customers with better services and create greater value for shareholders.

(I) Major Profit and Loss Items and Cash Flow Analysis

In 2018, the Group generated revenue of RMB120,342,284,000, representing an increase of RMB29,943,206,000 or 33.12% as compared to last year. In 2018, profit attributable to equity holders of the Company was RMB1,230,026,000, representing a decrease of RMB1,431,910,000 as compared to last year.

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

Item	**For the year ended 31 December 2018** *RMB'000*	**For the year ended 31 December 2017** *RMB'000*	**Difference** *RMB'000*	**Percentage of Change** *(%)*
Revenues	**120,342,284**	90,399,078	29,943,206	33.12
Cost of services and inventories sold	**(110,725,942)**	(82,761,870)	(27,964,072)	33.79
Other income, net	**2,199,387**	1,108,134	1,091,253	98.48
Selling, administrative and general expenses	**(6,816,932)**	(5,232,051)	(1,584,881)	30.29
Finance income	**571,051**	484,725	86,326	17.81
Finance costs	**(3,998,008)**	(2,147,368)	(1,850,640)	86.18
Net cash flows generated from operating activities	**8,130,776**	7,092,039	1,038,737	14.65
Net cash flows used in investing activities	**(39,343,548)**	(15,233,054)	(24,110,494)	—
Net cash flows generated from financing activities	**37,566,702**	2,796,966	34,769,736	—

2. Revenues

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

Overview

In 2018, the revenues of the Group amounted to RMB120,342,284,000, representing an increase of RMB29,943,206,000 or 33.12% as compared to last year. Excluding the effect of acquisition of OOIL, the revenue increased by RMB 6,545,285,000 or 7.24% as compared to last year.

Revenue from container shipping and related business

In 2018, revenue from container shipping and related business amounted to RMB114,759,218,000, representing an increase of RMB28,008,012,000 or 32.29% as compared to last year, of which COSCO SHIPPING Lines generated revenues of RMB91,366,286,000 from container shipping and related business, representing an increase of RMB4,615,080,000 or 5.32% as compared to last year. The average revenue per TEU generated from international routes amounted to US$871.64 per TEU, representing an increase of 0.18% as compared to last year. The average revenue per TEU generated from domestic trade routes amounted to RMB2,060.25 per TEU, representing an increase of 2.34% as compared to last year.

Revenue from terminal and related business

In 2018, revenue generated from the terminal and related business amounted to RMB6,634,745,000, representing an increase of RMB2,341,818,000 or 54.55% as compared to last year, which was mainly due to the growth of terminal business. For more details, please refer to the section headed "(IV) Industry Operation Information Analysis - Terminal business" in this announcement.

Major customers

Total sales to the top five customers of the Group in 2018 amounted to RMB4,954,988,000, accounting for 4.10% of the total sales for the year.

3. **Costs**

Cost analysis

Business segment	Components of cost	From 1 January to 31 December 2018	From 1 January to 31 December 2017	Difference	Percentage of change
		RMB'000	*RMB'000*	*RMB'000*	*%*
Container shipping and related business	**Equipment and cargo transportation costs**	**52,972,808**	39,837,978	13,134,830	32.97
	Voyage costs	**26,015,232**	16,863,203	9,152,029	54.27
	Vessel costs	**20,952,083**	16,037,001	4,915,082	30.65
	Freight forwarding and shipping agency costs	**6,988,231**	7,621,592	(633,361)	(8.31)
	Subtotal	**106,928,354**	80,359,774	26,568,580	33.06
Container terminal and related business	**Container terminal and related business costs**	**4,669,129**	2,867,542	1,801,587	62.83
Other business	**Other business costs**	**61,579**	—	61,579	—
	Elimination between different businesses	**(1,130,516)**	(631,043)	(499,473)	79.15
	Tax and surcharges	**197,396**	165,597	31,799	19.20
	Total operating costs	**110,725,942**	82,761,870	27,964,072	33.79

Overview

In 2018, the operating cost of the Group amounted to RMB110,725,942,000, representing a year-on-year increase of RMB27,964,072,000 or 33.79%. Excluding the effect of acquisition of OOIL, the operating cost increased by RMB7,490,799,000 or 9.05% as compared to last year.

Container shipping and related business cost

In 2018, the container shipping and related business cost amounted to RMB106,928,354,000, representing an increase of RMB26,568,580,000 or 33.06% as compared to last year, of which, the container shipping and related business cost incurred by COSCO SHIPPING Lines in 2018 amounted to RMB86,467,185,000, representing an increase of RMB6,107,412,000 or 7.60% as compared to last year. The shipping cost per TEU increased by 2.33% as compared to last year and the shipping cost per TEU excluding the fuel cost decreased by 2.3% as compared to last year.

Terminal and related business cost

In 2018, the terminal and related business cost amounted to RMB4,669,129,000, representing an increase of RMB1,801,587,000 or 62.83% as compared to last year, which was mainly due to the growth of terminal business. For more details, please refer to the section headed "(IV) Industry Operation Information Analysis - Terminal business" in this announcement.

4. Other profit or loss items

Other income, net

The net other income of the Group in 2018 was RMB2,199,387,000, representing an increase of RMB1,091,253,000 as compared to last year, of which subsidies for the demolition of vessels amounted to RMB809,175,000, representing an increase of RMB299,511,000 as compared to last year. In 2018, since no vessel was demolished during the year, no gain or loss arose from demolition of vessels. A net loss of RMB90,668,000 was incurred during last year for the demolition of one vessel by COSCO SHIPPING Lines, a subsidiary of the Group. Net foreign exchange gains amounted to RMB480,556,000 in 2018 and net foreign exchange losses amounted to RMB55,117,000 in 2017.

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

Last year, due to the reorganization project of Qingdao Port, the Group sold 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. ("**Qingdao Qianwan Terminal**"), a joint venture company, and acquired additional available-for-sale financial assets, being the shares of Qingdao Port International Co., Ltd. ("**Qingdao Port International**"), which therefore became an associated company of the Group. A one-off gain in the total amount of RMB2,150,432,000 was generated.

Selling, administrative and general expenses

In 2018, the selling, administrative and general expenses of the Group amounted to RMB6,816,932,000, representing an increase of RMB1,584,881,000 or 30.29% as compared to last year. As compared to last year, the administrative expenses of the Group for 2018 included the administrative expenses incurred by OOIL during the second half of 2018 as a result of the successful acquisition of OOIL.

Finance income

In 2018, the finance income of the Group amounted to RMB571,051,000, representing an increase of RMB86,326,000 or 17.81% as compared to last year. As compared to last year, the finance income of the Group for 2018 included the finance income generated by OOIL during the second half of 2018 as a result of the successful acquisition of OOIL.

Finance costs

In 2018, the finance costs of the Group amounted to RMB3,998,008,000, representing an increase of RMB1,850,640,000 as compared to last year. As compared to last year, the interest rate of USD-denominated loans and the interest-bearing liabilities of the Group increased, and the interest expenses of borrowings and bank processing fees related to borrowings increased accordingly.

Share of profits of joint ventures and associated companies

The Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB2,077,527,000 in 2018, representing an increase of RMB375,571,000 as compared to last year.

Income tax expenses

Income tax expenses of the Group in 2018 amounted to RMB818,961,000, representing a decrease of RMB53,390,000 as compared to last year.

Major suppliers

Total purchases from the top five suppliers of the Group in 2018 amounted to RMB17,443,994,000, accounting for 15.77% of the total purchases for the year.

Analysis of discontinued operation during the Reporting Period

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)，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 the relevant standards of Hong Kong Financial Reporting Standards, the US terminal business of OOIL should be presented as the discontinued operation of the Group. In 2018, the Group recorded an after-tax profit of RMB195,955,000 from discontinued operation, which was the after-tax profit generated from the US terminal business of OOIL in the second half of 2018. In 2017, the Group did not have any discontinued operation.

5. Cash flow

As at the end of 2018, the cash and cash equivalents amounted to RMB32,837,729,000, representing an increase of RMB7,099,203,000 or 27.58% 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 2018, the cash inflow from operating activities amounted to RMB8,130,776,000, representing an increase of RMB1,038,737,000 or 14.65% as compared to last year.

(2) Net cash flow from investing activities

In 2018, the net cash outflow from investing activities amounted to RMB39,343,548,000, representing an increase of RMB24,110,494,000 as compared to the net cash outflow of last year, which included the net cash outflows for the acquisition of OOIL, the construction of container vessels, the purchase of containers and the terminal construction projects, etc.

(3) Net cash flow from financing activities

In 2018, the net cash inflow from financing activities amounted to RMB37,566,702,000, representing an increase in a net inflow of RMB34,769,736,000 as compared to that of the last year, which included the net cash inflow from borrowings of US$4,443,958,000 for the acquisition of OOIL.

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

As at the end of 2018, the balance of cash and cash equivalents increased by RMB745,273,000, primarily due to an appreciation in the USD to RMB exchange rate at the end of 2018 as compared to the end of last year.

(II) Working Capital, Financial Resources and Capital Structure

Overview

The assets and liabilities of the Group increased significantly as compared to the end of last year, mainly due to increase in borrowings in the result of acquisition of OOIL and the statement of OOIL was consolidated since 1 July 2018. As at 31 December 2018, the total assets of the Group amounted to RMB228,143,805,000, representing an increase of RMB94,953,800,000 or 71.29% from the end of last year. The total liabilities amounted to RMB171,790,916,000, representing an increase of RMB82,311,491,000 or 91.99% from the end of last year.

As at 31 December 2018, the total outstanding borrowings of the Group were RMB137,195,640,000. After deducting the cash and cash equivalents, the net amount was RMB104,357,911,000, representing an increase of RMB66,706,690,000 or 177.17% as compared to that at the end of last year. As at 31 December 2018, the net current liabilities of the Group were RMB28,837,957,000, which was RMB4,154,725,000 at the end of last year. As at 31 December 2018, the net debt to equity ratio was 185.19%, representing an increase of 99.05 percentage points as compared to that at 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 (excluding discontinued operation)

Categories	As at 31 December 2018 *RMB'000*	As at 31 December 2017 *RMB'000*
Short-term borrowings	**48,220,619**	10,939,802
Long-term borrowings	**88,975,021**	52,449,945
Among which: Less than 1 year	**8,730,823**	8,540,731
one to two years	**14,102,082**	8,476,861
three to five years	**41,809,934**	17,580,968
Over five years	**24,332,182**	17,851,385
Total of long-term and short-term borrowings	**137,195,640**	63,389,747

Borrowings by categories

As at 31 December 2018, the Group had bank borrowings of RMB89,341,850,000, notes and bonds payable of RMB17,828,855,000 and other borrowings of RMB30,024,935,000, representing 65.12%, 13.00% and 21.88% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB37,679,000,000 and unsecured borrowings amounted to RMB51,662,850,000, representing 27.46% and 37.66% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

The borrowings of the Group denominated in US dollar amounted to RMB94,012,492,000, borrowings denominated in RMB amounted to RMB34,955,857,000, borrowings denominated in Euro amounted to RMB5,861,560,000, and borrowings denominated in Hong Kong dollar amounted to RMB2,365,731,000, representing 68.52%, 25.48%, 4.27% and 1.73% of the total borrowings, respectively.

Secured borrowings

Certain properties, plant and equipment of the Group with net book value of RMB53,203,080,000 (as at 31 December 2017: RMB23,905,072,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB37,751,000,000 (as at 31 December 2017: RMB20,940,293,000), representing 46.11% of the total value of the property, plant and equipment (as at 31 December 2017: 41.63%).

Guarantees (excluding discontinued operation)

As at 31 December 2018, the Group had provided guarantees in the amount of RMB44,975,697,000 to subsidiaries (as at 31 December 2017: RMB60,282,000).

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 31 December 2018, 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 year ended 31 December 2018.

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 31 December 2018, the Group had a total of 10 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB6,506,863,000.

As at 31 December 2018, the Group's containers under construction amounted to 70,778 TEU in aggregate. The capital commitments for future construction of containers amounted to RMB886,476,000.

As at 31 December 2018, the Group's capital commitments for investment in terminals amounted to RMB5,360,974,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB2,712,750,000 and the equity investment commitment of terminals amounted to RMB2,648,224,000.

Facilities and financing plans

Facilities

As at 31 December 2018, the unutilized bank loan facilities of the Group were RMB29,802,926,000. The Group is highly concerned about the potential financial risks of the loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

Financing plans

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

(III) Investment analysis

1. Analysis of external equity investments

As at the end of 2018, the total balance of the Group's equity investments in associated companies and joint ventures amounted to RMB28,877,466,000, representing an increase of RMB3,015,430,000 from the end of last year and an increase of RMB2,011,913,000 from the end of last year (excluding the effect of acquisition of OOIL). In 2018, the Group has seven new associated companies and joint ventures, resulting in an additional investment cost of RMB601,651,000.

Significant equity investments

Increase in significant equity investments during the year:

Invested Companies	**Shareholding as at the end of 2018**	**Increase in investment costs during the year**
	(%)	*RMB'000*
COSCO SHIPPING Lines (Ghana) Co., Ltd. (中遠海運集運(加納)有限公司)	60.00	2,177
COSCO-PSA Terminal Private Limited (中遠-新港碼頭有限公司)	49.00	524,820
China-European Sea-Rail Express Co., Ltd. (中歐陸海快線有限公司)(EUR)	30.00	23,432
Shanghai COSCO SHIPPING Micro-finance Co. Ltd. (上海中遠海運小額貸款有限公司)	25.00	50,000

2. Financial assets at fair value

Short name of securities	**Shareholding at the end of period**	**Opening carrying amount**	**Increase for the year**	**Investment profit or loss for the reporting period**	**Change in carrying amount during the reporting period**	**Closing carrying amount**
	(%)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Investment portfolio including shares, bonds and funds	—	0.00	2,558,640.31	61,152.01	37,414.46	2,596,054.77
Beibu Gulf Port Co., Ltd.	4.34	0.00	471,064.54	0.00	28,377.38	499,441.92
Guangzhou Port Co., Ltd.	3.98	1,506,616.56	0.00	8,383.79	-530,151.49	976,465.07
Shanghai Tianhongli Asset Management Co., Ltd.	19.00	450,216.17	0.00	1,663.77	12,231.82	462,447.99
Ocean Hotel Shanghai Co., Ltd.	10.00	85,254.80	0.00	0.00	26,396.17	111,650.97
Yantai Port Co., Ltd.	3.90	198,836.66	0.00	0.00	0.00	198,836.66
Hui Xian Holdings Ltd	7.90	0.00	151,125.00	0.00	7,416.85	158,541.85
Qinhuangdao Port Co., Ltd.	0.88	97,753.63	0.00	2,840.50	-23,621.57	74,132.06
Other financial assets at fair value	—	92,900.71	7,781.92	4,065.78	880.68	101,563.31
Total	—	2,431,578.53	3,188,611.77	78,105.85	-441,055.70	5,179,134.60

Notes:

After completion of the acquisition of OOIL, the consolidated financial statements of the Group at the end of 2018 included the relevant financial assets measured at fair value held by OOIL at the end of 2018.

(IV) Industry Operation Information Analysis

Container shipping business

In 2018, in light of the moderate growth of the demand for the container shipping globally, the shipping capacity of the container fleet grew rapidly due to the concentrated delivery, and there was no substantial improvement in the supply-demand relationship in the container shipping market. The annual average value of the China Containerized Freight Index (CCFI) was 818 points, which was basically at the same level as that of the last year. The overall international oil price remained at a high level, and the average annual unit price of Singapore 380CST fuel oil increased by 31.5% as compared to last year.

During the Reporting Period, the Company strived to overcome the adverse impact from higher oil prices and trade friction escalation, adhered to the four strategies of "globalization, dual-brand, digitization, end-to-end service", fully utilized the scale advantages and continuously increased development efforts in the emerging markets, regional markets and markets outside of China, the globalization became more balanced. After COSCO SHIPPING Holdings successfully acquired OOCL, it achieved a leap-forward development of the fleet size of our container fleet again. According to statistics from Alphaliner, the Company ranked third in the industry in terms of shipping capacity. The Company proactively implemented the dual-brand strategy, and promoted the complementary advantages between COSCO SHIPPING Lines and OOIL, to maximize their synergies.

The Company adhered to its customer-centric policy by boosting standardized service and innovating and accelerating the development of digital shipping. During the Reporting Period, the Company cooperated with JD.COM (京東) and Good-farmer (佳農) to launch the function to trace the origin of Ecuador's bananas commercially using the blockchain technology in shipping industry for the first time, and provide B2B2C services. In November, the Company reach a cooperative intention with several world-renowned port and shipping enterprises in respect of jointly establishing the first blockchain alliance — Global Shipping Business Network in shipping industry, to promote digital standard formulation and information sharing in the industry and enhance operation efficiency and quality of customer service in the industry.

Taking into account the layout of shipping routes, the Company accelerated the construction of sea-to-rail intermodal network and extensively participated in the operation in the China-Europe train market. The Company deeply explored potential customer demands and enhanced its ability to develop the end to end business, accelerate the development of new southbound channels and China-Europe sea-rail Express, and operated a number of self-operated China-Europe trains during the year, to provide customers with more diversified product selection, continuously improve the ability to provide customers with full-service logistics solutions, and strive to improve service levels and customer experience.

During 2018, there were 18 new container vessels with total 319,059 TEU delivered by COSCO SHIPPING Holdings for operation. There was no new order for container vessels during the year. As at 31 December 2018, COSCO SHIPPING Lines operated a fleet of 376 container vessels with a shipping capacity of 2,057,350 TEU. Its total shipping capacity increased by 13% as compared to the end of 2017, and it had orders for 10 container vessels with 178,694 TEU in total.

During the second half of 2018, OOCL had no newly delivered container vessels or any new order for container vessels. As at 31 December 2018, the fleet of OOCL had 101 container vessels with a shipping capacity of 701,463 TEU.

As at 31 December 2018, the container fleet operated by COSCO SHIPPING Holdings had a fleet of a total number of 477 vessels with a shipping capacity of 2,758,813 TEU. The size of its total shipping capacity increased by 51.7% as compared to 1,819,091 TEU at the end of 2017.

Containers shipped (TEU):

	2018	2017	Year-on-year increase %
Routes			
Trans-Pacific	3,876,190	2,832,598	36.84
Asia and Europe (including the Mediterranean)	3,837,750	2,982,750	28.66
Asia Region (including Australia)	6,279,399	4,245,489	47.91
Other international region (including the Atlantic)	2,049,362	1,278,684	60.27
Mainland China	5,749,210	5,556,476	3.47
Total	21,791,911	16,895,997	28.98

Of which containers shipped by COSCO SHIPPING Lines (a subsidiary of the Company) (TEU)

	2018	2017	Year-on-year increase %
Routes			
Trans-Pacific	2,865,479	2,832,598	1.16
Asia and Europe (including the Mediterranean)	3,173,218	2,982,750	6.39
Asia Region (including Australia)	4,746,125	4,245,489	11.79
Other international region (including the Atlantic)	1,832,076	1,278,684	43.28
Mainland China	5,749,210	5,556,476	3.47
Total	18,366,108	16,895,997	8.70

Revenue from routes (RMB'000)

	2018	**2017**	**Year-on-year increase** *(%)*
Trans-Pacific	32,631,650	22,298,165	46.34
Asia and Europe (including the Mediterranean)	22,475,742	18,632,357	20.63
Asia Region (including Australia)	24,899,781	16,333,999	52.44
Other international region (including the Atlantic)	14,227,550	9,401,763	51.33
Mainland China	11,844,798	11,186,245	5.89
Total	106,079,521	77,852,529	36.26

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

	2018	**2017**	**Year-on-year increase/ decrease** %
Routes			
Trans-Pacific	23,592,255	22,298,165	5.80
Asia and Europe (including the Mediterranean)	18,351,718	18,632,357	(1.51)
Asia Region (including Australia)	18,538,991	16,333,999	13.50
Other international region (including the Atlantic)	12,386,755	9,401,763	31.75
Mainland China	11,844,798	11,186,245	5.89
Total	84,714,517	77,852,529	8.81

Terminal business

Although there are various uncertainties in global trade, 2018 is a year full of achievements for COSCO SHIPPING Ports. Benefitting from the increased berthing by the OCEAN Alliance and parent company and the amount of containers from its newly acquired terminals, the total throughput increased by 17.1% from last year to 117,365,360 TEU (2017: 100,202,185 TEU), the growth rate of which exceeds that of the industry. Throughput of Qingdao Port International has been included since May 2017; the throughput (excluding Qingdao Port International) increased by 11.5% from last year to 98,045,360 TEU on a comparable Qingdao Port International basis.

Throughput from the Group's controlled terminals increased by 29.7% to 22,507,686 TEU (2017: 17,353,422 TEU), accounting for 19.2% of the Group's total throughput. Throughput from the Group's non-controlled terminals increased by 14.5% from last year to 94,857,674 TEU (2017: 82,848,763 TEU).

Total equity throughput of COSCO SHIPPING Ports increased by 15.8% from last year to 37,062,172 TEU (2017: 31,999,491 TEU) in 2018. Excluding Qingdao Port International, equity throughput increased by 12.7% from last year to 33,505,360 TEU. Equity throughput from the Group's controlled terminals of COSCO SHIPPING Ports increased by 28.7% from last year to 14,230,256 TEU (2017: 11,053,112 TEU), accounting for 38.4% of its total equity throughput. Equity throughput from the Group non-controlled terminals of COSCO SHIPPING Ports increased by 9.0% from last year to 22,831,916 TEU (2017: 20,946,379 TEU). Driven by the increased container shipping volume from controlled terminals, excluding newly acquired terminals, throughput from COSCO SHIPPING Ports increased by 7.8% from 2017 to 94,158,905 TEU, which exceeded the industry's average growth rate of 4.2%.

Throughput of terminals by region (TEU)

Unit: TEU

Location of terminal	Year ended 31 December 2018	Year ended 31 December 2017	Difference	Percentage of increase *(%)*
Bohai Rim Region	40,722,435	28,244,975	12,477,460	44.2
Yangtze River Delta Region	19,808,646	19,630,693	177,953	0.9
Southeast Coast and others	6,343,335	5,079,660	1,263,675	24.9
Pearl River Delta Region	27,388,896	27,049,188	339,708	1.3
Southwest Coast	1,371,051	1,357,005	14,046	1.0
Overseas	25,562,041	18,840,664	6,721,377	35.7
Total	121,196,404	100,202,185	20,994,219	21.0
Of which: Controlled terminals	23,945,110	17,353,422	6,591,688	38.0
Participating terminals	97,251,294	82,848,763	14,402,531	17.4

Significant acquisitions and disposals of assets and equity interests

1. COSCO SHIPPING Holdings published an announcement on 9 July 2017 that Faulkner Global Holdings Limited ("**Faulkner Global**"), a subsidiary of the Company, and Shanghai Port Group (BVI) Development Co., Limited, a subsidiary of Shanghai International Port (Group) Co., Ltd., made a pre-conditional voluntary general cash offer (the "**Offer**") to all shareholders of OOIL to acquire all of the issued shares of OOIL at an offer price of HK$78.67 per share. The Offer was considered and approved at the third meeting of the 5th session of the Board held on 7 July 2017 and the second extraordinary general

meeting of 2017 of the Company held on 16 October 2017. On 29 June 2018, all the pre-conditions to the Offer were fulfilled. On 13 July 2018, the Offer became unconditional in all respects. On 27 July 2018, the offer closed. On 7 August 2018, the Joint Offerors completed the payment of the relevant consideration for the Offer. Therefore, the Offer was completed.

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

For details of the Offer, please refer to the announcements of the Company (including but not limited to) dated 7 July 2017, 29 June 2018, 13 July 2018 and 27 July 2018, the composite document dated 6 July 2018 and the circular of the Company dated 25 September 2017.

Events after the balance sheet date:

On 21 January 2019, Qingdao Port International (an associate of the Company listed on the Stock Exchange), completed an A share offering and was listed on the Shanghai Stock Exchange at RMB4.61 per share (stock code: 601298). Without further subscription of QPI's A shares, the Group's interests in Qingdao Port International was diluted from 18.41% to 17.12%. The deemed disposal resulted in an estimated loss of approximately US$23.00 million (equivalent to approximately RMB151 million).

On 23 January 2019, COSCO SHIPPING Ports, COSCO Shipping Ports (Chancay) Limited ("**CSP (Chancay)**"), Volcan Compañia Minera S.A.A. ("Volcan") and Terminales Portuarios Chancay S.A. ("TPCH") entered into the subscription and investment agreement pursuant to which TPCH has conditionally agreed to issue, and CSP (Chancay) has conditionally agreed to subscribe for the shares representing 60% of the shares in TPCH at a subscription price of US$225 million (equivalent to approximately RMB1.5 billion). As at the date of this announcement, the subscription has not been completed pending the fulfilment of certain precedent conditions. For more details, please refer to the announcement of the Company dated 23 January 2019.

The Company issued 2,043,254,870 A shares by way of non-public issuance of A shares to specific investors at the issue price of RMB3.78 per A share and raised proceeds of RMB7,723,503,000. 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). For more details, please refer to the announcement of the Company dated 25 January 2019.

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

(I) Competition in the industry and development trend

Container shipping market

Competition landscape

After industry restructuring and integration for nearly three years, the mainstream liner companies have basically expanded to large scale. As the pace of technological innovation and development accelerate continuously, global environmental protection standards are becoming more stringent, and the threshold for entry and competition in the container transportation market is rising. The allied operation has been enhanced. As the scope of cooperation alliance is gradually expanded to the shipping sub-routes such as the Far East from or to the Red Sea in the Middle East, the allied operation will be continuously expanded in the future. Currently, the services of the shipping segment are highly standardized and homogenized, the transportation service will be extended to both ends of the shipping segment to provide customers with customized and differentiated full-service logistics services, which will become a new competitive field for the industry.

Market outlook

In term of the demand, the global economic recovery began in the second half of 2016 is currently at a critical cyclical node. In recent years, the globalization process has been challenged, the global economic growth has been weakened, and the growth rate of container transportation demand tends to slow down. In term of the supply, with the vessel orders being gradually delivered, the new round of orders has not yet been fully delivered. In the future, the fleet capacity of the container market will maintain a low-speed growth, which is conducive to the improvement of the relationship between supply and demand of the industry. At the same time, as the industry concentration increases, market competition will become more rational. Under the trend of container transportation services gradually turning to full-scale logistics services, the future development of the industry will be more resilient.

Development trend

In line with change in global economic and trading environment, emerging the continuous markets and regional markets will continue to lead the industry growth. In the future, competition in the market may show a trend of globalization coexisting with regionalization, and fleets in the market will also differentiated to huge and small sizes in line with the trend. With the continuous industry consolidation and in-depth development of alliance cooperation, the operational strategies of liner companies will gradually shift from the single and standard shipping services to more diversified and customized full logistics services. The mainstream of future industry integration will also shift from horizontal integration of the same industry to the vertical integration of upstream and downstream industries. Digitalization will become a new drive for the development of the industry. The extensive application of blockchain, cloud computing, big data, artificial intelligence and other technologies in all aspects of container transportation will accelerate the improvement of customer experience, enhance internal efficiency and accelerate the development of the industry.

Terminal market

The Cooperation among global terminal operators is constantly expanded and deepened. On one hand, it will help improve the competitiveness of the terminal industry to better cope with the pressure of the alliance; on the other hand, it will also help terminal operators to reduce operating costs and operational risks. The in-depth cooperation among the global terminal operators will create a win-win situation that will help the terminal industry to achieve steady, sound and sustainable development.

In 2018, terminal operators have participated in the whole supply chain business, to diversify their sources of income and link transportation with shippers more closely, which has become the main focus for enhancing port bargaining power and competitiveness of terminal operators. In order to effectively cope with the increasing bargaining power of the shipping alliance and effectively improve the terminal operation capability and service quality, the integration speed of global port enterprises is accelerating, cooperation is becoming closer, and the concept of competition and cooperation is deeply rooted.

The horizontal cooperation between port enterprises and shipping companies is also increasing. The synergies are not only reflected between the parent company and subsidiary, but also between the port and shipping companies. The benefit, effect and efficiency of synergies are constantly improved, and the potential of the win-win situation is constantly deepened and expanded. Terminal operators with the background of vessel company will be more committed to utilize the synergies and are expected to take the lead in the competition of supply.

The focus of terminal investment will still be on emerging markets and will be transferred from the key nodes of the traditional east-west routes to the key nodes of the north-south routes. In the future, the growth rate of the north-south routes is expected to exceed that of the east-west routes. In such view, the existing major terminal operators focus on investment in emerging markets, and they also transfer to investment region of key nodes such as Africa, South Asia and the America to grasp development opportunities. In 2019, the super-large container vessels were put into operation successively, and the global main route network is undergoing a new round of adjustment and optimization. At the same time, digitalization, automation, blockchain technology, smart ports, and green low-carbon ports become the trends of the port industry. Using artificial intelligence to automate truck scheduling processes, integrates the synergies of shipping and road services to create synergies, to provide a full range of services for shippers, which will become a catalyst for the transformation and upgrading of enterprises to cope with the development of the new era.

(II) Development strategy

The Group will continue to focus on building itself into a world-class integrated container shipping service provider, fully promote the strategic and business synergies between the two sectors of container shipping and terminal operation management, and continuously enhance its comprehensive competitiveness and promoting high quality development. In respect of the container shipping sector, after the successful acquisition of OOIL, the Group's container fleet achieved a leap-forward development in scale. The Group will fully implement its core "OCEAN & PLUS" strategy, namely "globalization, dual-brand, digitalization and end-to-end", to return to the essence of shipping from scale development, improve service transformation, and continuously build a world-class liner company with international competitiveness. In respect of the terminal operation management sector, the Group will continue to promote the three strategies of "globalized terminal layout, synergies with the fleet of parent company and OCEAN Alliance, and strengthening the management of port and terminal business and improving efficiency", the Group will continue to strengthen its global terminal network, and dedicated to building a controlled network that benefits users and platform that offers mutual benefits to upstream and downstream industries in the shipping sector, and becoming a world-class port operator.

The Group will continue to strengthen and develop container shipping, terminal operation management and related businesses, and improve the value chain of shipping. Through synergies and lean management, the Company will continuously improve the comprehensive competitiveness of container shipping and port services, and further promote the healthy, stable and sustainable development of the main business, provide better service for customers, and maximize corporate benefits, corporate value and shareholders' returns.

(III) Operation plan

Container shipping business

The Company will adhere to the original intention of shipping services, implement OCEAN & PLUS strategy, and achieve high quality development, to create higher value for customers, shareholders and employees, and continuously build a world-class liner company with international competitiveness.

The Company will further accelerate its development in emerging markets and regional markets, continue to expand route services in relevant markets, accelerate the pace of globalization in various regions, and create competitive route network products. In January 2019, the Ocean Alliance officially signed a cooperation extension agreement, to extend the cooperation agreement period to 10 years, and the alliance cooperation entered a new stage of development. The focus of Ocean Alliance's 2019 route products will continue to be improving and optimizing route layout to provide customers with a wider, better, faster and more stable route products.

The Company will continue to deepen the dual-brand strategy, coordinate synergies between COSCO SHIPPING Lines and OOCL, accelerate the integration of the backstage work such as container management, procurement, IT and network planning to maximize synergies. The Company will re-focus on the essence of shipping services, from the perspective of customers, continue to strengthen the construction of marketing teams, optimize the customer service system and upgrade the operating system and continuously improve the standardized service level. The Company will to continue improve the punctuality rate of vessels and the efficiency of vessel operation of vessels at ports, and improve the level of transit services. The Company will continue to leverage on its competitive advantages of both domestic and foreign trade services to enhance customer cooperation. The Company will focus on cutting-edge technology, further utilize digital technology, promote artificial intelligence applications, improve marketing service levels, respond more quickly to customer needs, improve operational efficiency of the Company, and improve the overall customer service experience. The Company will strengthen end-to-end service product development to accelerate the development of extended services. The Company continued to promote the construction of the sea-rail transportation business, to further increase the effort of promoting and expanding business and gradually enhance the ability of the end-to-end full-service logistics solutions, and continuously explore the potential needs of customers, to create greater value for customers, and continuously improve the value of the supply chain.

Terminal business

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

In respect of terminal investments, when selecting investment and merger projects, the Company emphasizes the control over terminals and considers whether it is helpful to increase the returns to the shareholders, and assesses the impact on the value of the overall layout of its terminal network. In order to further improve the layout of its global terminal network, COSCO SHIPPING Ports will take its own competitive edges to seek investment opportunities in ports in Southeast Asia, Africa, America and boost its terminal projects in due course. Meanwhile, COSCO SHIPPING Ports will also proactively seize the strategic opportunities to participate in the restructuring of important domestic port groups, and expand the scale and increase the influence of COSCO SHIPPING Ports in China.

It is one of the strategic plans of the Company to carry out the extending services of the downstream and upstream of the terminal industrial chain. COSCO SHIPPING Ports will accelerate the development of its terminal extending business in 2019 to further improve its profitability. The Group plans to develop terminal extending services first in Pearl River Delta, effectively utilize the Group's existing resources in the region, and also plan to gradually expand its terminal extending business to other domestic regions in the future.

As a world's leading terminal operator, COSCO SHIPPING Ports continues to enhance the efficiency of terminal operation. Since the entering into of an agreement with Navis (a terminal operating system supplier) in early 2018, COSCO SHIPPING Ports plans to gradually apply the Navis N4 system to its controlled terminal companies. In 2018, the Group proactively trained internal employees to apply the Navis N4 operating system. At present, three terminals of the Group have started the application of the Navis N4 system, including Zeebrugge Terminal, Valencia Port of the NPH Group of Spain and Lianyungang New Oriental International Co., Ltd (連雲港新東方國際有限公司). It is expected that the application of the system will be extended to additional one or two controlled terminal companies in 2019, to further improve the operational efficiency of the terminals.

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

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 1 May 2019 to Thursday, 30 May 2019, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Tuesday, 30 April 2019 at 4:30 p.m. are entitled to attend and vote at the annual general meeting of the Company to be held on Thursday, 30 May 2019.

Corporate Governance

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

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

None of the Directors is aware of any information that would reasonably indicate that the Company had not been in compliance with the Code for any part of the period for the year ended 31 December 2018.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of the Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issued (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries of all Directors and Supervisors, each of them has confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2018.

Board Committees

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

Audit Committee

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

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

Repurchase, Sale or Redemption of Shares of the Company

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

Service Contracts

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

Pre-emptive Rights

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

Auditors

The Company has appointed PricewaterhouseCoopers and Ruihua Certified Public Accountants, LLP as the international and PRC auditors of the Company respectively for the year ended 31 December 2018. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with HKFRS.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group contained in this annual results announcement are historical in nature, and past performance does not guarantee the future results of the Group. Any forward-looking statements and opinions contained in this annual results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (1) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement; and (2) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.chinacosco.com). The annual report for the year ended 31 December 2018 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and will be available for review on the same websites in due course.

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

Shanghai, the People's Republic of China
29 March 2019

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

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

* For identification purpose only