



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)



INTERIM REPORT 2020



Contents

Page

2 **Company Profile**

4 **Financial Summary**

5 **Management Discussion and Analysis**

25 **Directors, Supervisors and Senior Management**

27 **Other Information**

Unaudited Interim Financial Information

42 Unaudited Condensed Consolidated Interim Balance Sheet

44 Unaudited Condensed Consolidated Interim Income Statement

46 Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

47 Unaudited Condensed Consolidated Interim Statement of Changes in Equity

49 Unaudited Condensed Consolidated Interim Cash Flows Statement

50 Notes to the Unaudited Condensed Consolidated Interim Financial Information

88 **Report on Review of Interim Financial Information**



Company Profile

I. The Company's Information

Chinese name	中遠海運控股股份有限公司
Abbreviation of Chinese name	中遠海控
English name	COSCO SHIPPING Holdings Co., Ltd. (the “ Company ” or “ COSCO SHIPPING Holdings ”)
Abbreviation of English name	COSCO SHIP HOLD
Legal representative	XU Lirong
Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Area, Tianjin, the PRC
Postal code of registered address	300461
Place of business	8/F, No. 658 Dong Da Ming Road, Shanghai City, the PRC
Postal code of place of business	200080
Website	http://hold.coscoshipping.com
Email	investor@coscoshipping.com
Place of business in Hong Kong	48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong

II. Profile of the Company's Shares

Profile of the Company's shares (the “Shares”)

Class of Shares	Place of listing	Stock short name	Stock code	Stock short name before change
A Shares	Shanghai Stock Exchange	COSCO SHIP HOLD	601919	China COSCO
H Shares	The Stock Exchange of Hong Kong Limited (the “ Stock Exchange ”)	COSCO SHIP HOLD	01919	China COSCO
Designated newspapers for disclosure of the Company's information				Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily
Website designated by the China Securities Regulatory Commission (the “ CSRC ”) for publishing interim report			www.sse.com.cn	
Place for inspection of the Company's interim report				8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC

III. Contact Persons and Methods

	Secretary to Board of Directors	Representatives of securities affairs
Name	GUO Huawei	XIAO Junguang, ZHANG Yueming
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Telephone	(8621) 60298619	(8621) 60298619
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E-mail	guo.huawei@coscoshipping.com	xiao.junguang@coscoshipping.com zhang.yueming@coscoshipping.com

IV. Other Relevant Information

Domestic auditor engaged by the Company	Name	ShineWing Certified Public Accountants, LLP
	Office address	8/F, Block A, Fu Hua Mansion, No.8 Chao Yang Men Beidajie, Dong Cheng District, Beijing
	Signing accountants	Wang Hui, Jiang Jinli
International auditor engaged by the Company	Name	PricewaterhouseCoopers <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i>
	Office address	22nd Floor, Prince's Building, Central, Hong Kong
	Signing accountant	Meng Jiangfeng

Other information of the Company:

Legal advisers as to Hong Kong law	Name	Paul Hastings
	Office address	21/F-22/F, Bank of China Tower, 1 Garden Road, Hong Kong
Legal advisers as to PRC law	Name	Commerce and Finance Law Offices
	Office address	6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Beijing
Domestic A Share registrar and transfer office	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	36th Floor, China Insurance Building, 166 Lujiazui Road East, Pudong New District, Shanghai
Hong Kong H Share registrar and transfer office	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal bankers	Name	Bank of China, Agricultural Bank of China, China Merchants Bank, etc.

Financial Summary

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (THE “REPORTING PERIOD”) PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

Results Highlights:

	Six months ended 30 June		Difference RMB' 000
	2020 RMB' 000	2019 RMB' 000	
Revenues	74,052,930	71,762,486	2,290,444
Profit attributable to equity holders of the Company	1,137,164	1,164,386	(27,222)
	RMB	RMB	RMB
Basic earnings per share	0.0928	0.0977	(0.0049)

Management Discussion and Analysis

Results for the period from 1 January to 30 June 2020 prepared in accordance with the Hong Kong Financial Reporting Standards

	Period from 1 January to 30 June 2020 RMB' 000	Period from 1 January to 30 June 2019 RMB' 000	Difference RMB' 000
Revenues	74,052,930	71,762,486	2,290,444
Operating profit	3,411,297	3,796,185	(384,888)
Profit before income tax from continuing operations	2,282,566	2,223,977	58,589
Profit after income tax from continuing operations	1,938,332	1,864,149	74,183
Profit after income tax from discontinued operation	–	150,920	(150,920)
Profit for the period	1,938,332	2,015,069	(76,737)
Profit attributable to equity holders of the Company	1,137,164	1,164,386	(27,222)
Basic earnings per share (RMB)	0.0928	0.0977	(0.0049)

(i) Discussion and Analysis of the Board on the Operation of the Group during the Reporting Period

In the first half of 2020, the sudden outbreak of COVID-19 caused extensive negative effects on the global economy and trade, and also had a great impact on container shipping market. The International Monetary Fund (IMF) predicts the growth of the global economy in 2020 to be at -4.9%. China's economic growth in 2020 is projected at 1.0%, while other major economies in the world are expected to experience negative growth. According to the estimate of Drewry, a global shipping consultancy, the world loaded container traffic in the first half of 2020 dropped by 10.2% as compared to the same period of last year.

During the Reporting Period, facing the severe challenges brought by the spread of the COVID-19 pandemic and the global economy recession, COSCO SHIPPING Holdings has actively overcome external adverse factors while striving to secure the lives and health of all its staff in ships and shores. Adopting “focus on high-quality development, focus on innovative development and focus on integrated development” as a guidance, and with the aim to create the new strategic pattern of “Three Networks in One”, namely, shipping routes network, end-to-end logistics network and information system network, the Company proactively prevented and mitigated the risk of pandemic, promoted the resumption of work and production while striving to secure a balanced operation of global logistics container supply chain, and we achieved hard-won during the period. In the first six months of 2020, COSCO SHIPPING Holdings generated revenue of RMB74.05 billion, representing an increase of 3.19% as compared to the same period of last year, and recorded a net profit attributable to equity holders of RMB1.14 billion and a net operating cash inflow of RMB11.44 billion.

Management Discussion and Analysis

Leverage leading advantage in scale and further enhance the globalized service capacity as a global carrier

In the first half of the year, COSCO SHIPPING Holdings fully leveraged its leading advantage of scale as the third largest container liner company in the world. It continued to optimize the layout of the global routes network and focused on building a more stable supply chain system, converting the leading advantage in fleet size into advantage in customer service. During the Reporting Period, the dual-brands container fleet of the Company handled the shipping volume of 11.85 million TEUs, representing a decrease of 4.93% as compared to the same period of last year. Among which, COSCO SHIPPING Lines handled the shipping volume of 8.56 million TEUs, representing a decrease of 5.79% as compared to the same period of last year, and OOCL handled the shipping volume of 3.29 million TEUs, representing a decrease of 2.61% as compared to the same period of last year. COSCO SHIPPING Ports recorded the total throughput of 57.63 million TEUs, representing a decrease of 3.56% as compared to the same period of last year.

During the Reporting Period, OCEAN Alliance, of which both COSCO SHIPPING Lines and OOCL are members, successfully launched the DAY4 product, covering 39 routes with a total shipping capacity of 328 vessels and approximately 3.85 million TEUs, which further optimized the route pattern of east-west shipping routes, north-south shipping routes and regional shipping routes of the Company to enhance our customer service capacity.

In the first half of the year, the Company adapted to the changes in the industrial chain pattern and strengthened the resource allocation and marketing deployment of emerging markets such as Southeast Asia, South Asia, Latin America and Africa, regional markets and non-China markets. In spite of the fierce challenges of the pandemic, the cargo volume of the Company's dual-brand fleet in non-China markets maintained its stability. The ratio of the Company's two brands' non-China cargo volume to its total foreign trade volume further increased from 37% in 2019 to 38.6%. The Company further consolidated its foundation for global development and continuously enhanced its ability to resist the risks in a certain trade route or a period of time.

Insist on being customer-oriented, innovatively introduce end-to-end service model and ensure the stable and smooth operations of supply chain

The pandemic has caused severe disruption to the global container supply chain, which resulted in a more severe shipment difficulty faced by foreign corporates. Under this circumstance, the Company enhanced the effort on individual investigation of customers' demand on shipment and logistics "problems" while fully leveraging our edge in end-to-end transportation network over the world, and utilized the online platform to mobilize offline resources and put the priorities of the customers first, in order to provide quality and efficient container integrated logistics solutions to customers.

Management Discussion and Analysis

During the pandemic period, the Company has responsively launched “water-water transshipment, water-railway transportation” and “designated logistics vessel” and other service products to consolidate different types of logistics resources and connect customers from both the demand and supply sides. The Company strived to fully protect transportation needs of customers during the special time. In order to solve the problem that parcels cannot be sent normally during the pandemic, the Company cooperated with China Post to create the brand new “air to sea” model of international postal transportation, which effectively broke through the shipping bottleneck during the special time and won praise from customers with a more flexible and reliable logistics service.

In the first half of the year, the Company focused on developing end-to-end projects such as the China-Europe Sea-rail Express, the China-Europe railway services and China Western Land-Sea Trade Corridor. While connecting the “Belt and Road” logistics channels, the Company provided the customers with more diversified end-to-end products. During the Reporting Period, the total cargo volume completed for the China-Europe Sea-rail Express increased by 43% as compared to the same period of last year.

In respect of the terminal business, as the world’s leading ports operator, COSCO SHIPPING Ports, a subsidiary of the Company, thoroughly implemented the concept of “Lean Operations” since the beginning of the year and approached customers to improve its services, strengthen the loyalty of its terminal customers, and improve the operation quality and service standard of terminals. In the first half of the year, Greek PCT terminal, Abu Dhabi Terminal and Nantong Terminal achieved progress in route introduction of container liner companies, and trade connectivity was further enhanced.

Conform to the trend of informatization development and promote digitalized construction

Under the pandemic, the digitalization of shipment industry has been accelerating. The Company has proactively conformed to the industry development trend with digitalization as the pillar to strive for enhancing the compatibility, analytical ability, high efficiency and operational capacity of supply chain service.

The Company built up the “contactless visualized service” by e-commerce platform to effectively secure our normal business operation during the pandemic period. The Company continuously promoted the application of blockchain technology in the industry, together with Shanghai International Port Group and Tesla, Inc., completed the first batch of pilot application projects of real-time exchange of shipping information through blockchain technology in the shipping industry which achieved favorable social and economic impact. Since the commencement of the blockchain project in November 2019, the Company has completed cargo discharge of over 10,000 containers with blockchain, providing more convenient and efficient services for customers.

The Company innovatively launched the new model of live broadcast sales in shipping E-commerce. The foreign trade E-commerce platform accumulated transactions of 20,000 TEUs within 2 days and the transaction volume exceeded RMB100 million, which became a useful attempt for the Company to expand from looking for trade to creating trade.

In May 2020, Xiamen Ocean Gate Terminal of COSCO SHIPPING Ports began operation as the first all 5G-covered smart port. Currently, the basic 5G coverage of the port zone has been completed with China Mobile as partner. With technologies such as edge computing, high precision location, artificial intelligence and computed visualization, the terminal can realize autonomous driving, smart cargo tally, AGV management, smart security protection and other 5G deployments.

Management Discussion and Analysis

Leverage the synergies of the dual-brand strategy and strengthen cost control

The pandemic increased external uncertainties during the first half of the year, which disrupted the container supply chain significantly. The decrease in cargo volume has also further enhanced the cost burden of liner companies. Facing the challenges, the Company proactively optimized the dual-brand fleet network and strengthened the synergies of dual-brand business sector, focusing on the optimization of synergies in various sectors, including fleet network, container management, procurement of supply chain and vessel operation, as well as consolidation of competition base and promotion of risk-resistance capacity.

The Company took advantage of low bunker prices in the first half of the year, practically establishing the bulk procurement of bunkers and locking partial bunker cost. Meanwhile, the Company strengthened our daily consumption management and implemented measures regarding deceleration and fuel-saving, which achieved a positive impact to the control on bunker cost.

During the Reporting Period, the Company continued to optimize the asset-liability structure, relying on the lower interest rate market environment, strengthened the overall management of capital and debt and further reduced its corporate capital costs. As a result, the Company's financial expenses decreased significantly as compared to the same period of last year, and the asset-liability ratio at the end of the Reporting Period decreased by 1.51 percentage points as compared to the beginning of the Reporting Period.

Proactively contribute to pandemic control and resumption of work and production, secure the stable and smooth operation of the global container logistics supply chain and fulfill corporate social responsibilities

Since the beginning of the year, the Company has made every effort to protect the lives and health of its staff onshore and offshore, actively coordinated the related parties to promote the crew change, tried every means to open up the “green channel” for the export of epidemic prevention materials, and improved the efficiency of cargo transportation in all aspects from cargo loading and unloading, ship berthing and document handling, to ensure that the epidemic prevention materials and emergency supplies were shipped to relevant areas as soon as possible.

The Company actively leveraged the advantages of the integrated service supply chain, made every effort to improve the efficiency of all processes including ship berthing and cargo transfer, warehousing and distribution, and developed the “Land to Water (陸改水)” and “Land to Rail (陸改鐵)” businesses to achieve the non-stop and high-efficiency door-to-door services. In order to ensure the stable and smooth operation of the global container logistics supply chain and support the resumption of work and production of global customers.

The Company has actively implemented the green operation concept by mainly using low-sulfur oil with the installation of scrubbers as a supplement towers, to strictly abide by the new low-sulfur oil regulations implemented by the International Maritime Organization (IMO) globally in 2020.

Management Discussion and Analysis

Looking forward into the second half of the year, the COVID-19 pandemic prevention and control will gradually become normal. Many authoritative organizations predicted that global commodity trade will shrink this year. However, with the accelerated resumption of work and production in various countries and the emerging effect of economic stimulus policies, the global economy is to recover slowly from bottom line in the second half of the year. In addition, the fundamentals of China's long-term economic growth will remain stable. As China domestic economy picks up, China will continue to play its role as an economic "engine", which brings both confidence and impetus for the stabilization of the world economy, as well as new opportunities to the healthy development of the global shipping market.

As a global leading container liner company and terminal operator in the shipment industry with full of competitions and challenges, COSCO SHIPPING Holdings will continue to adopt the "Three Focuses" as the lead and set the new strategic pattern "Three Networks in One" as a goal and customer-based as a core to continuously enhance its international competitiveness and make every effort to promote its higher quality and more sustainable development.

In respect of promoting globalized development, the Company will uphold the "customer-oriented" business philosophy, pay close attention to the trend of changes in the global industrial chain and customer demand, further optimize the global route network and fleet capacity layout, continue to consolidate its leading advantages in traditional routes and differential routes, strengthen its development into regional markets, emerging markets and non-China markets and accelerate the transformation into a global carrier with more globalized service capability.

In respect of serving customer needs, the Company will focus on integrating internal and external resources to enhance the depth and breadth of cooperation between port and shipping businesses and in various aspects of sea-rail and land-sea transportation, and create a more competitive integrated service network. At the same time, the Company will work with all parties to strengthen collaboration, adhere to joint construction and use, accelerate to promote the digital industry applications and give full play to the driving force of digitalization in enhancing customer experience and improving operational efficiency.

In respect of deepening coordinated development, the Company will leverage the complementary advantages of dual-brand global operations, create a stable mode of dual-brand operation and continuously enhance the global value-added service capabilities. The Company will continue to focus on development of Piraeus in Greece to leverage the synergistic advantages of port and shipping business and expand the capacity and service scope of the China-European Sea-rail Express while optimizing the route layout of non-China routes to provide customers with more stable, efficient and economical full-service transportation products.

In the future, while doing a good job in the normalized epidemic prevention and control, COSCO SHIPPING Holdings will continue to maintain its strategic determination, actively embrace changes, nurture new opportunities in crises, explore new opportunities amidst changes, forge ahead and run against the tide, promote the healthy, stable and sustainable development of its principal businesses and strive to build the Company into a world-class integrated container shipping service provider to provide customers with better services and create greater value for the Shareholders.

Management Discussion and Analysis

(II) Major profit or loss items and cashflow analysis

In the first half of 2020, the Group generated revenues of RMB74,052,930,000, representing an increase of RMB2,290,444,000 or 3.19% as compared to the same period of last year. In the first half of 2020, profit attributable to equity holders of the Group was RMB1,137,164,000 as compared to the profit attributable to equity holders of the Group of RMB1,164,386,000 for the same period of last year.

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

Items	Six months ended 30 June 2020 RMB' 000	Six months ended 30 June 2019 RMB' 000	Difference RMB' 000
Revenues	74,052,930	71,762,486	2,290,444
Cost of services and inventories sold	(67,209,625)	(64,400,210)	(2,809,415)
Other income	1,380,651	1,031,753	348,898
Other expenses	(107,209)	(216,641)	109,432
Net impairment losses on financial assets	(167,635)	(25,886)	(141,749)
Selling, administrative and general expenses	(4,537,815)	(4,355,317)	(182,498)
Finance income	370,269	431,344	(61,075)
Finance costs	(2,515,167)	(3,093,808)	578,641
Share of profits less losses of			
– joint ventures	304,299	397,120	(92,821)
– associated companies	711,868	693,136	18,732
Income tax expenses	(344,234)	(359,828)	15,594
Net cash flows generated from operating activities	11,437,691	9,466,839	1,970,852
Net cash flows used in investing activities	(1,171,144)	(5,592,115)	4,420,971
Net cash flows used in financing activities	(15,014,024)	(5,017,931)	(9,996,093)

Management Discussion and Analysis

2. Revenues

Management Discussion and Analysis and descriptions below contain amounts and figures, which are in RMB unless otherwise specified.

Overview

In the first half of 2020, the revenues of the Group amounted to RMB74,052,930,000, representing an increase of RMB2,290,444,000 or 3.19% as compared to the same period of last year.

Revenue from container shipping business

In the first half of 2020, revenue from container shipping business amounted to RMB71,587,784,000, representing an increase of RMB2,680,439,000 or 3.89% as compared to the same period of last year, of which COSCO SHIPPING Lines generated revenues of RMB48,542,037,000 from container shipping business, representing an increase of RMB1,600,841,000 or 3.41% as compared to the same period of last year.

Revenue from terminal business

In the first half of 2020, revenue generated from the terminal business amounted to RMB3,224,615,000, representing a decrease of RMB341,731,000 or 9.58% as compared to the same period of last year.

3. Costs

Overview

In the first half of 2020, the operating cost of the Group amounted to RMB67,209,625,000, representing an increase of RMB2,809,415,000 or 4.36% as compared to the same period of last year.

Container shipping business cost

In the first half of 2020, the container shipping business cost amounted to RMB65,460,623,000, representing an increase of RMB2,842,482,000 or 4.54% as compared to the same period of last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in the first half of 2020 amounted to RMB45,373,086,000, representing an increase of RMB2,014,751,000 or 4.65% as compared to the same period of last year.

Terminal business cost

In the first half of 2020, the terminal business cost amounted to RMB2,505,788,000, representing an increase of RMB17,530,000 or 0.70% as compared to the same period of last year.

Management Discussion and Analysis

4. Other profit or loss items

Other net income

In the first half of 2020, other net income was RMB1,380,651,000, representing an increase of RMB348,898,000 as compared to the same period of last year. COSCO SHIPPING Ports has disposed of equity interest in Zhangjiagang Terminal, Yangzhou Yuanyang terminal and Jiangsu Yangtze Petrochemical Co., Ltd, resulting in net gain from disposal of RMB570,295,000 for the period. In the fourth quarter of 2019, Beibu Gulf Port Co., Ltd. became an associate of COSCO SHIPPING Ports through the increase of shareholding and appointment of directors. In the first half of 2019, the net income from changes in fair value of the shares of Beibu Gulf Port was RMB139,049,000 and no gain was recorded for the first half of 2020. In the first half of 2020, net gain from foreign exchange was RMB111,814,000, representing a decrease of RMB159,717,000 as compared to the same period of last year.

Selling, administrative and general expenses

In the first half of 2020, the selling, administrative and general expenses of the Group amounted to RMB4,537,815,000, representing an increase of RMB182,498,000 or 4.19% as compared to the same period of last year, primarily due to the factors including the COVID-19 pandemic related expenses and share incentive scheme of COSCO SHIPPING Holdings since 3 June 2019. Selling, administrative and general expenses have recorded a year-on-year increase.

Finance income

In the first half of 2020, the finance income of the Group amounted to RMB370,269,000, representing a decrease of RMB61,075,000 or 14.16% as compared to the same period of last year, primarily due to a year-on-year decrease of deposit interest rate.

Finance costs

In the first half of 2020, the finance costs of the Group amounted to RMB2,515,167,000, representing a decrease of RMB578,641,000 or 18.70% as compared to the same period of last year. In the first half of 2020, the interest rate of loan decreased on year-on-year basis. Through the integrated planning of fundings and debts, the Company implemented low-cost financing and loan replacement, which led to a significant decrease in finance costs.

Share of profits of joint ventures and associated companies

In the first half of 2020, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB1,016,167,000, representing a decrease of RMB74,089,000 as compared to the same period of last year, primarily due to the impact of COVID-19 pandemic.

Management Discussion and Analysis

Income tax expenses

In the first half of 2020, the income tax expenses of the Group amounted to RMB344,234,000, representing a decrease of RMB15,594,000 as compared to the same period of last year.

Analysis of profit from discontinued operation

In the first half of 2020, the Group had no discontinued operation. OOIL has combined into COSCO SHIPPING Holdings since 1 July 2018. On 6 July 2018, OOIL has signed the National Security Agreement with the Company, pursuant to which it has agreed to dispose of its directly or indirectly operated subsidiary of Long Beach Container Terminal (“U.S. Terminal Business”). Pursuant to the relevant Hong Kong Financial Reporting Standards, the Group shall present the U.S. Terminal Business of OOIL after the completion of the acquisition as a discontinued operation. In the first half of 2019, the Group had profit after taxation from discontinued operation of RMB150,920,000, which was the profit after taxation for the U.S Terminal Business of OOIL for the first half of 2019.

5. Cash flow

As at the end of the first half of 2020, the cash and cash equivalents amounted to RMB45,402,662,000, representing a decrease of RMB4,362,138,000 or 8.77% from the end of last year. The cash and cash equivalents of the Group were principally denominated in RMB and US dollar, and the rest were denominated in Euro, Hong Kong dollar and other currencies.

(1) Net cash flow from operating activities

In the first half of 2020, the net cash inflow from operating activities amounted to RMB11,437,691,000, representing an increase of RMB1,970,852,000 or 20.82% as compared to that of the same period of last year.

(2) Net cash flow from investing activities

In the first half of 2020, the net cash outflow from investing activities amounted to RMB1,171,144,000, representing a decrease of RMB4,420,971,000 as compared to that of the same period of last year, which included the cash outflows for the construction of container vessels, the purchase of containers and the terminal construction projects and the net cash inflow from cash consideration of disposals of Yangzhou Yuanyang Terminal and Zhangjiagang Terminal, etc.

Management Discussion and Analysis

(3) Net cash flow from financing activities

In the first half of 2020, the net cash outflow from financing activities amounted to RMB15,014,024,000, representing an increase of RMB9,996,093,000 as compared to that of the same period of last year, which included cash inflow from financing activities of RMB18,330,040,000 that consists of cash inflow generated from borrowings from banks and non-bank financial institutions and cash inflow generated from capital increase of minority shareholders of holding subsidiaries. RMB33,344,064,000 of cash outflow from financing activities included cash outflow generated from repayment of debts to banks and non-bank financial institutions and cash outflow generated from profit distribution to minority shareholders by subsidiaries and rental paid for right-of-use asset lease, etc.

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

The balance of cash and cash equivalents increased by RMB385,339,000 at the end of June 2020, which was primarily due to the increase in exchange rate of US dollar against RMB at the end of June 2020 as compared to that of the end of last year.

(III) Working Capital, Financial Resources and Capital Structure

Overview

In the first half of 2020, the group enhanced the integrated planning of fundings and debts, and also loan replacement. As at 30 June 2020, the total assets of the Group amounted to RMB254,382,095,000, representing a decrease of RMB7,841,935,000 or 2.99% as compared to the end of last year. The total liabilities amounted to RMB183,479,606,000, representing a decrease of RMB9,619,187,000 or 4.98% as compared to the end of last year.

As at 30 June 2020, the total outstanding borrowings of the Group were RMB115,010,771,000. After deducting the cash and cash equivalents, the net amount was RMB69,608,109,000, representing a decrease of RMB578,989,000 or 0.82% as compared to the end of last year. As at 30 June 2020, the Group's net current liabilities were RMB3,451,916,000, and RMB1,627,562,000 of net current asset was recorded at the end of the last year. As at 30 June 2020, the net debt to equity ratio was 98.17%, representing a decrease of 3.37 percentage points as compared to the end of last year.

The working capital and capital resources of the Group have been and will continue to be generated from cash flows from operating activities, proceeds from new share issuance and debt financing from financial institutions. Cash of the Group has been and is expected to be utilized for various purposes such as payment of operating costs, construction of container vessels, the purchase of containers, investments in terminals and repayment of loans.

Management Discussion and Analysis

Debt analysis

Categories	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Short-term borrowings	11,218,542	16,252,030
Long-term borrowings	103,792,229	103,624,852
Among which: Less than 1 year	15,645,287	11,099,640
One to two years	13,881,799	17,336,279
Three to five years	33,037,078	36,959,286
Over five years	41,228,065	38,229,647
Total of long-term and short-term borrowings	115,010,771	119,876,882

Borrowings by categories

As at 30 June 2020, the Group had bank borrowings of RMB85,033,886,000, notes and bonds payable of RMB21,656,216,000 and other borrowings of RMB8,320,669,000, representing 73.94%, 18.83% and 7.23% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB30,357,912,000 and unsecured borrowings amounted to RMB54,675,974,000, representing 26.40% and 47.54% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As at 30 June 2020, the borrowings of the Group denominated in US dollar were equivalent to RMB78,780,693,000, borrowings denominated in RMB amounted to RMB28,440,667,000, borrowings denominated in Euro were equivalent to RMB5,779,841,000, and borrowings denominated in Hong Kong dollar were equivalent to RMB2,009,570,000, representing 68.50%, 24.72%, 5.03% and 1.75% of the total borrowings, respectively.

Secured borrowings

As at 30 June 2020, certain properties, plant and equipment of the Group with net book value of RMB58,534,358,000 (as at 31 December 2019: RMB52,383,376,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB30,406,312,000 (as at 31 December 2019: RMB34,881,411,000), representing 42.45% of the total value of the property, plant and equipment and right-of-use assets (as at 31 December 2019: 50.28%).

Guarantees

As at 30 June 2020, the Group had provided guarantees in the amount of RMB42,038,432,000 to its subsidiaries (as at 31 December 2019: RMB43,949,868,000).

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 disputes in pledge supervision business.

Management Discussion and Analysis

As at 30 June 2020, 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 amounts of relevant claims should have no material effect on the Group's consolidated financial statements for the six months ended 30 June 2020.

Foreign exchange risk

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

Capital commitments (excluding discontinued operation)

As at 30 June 2020, the Group had a total of 5 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB4,926,338,000.

As at 30 June 2020, the Group's containers under construction amounted to 126,232 TEU in aggregate. The capital commitments for future construction of containers amounted to RMB1,220,440,000.

As at 30 June 2020, the Group's capital commitments for investment in terminals amounted to RMB3,131,271,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB744,230,000 and the equity investment commitment of terminals amounted to RMB2,387,041,000.

Facilities and financing plans

Facilities

As of 30 June 2020, the unutilized bank loan facilities of the Group were RMB54,214,886,000. The Group attaches great importance to the potential financial risks of the increasing 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 consider factors including repayment of maturing debt, loan replacement and material future capital expenditure, in order to make financing arrangements in advance, enhance funding and debts management, optimize the funding utilization and control the scale of debts effectively.

(IV) Investment analysis

1. Analysis of external equity investments

As at the end of June 2020, the total balance of the Group's investments in associates and joint ventures amounted to RMB31,591,802,000, representing an increase of RMB829,238,000 as compared to the end of last year. The numbers of associates and joint ventures increased by 2 companies and reduced by 2 companies, respectively.

Management Discussion and Analysis

Significant equity investments

Unit: RMB' 000

Investee Company	Shareholding at the beginning of the period (%)	Shareholding at the end of the period (%)	Increase in the investment costs during the year
Qingdao Port International Co., Ltd.	18.46	19.79	399,576
COSCO SHIPPING Finance Co., Ltd.	11.04	11.04	353,414

2. Financial assets at fair value

Unit: RMB' 000

Name	Shareholding at the end of the period (%)	Opening carrying amount	Closing carrying amount	Impact of profit for the period	Change in carrying amount for the period
Share, bonds, funds and other investment	-	1,066,819	900,309	-31,501	-166,510
Guangzhou Port Co., Ltd.	3.98	944,409	749,610	10,356	-194,799
Shanghai Tianhongli Asset Management Co., Ltd.	19	482,271	488,495	-	6,224
Ocean Hotel Shanghai Co., Ltd.	10	112,257	110,005	-	-2,252
Yantai Port Co., Ltd.	3.9	198,837	198,837	-	-
Hui Xian Holdings Ltd	7.9	109,249	55,505	55,553	-53,744
Qinhuangdao Port Co., Ltd.	0.88	57,933	48,150	-	-9,783
Other financial assets at fair value	-	192,300	177,119	1,917	-15,181
Total	-	3,164,075	2,728,030	36,325	-436,045

Management Discussion and Analysis

(V) Industry Operation Information

Container shipping business

(1) Shipping volume

Containers shipped by the Group (TEU)

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	2,147,936	2,234,613	-3.88
Asia and Europe (including the Mediterranean)	2,271,265	2,405,980	-5.60
Asia Region (including Australia)	3,799,831	3,848,404	-1.26
Other international region (including the Atlantic)	1,145,208	1,221,929	-6.28
Mainland China	2,481,448	2,748,423	-9.71
Total	11,845,688	12,459,349	-4.93

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

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	1,206,620	1,290,922	-6.53
Asia and Europe (including the Mediterranean)	1,595,608	1,714,165	-6.92
Asia Region (including Australia)	2,383,606	2,349,792	1.44
Other international region (including the Atlantic)	891,929	981,635	-9.14
Mainland China	2,481,448	2,748,423	-9.71
Total	8,559,211	9,084,937	-5.79

Management Discussion and Analysis

(2) Revenue from routes

Revenue from routes by the Group (RMB' 000)

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	19,290,534	19,063,665	1.19
Asia and Europe (including the Mediterranean)	15,146,881	14,154,435	7.01
Asia Region (including Australia)	18,208,957	16,011,039	13.73
Other international region (including the Atlantic)	9,077,840	8,891,236	2.10
Mainland China	5,143,760	5,712,102	-9.95
Total	66,867,972	63,832,477	4.76

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

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	10,981,970	11,062,708	-0.73
Asia and Europe (including the Mediterranean)	10,681,886	10,028,847	6.51
Asia Region (including Australia)	11,402,644	9,749,443	16.96
Other international region (including the Atlantic)	7,270,418	6,915,062	5.14
Mainland China	5,186,513	5,739,216	-9.63
Total	45,523,431	43,495,276	4.66

Management Discussion and Analysis

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

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	2,743,250	2,809,867	-2.37
Asia and Europe (including the Mediterranean)	2,153,993	2,086,277	3.25
Asia Region (including Australia)	2,589,442	2,359,929	9.73
Other international region (including the Atlantic)	1,290,933	1,310,514	-1.49
Mainland China	731,479	841,929	-13.12
Total	9,509,097	9,408,516	1.07

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

Routes	Six months ended 30 June 2020	Six months ended 30 June 2019	Percentage of change (%)
Trans-Pacific	1,561,714	1,630,575	-4.22
Asia and Europe (including the Mediterranean)	1,519,039	1,478,191	2.76
Asia Region (including Australia)	1,621,536	1,437,008	12.84
Other international region (including the Atlantic)	1,033,905	1,019,238	1.44
Mainland China	737,559	845,925	-12.81
Total	6,473,753	6,410,937	0.98

Management Discussion and Analysis

(3) Major performance indicators

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

Items	Six months ended 30 June 2020	Six months ended 30 June 2019	Difference
Revenue from container shipping business (RMB' 000)	71,587,784	68,907,345	2,680,439
Including: Revenue from routes (RMB' 000)	66,867,972	63,832,477	3,035,495
EBIT (RMB' 000)	2,797,806	3,383,425	-585,619
EBIT margin	3.91%	4.91%	-1.00%
Net profit (RMB' 000)	1,332,616	1,396,370	-63,754

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

Items	Six months ended 30 June 2020	Six months ended 30 June 2019	Difference
Revenue from container shipping business (RMB' 000)	48,542,037	46,941,196	1,600,841
Including: Revenue from routes (RMB' 000)	45,523,431	43,495,276	2,028,155
EBIT (RMB' 000)	1,653,908	2,033,643	-379,735
EBIT margin	3.41%	4.33%	-0.92%
Net profit (RMB' 000)	615,977	631,230	-15,253

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

Items	Six months ended 30 June 2020	Six months ended 30 June 2019	Difference
Revenue from container shipping business (USD' 000)	10,180,288	10,156,520	23,768
Including: Revenue from routes (USD' 000)	9,509,097	9,408,515	100,582
Revenue per TEU from international routes (USD/TEU)	937.36	882.16	55.20
EBIT (USD' 000)	397,868	498,696	-100,828
Net profit (USD' 000)	189,507	205,816	-16,309

Management Discussion and Analysis

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

Items	Six months ended 30 June 2020	Six months ended 30 June 2019	Difference
Revenue from container shipping business (USD' 000)	6,903,020	6,918,844	-15,824
Including: Revenue from routes (USD' 000)	6,473,753	6,410,937	62,816
Revenue per TEU from international routes (USD/TEU)	943.80	878.24	65.56
EBIT (USD' 000)	235,197	299,747	-64,550
Net profit (USD' 000)	87,596	93,039	-5,443

Note:

The revenue from routes and major performance indicators above were translated into US dollars at an average exchange rate of RMB7.032: USD1 and RMB6.7845: USD1 in the first half of 2020 and the first half of 2019, respectively.

Terminal business

In the first half of 2020, the total throughput of COSCO SHIPPING Ports amounted to 57,634,200 TEU, representing a decrease of 3.56% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 10,501,500 TEU, representing a decrease of 15.62% as compared to the same period of last year; the throughput of non-controlled terminals amounted to 47,132,700 TEU, representing a decrease of 0.39% as compared to the same period of last year.

The total throughput of the container terminal business of COSCO SHIPPING Ports (a subsidiary of the Group)

Location of terminal	Six months ended 30 June 2020 (TEU)	Six months ended 30 June 2019 (TEU)	Percentage of change (%)
Bohai Rim Region	20,236,784	19,298,356	4.86
Yangtze River Delta Region	6,836,157	9,989,132	-31.56
Southeast Coast and others	2,535,043	2,890,372	-12.29
Pearl River Delta Region	12,149,056	13,112,675	-7.35
Southwest Coast	2,280,501	724,795	214.64
Overseas	13,596,650	13,748,770	-1.11
Total	57,634,191	59,764,100	-3.56
Of which: Controlled terminals	10,501,481	12,445,333	-15.62
Non-controlled terminals	47,132,710	47,318,767	-0.39

Management Discussion and Analysis

SIGNIFICANT EVENTS

1. On 18 September 2019, COSCO SHIPPING Ports (a non-wholly owned subsidiary of the Company), as seller, entered into the Longtan share purchase agreement (the “**Longtan Share Purchase Agreement**”), the Yuanyang share purchase agreement (the “**Yuanyang Share Purchase Agreement**”) and the Zhangjiagang share purchase agreement (the “**Zhangjiagang Share Purchase Agreement**”), together with the Longtan Share Purchase Agreement and the Yuanyang Share Purchase Agreement, the “**Share Purchase Agreements**”) with SIPG (HK) (as purchaser), in relation to the sale and purchase of the indirect interests of COSCO SHIPPING Ports in Nanjing Longtan Terminal (via Longtan SPV), Yangzhou Yuanyang Terminal (via Yuanyang SPV and Zhangjiagang SPV) and Zhangjiagang Hanverky Terminal (via Zhangjiagang SPV), respectively.
2. On 26 November 2019, upon consideration and approval by the Board, COSCO SHIPPING Ports entered into the share transfer agreement and the shareholder agreement with Qingdao Port International Development (Hong Kong) Co., Ltd. (“**Qingdao Port HK**”) and COSCO SHIPPING Ports (Abu Dhabi) Limited (the “**Target Company**”), respectively, in relation to the transfer of 33.335% of the equity interests (i.e., 6,667 shares) of the Target Company to Qingdao Port HK at a price of US\$59,276,030 (equivalent to approximately RMB416,971,000); thereby indirectly transferring 30.0015% of the equity interests of CSP Abu Dhabi Terminal L.L.C. (the equity interests in which are held by the Target Company as to 90% directly and through trust holding). For details, please see the overseas regulatory announcement of the Company dated 26 November 2019.

The transaction was completed on 23 April 2020.

SIPG holds 20% of the equity interest in Shanghai Pan Asia, a non-wholly owned subsidiary of the Company. Therefore, SIPG is a substantial shareholder of Shanghai Pan Asia, and the Purchaser (a wholly-owned subsidiary of SIPG) is a connected person of the Company at the subsidiary level. Accordingly, the transactions under the Longtan Share Purchase Agreement, the Yuanyang Share Purchase Agreement and the Zhangjiagang Share Purchase Agreement constitute connected transactions of the Company.

The disposal of equity interests in Nanjing Longtan Terminal was completed in December 2019 and the disposals of equity interests in Yangzhou Yuanyang Terminal and Zhangjiagang Win Hanverky Terminal were completed in February 2020.

3. On 10 March 2020, the buyers (Newcontainer No. 108 (Marshall Islands) Shipping Inc, Newcontainer No. 109 (Marshall Islands) Shipping Inc., Newcontainer No. 110 (Marshall Islands) Shipping Inc., Newcontainer No. 111 (Marshall Islands) Shipping Inc. and Newcontainer No. 112 (Marshall Islands) Shipping Inc., being five indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into five shipbuilding contracts on substantially the same terms with Dalian COSCO KHI Ship Engineering Co., Ltd.* (大連中遠海運川崎船舶工程有限公司) (“Dalian KHI”) and Nantong COSCO KHI Ship Engineering Co., Ltd.* (南通中遠海運川崎船舶工程有限公司) (“Nantong KHI”) for the construction of the respective vessels for an aggregate consideration of US\$778.4 million (equivalent to approximately HK\$6,110.44 million).

Management Discussion and Analysis

COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong KHI. Dalian KHI is an indirect subsidiary of COSCO SHIPPING, and Nantong KHI directly holds 30% equity interest in Dalian KHI. Accordingly, both Nantong KHI and Dalian KHI are connected persons of the Company under Chapter 14A of the Listing Rules, and the transaction constitutes a disclosable and connected transaction of the Company.

For details, please see the announcement dated 11 March 2020, the circular dated 27 April 2020 and the announcement of the resolutions passed at the annual general meeting, the A Share class meeting and the H share class meeting dated 18 May 2020 of the Company.

4. On 24 April 2020, COSCO SHIPPING Lines and COSCO International Freight Co., Ltd* (中遠海運國際貨運有限公司) (“**COSCO International Freight**”), each a wholly-owned subsidiary of the Company, and other existing shareholders entered into the capital increase agreement, pursuant to which the existing shareholders (including COSCO SHIPPING Lines and COSCO International Freight) have agreed to increase the registered capital of COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司) (“**COSCO SHIPPING Finance**”) by RMB3,200,000,000 in proportion to their respective shareholding (the “**Capital Increase**”).

Upon completion of the Capital Increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB2,800,000,000 to RMB6,000,000,000 while the shareholding of the Group in COSCO SHIPPING Finance will remain unchanged at 11.0442%.

COSCO SHIPPING is the indirect controlling shareholder of the Company and therefore a connected person of the Company.

Each of the existing shareholders (excluding COSCO SHIPPING, COSCO SHIPPING Lines and COSCO International Freight) is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please see the announcement of the Company dated 24 April 2020.

SUBSEQUENT EVENTS

There are no important events affecting the Group which have occurred since the end of the Reporting Period.

Directors, Supervisors and Senior Management

I. Changes in Equity

- (I) Changes in shares held by current Directors, supervisors (the “**Supervisors**”) and senior management of the Company and those who resigned during the Reporting Period

Not applicable.

- (II) Details of share option(s) granted to Directors, Supervisors and senior management during the Reporting Period

For details of the share option incentive scheme of the Company (the “**Share Option Incentive Scheme**”) and the change of options granted under the scheme during the Reporting Period, please refer to the subsection headed “A Share Option Incentive Scheme” under the section of “Other Information” in this report.

For details of the share option scheme of COSCO SHIPPING Ports (the “**COSCO SHIPPING Ports Share Option Scheme**”) and the change of options granted under the COSCO SHIPPING Ports Share Option Scheme during the Reporting Period, please refer to the subsection headed “COSCO SHIPPING Ports Share Option Scheme” under the section of “Other Information” in this report.

II. Changes in Directors, Supervisors and Senior Management During the Reporting Period

None

1. Appointment and Change of Directors

None

2. Appointment and Change of Supervisors

None

3. Appointment and Change of Senior Management

None

Directors, Supervisors and Senior Management

III. Changes in Directors, Supervisors and Senior Management After the Reporting Period

On 28 August 2020, because of changes in his job arrangement, Mr. WANG Haimin voluntarily resigned as the deputy chairman and an executive Director with effect from 28 August 2020. After consideration and review by the 44th meeting of the fifth session of the Board, Mr. Huang Xiaowen was proposed to be appointed as the deputy chairman and an executive Director of the fifth session of the Board. Pursuant to the requirements of the Articles of Association, the appointment of Mr. Huang Xiaowen as an executive Director shall be subject to the approval of the shareholders at a general meeting of the Company. For details about such changes in directorship, please refer to the announcement of the Company dated 28 August 2020.

IV. Changes in Information on Directors

The changes in the information on directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Since 18 May 2020, Mr. WANG Haimin has acted as the deputy party secretary of China COSCO SHIPPING Corporation Limited (“**COSCO SHIPPING**”). Since 29 May 2020, Mr. WANG Haimin has acted as a director of COSCO SHIPPING and ceased to be the deputy general manager of COSCO SHIPPING.
2. Since 29 April 2020, Mr. YANG Liang Yee Philip has acted as an independent non-executive director of COSCO SHIPPING Ports Limited (a subsidiary of the Company and a company listed on the Stock Exchange) (stock code:1199).
3. Since 28 May 2020, Mr. FENG Boming has resigned as a director of COSCO SHIPPING Bulk Co., Ltd. (a subsidiary of COSCO SHIPPING). Since 22 June 2020, Mr. FENG Boming has resigned as a non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (whose H shares are listed on the Stock Exchange (Stock code:1138) and A shares are listed on the Shanghai Stock Exchange (Stock code: 600026)). Since 10 June 2020, Mr. FENG Boming has been appointed as a non-executive director of Qingdao Port International Co., Ltd. (whose H shares are listed on the Stock Exchange (stock code:6198) and A shares are listed on the Shanghai Stock Exchange (Stock code: 601298)). On 1 June 2020, COSCO SHIPPING Financial Holdings Co., Limited (a subsidiary of COSCO SHIPPING) of which Mr. FENG Boming acts as a director was renamed as COSCO SHIPPING Investment Holdings Co., Limited.

Employees and Remuneration Policies

As at 30 June 2020, there was no material change in the number of employees of the Group as compared to that as disclosed in the 2019 annual report of the Company published on 24 April 2020. As at 30 June 2020, there was no material change in the total staff costs of the Company (including the Directors' remuneration) and remuneration and training policies as compared to those as disclosed in the 2019 annual report of the Company.

As at 30 June 2020, there were approximately 32,107 employees in the Group. Total staff costs of the Group for the Reporting Period, including Directors' remuneration, amounted to approximately RMB5,154,634,000 in aggregate.

During the Reporting Period, to enhance the quality and capability of its human resources as well as team spirit and to fully cope with the business development of the Company, the Group organized several professional and comprehensive training programs. The remuneration policies of the Group (including policies with respect to emoluments payable to the Directors) are reviewed on a regular basis, taking into account the Group's performance and market conditions, in order to formulate better incentives and appraisal measures.

A Share Option Incentive Scheme

On 3 December 2018, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme. In order to further optimize the Share Option Incentive Scheme, the Board approved the Company's proposed adoption of the further revised share option incentive scheme (the "**Further Revised Scheme**") on 7 May 2019. On 30 May 2019, the Further Revised Scheme was considered and approved by the extraordinary general meeting, A Share class meeting and H Share class meeting of the Company. Pursuant to the Further Revised Scheme, the total number of underlying A Shares in relation to the share options to be granted shall not exceed 218,236,900 A Shares, representing approximately 2.25% of the existing A share capital of the Company and approximately 1.78% of the existing total issued share capital of the Company as at 30 June 2020.

On 3 June 2019 (the "**Date of Grant for the First Batch of the Share Options**"), pursuant to the authorization at the shareholders' meetings, 192,291,000 share options were granted by the Board to 465 participants in the first batch under the Further Revised Scheme. The exercise price was RMB4.10 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Further Revised Scheme upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for the First Batch of the Share Options, the closing price of A Shares was RMB4.82 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for the First Batch of the Share Options was RMB4.78 per A Share.

Other Information

In the process of registration after the Date of Grant for the First Batch of the Share Options, five participants (not being senior management of the Company) did not accept the share options granted to them due to personal reasons. Under the Further Revised Scheme, the number of participants who were granted share options in the first batch was adjusted from 465 to 460 and the number of the share options granted in the first batch was adjusted from 192,291,000 to 190,182,200. For details, please refer to the overseas regulatory announcement of the Company dated 19 July 2019. On 24 July 2019, COSCO SHIPPING Holdings completed the registration in respect of the grant of the share options in the first batch with 190,182,200 share options and 460 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

In order to further enhance the corporate governance of the Company and to promote the Company's operating results and sustainable and healthy development, on 30 March 2020, the Board approved the inclusion of, among others, Directors (excluding independent Directors) to the scope of Participants. The relevant amendments were approved by the shareholders of the Company at the shareholders' meetings and the class meetings on 18 May 2020 (the "**Share Option Incentive Scheme (Revised)**"). Please refer to the related announcements of the Company dated 30 March 2020 and 18 May 2020.

On 29 May 2020 (the "**Date of Grant for Reserved Share Options**"), 16,975,200 reserved share options were granted by the Board to 39 participants under the Share Option Incentive Scheme (Revised). The exercise price was RMB3.50 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Share Option Incentive Scheme (Revised) upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for Reserved Share Options, the closing price of A Shares was RMB3.16 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for Reserved Share Options was RMB3.19 per A Share. Please refer to the related announcement of the Company dated 29 May 2020. On 7 July 2020, COSCO SHIPPING Holdings completed the registration in respect of the grant of the Reserved Share Options with 16,975,200 share options and 39 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 8 July 2020.

Other Information

Movements of share options during the Reporting Period are set out below:

(1) Share options granted to the directors and chief executive of the Company

Name of Participant	Position of Participant	Number of share options					Outstanding as at 30 June 2020	Date of grant
		Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
YANG Zhijian	Director and General Manager	NA	936,000	-	-	-	936,000	Note (2)
FENG Boming	Director	NA	936,000	-	-	-	936,000	Note (2)

(2) Share options granted to all participants

Participants	Number of Participants (person-time)	Number of share options					Outstanding as at 30 June 2020	Date of grant
		Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Directors and chief executive of the Company	2	-	1,872,000	-	-	-	1,872,000	Note (2)
Senior management of the Company	7	5,097,000	-	-	-	-	5,097,000	Note (1)
Senior management personnel of the subsidiaries of the Company	13	10,166,000	-	-	-	-	10,166,000	Note (1)
	2	-	1,508,000	-	-	-	1,508,000	Note (2)
Other key business personnel and management personnel of the Company	440	174,919,200	-	-	-	-	174,919,200	Note (1)
	35	-	13,595,200	-	-	-	13,595,200	Note (2)
Total	499	190,182,200	16,975,200	-	-	-	207,157,400	

Notes:

- (1) Such A share options were granted on 3 June 2019 (i.e. the Date of Grant for the First Batch of the Share Options).
- (2) Such A share options were granted on 29 May 2020 (i.e. the Date of Grant for Reserved Share Options).

Other Information

Validity Period

The Further Revised Scheme (subsequently revised as the “Share Option Incentive Scheme (Revised)”) shall be effective for 10 years upon approval by the shareholders’ meetings on 30 May 2019.

Exercise Period

- (i) The exercise period in respect of the first batch of the share options commences on the first trading day after the expiration of the 24-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 36-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted;
- (ii) The exercise period in respect of the second batch of the share options commences on the first trading day after the expiration of the 36-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 48-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted; and
- (iii) The exercise period in respect of the third batch of the share options commences on the first trading day after the expiration of the 48-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 84-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 34% of the total number of share options granted.

Conditions of Exercise

The following conditions must be satisfied before the share options (including the share options granted on 3 June 2019 and the reserved share options granted on 29 May 2020 by the Company) become effective and exercisable by the Company and the Participants pursuant to the terms of the Share Option Incentive Scheme:

Other Information

- (i) the Company having achieved the following performance targets, and none of the circumstances as stipulated in the relevant requirements of the SASAC and the CSRC that the share options shall not become effective having occurred:

Exercise period	Performance targets
Exercise period in respect of the first batch of the share options	<p>(a) the EOE for 2020 shall be no less than 12.15% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2020 shall be no less than 8% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2020 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p>
Second exercise period in respect of the second batch of the share options	<p>(a) the EOE for 2021 shall be no less than 13% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2021 shall be no less than 18% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2021 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p>
Third exercise period in respect of the third batch of the share options	<p>(a) the EOE for 2022 shall be no less than 14% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2022 shall be no less than 30% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2022 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p>

Other Information

- (ii) the Participants of the share options granted on 3 June 2019 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

Exercise of the first batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2020

Exercise of the second batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2021

Exercise of the third batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2022

- (iii) the Participants of the reserved share options granted on 29 May 2020 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

Exercise of the first batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2021

Exercise of the second batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2022

Exercise of the third batch of the Share Options

the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2023

- (iv) According to relevant regulations, in order to protect the interests of the minority Shareholders and potential shareholders of the Company, in connection with the non-public issuance of A shares by the Company, the Directors (excluding independent non-executive Directors) and senior management of the Company have undertaken to ensure the Company’s strict implementation of the remedial measures of the current return. The Directors (excluding independent non-executive Directors) and senior management of the Company who are also Participants under the Share Option Incentive Scheme, in addition to fulfilling the conditions of exercise above, shall also fulfill the condition of the Company implementing the remedial measures of the current return. The remuneration committee of the Company will appraise the implementation of the remedial measures of the return by the Company.

If one or more of the conditions of exercise in respect of any exercise period are not satisfied, such part of the share options shall lapse and be cancelled by the Company.

Fair Value of Share Options

The Company has selected the Black-Scholes model to calculate the fair value of share options and has adopted 3 June 2019 (i.e., the Date of Grant for the First Batch of the Share Options) and 29 May 2020 (i.e. the Date of Grant for Reserved Share Options) as the benchmark dates to determine the fair value of the share options respectively. According to the preliminary calculation by the Company: the fair value of each share option of the first batch is RMB2.00⁽¹⁾ and the aggregate value of 190,182,200 registered share options granted on the Date of Grant for the First Batch of the Share Options is RMB380,364,400; the fair value of each reserved share option is RMB0.85⁽¹⁾ and the aggregate value of 16,975,200 registered share options granted on the Date of Grant for Reserved Share Options is RMB14,428,920. The details of the reference factors are set out below:

Market price of A Shares	RMB4.82, being the closing price of A Shares as traded on the Shanghai Stock Exchange on 3 June 2019
Exercise price of the first batch of the share options granted	RMB4.10, being the exercise price determined by the Board in accordance with the rules stipulated by the CSRC and the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (“ SASAC ”)
Expected life	3.83 years, being the weighted expected effective period
Risk-free yield	3.11%, being the 3.83-year yield to maturity of national bond rate
Expected volatility	41.57%, based on the historical volatility of the Company
Expected rate of dividend	0% ⁽²⁾
Market price of A Shares	RMB3.19, being the closing price of A Shares as traded on the Shanghai Stock Exchange on 28 May 2020
Exercise price	RMB3.50, being the exercise price determined by the Board in accordance with the rules stipulated by the SASAC
Expected life of Reserved Share Options	3.83 years, being the weighted expected effective period

Other Information

Risk-free yield	2.33%, being the 3.83-year yield to maturity of national bond rate
Expected volatility	35.2%, based on the historical volatility of the Company
Expected rate of dividend	0% ⁽²⁾

Notes:

- (1) The calculation results of the value of the share options are subject to a number of assumptions of the parameters used herein and the limitation of the model adopted. Therefore, the estimated value of the share options may be subjective and uncertain.
- (2) According to the applicable valuation method and relevant requirements of the SASAC, since the adjustment mechanism to the exercise price of the share options upon occurrence of distribution of dividend is provided in the Share Option Incentive Scheme, the expected rate of dividend shall not be taken into account in the determination of fair value of the share options.

COSCO SHIPPING Ports Share Option Scheme

On 8 June 2018, the Company convened its annual general meeting and COSCO SHIPPING Ports convened its extraordinary general meeting respectively, at which the adoption of the COSCO SHIPPING Ports Share Option Scheme was considered and approved.

On 19 June 2018, the board of directors of COSCO SHIPPING Ports was of the view that all the conditions of the grant of options had been fulfilled, and determined the date of the initial grant of the share options of COSCO SHIPPING Ports be on 19 June 2018 for the granting of 53,483,200 share options to 238 eligible participants, and had handled all necessary issues regarding the grant of share options.

Pursuant to the relevant requirements under the COSCO SHIPPING Ports Share Option Scheme, within one year after the abovementioned initial grant, COSCO SHIPPING Ports had granted a total of 3,640,554 share options to 17 participants in four times on 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 respectively, and had handled all necessary issues regarding the grant of share options.

Please refer to the circular of the Company dated 18 May 2018 (the "Circular") and announcements of COSCO SHIPPING Ports dated 19 June 2018, 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 for details of the COSCO SHIPPING Ports Share Option Scheme and each grant.

Other Information

Movements of the share options granted under the COSCO SHIPPING Ports Share Option Scheme during the period are set out below:

Category	Exercise price per share HK\$	Number of share options					Outstanding at 30 June 2020	% of total number of issued shares	Exercisable period	Notes
		Outstanding at 1 January 2020	Granted during the period	Exercised during the period	Transfer (to)/ from other categories during the period	Lapsed/ cancelled during the period				
Directors of COSCO SHIPPING Ports	7.27	3,600,000	-	-	-	-	3,600,000	0.12%	19.6.2020-18.6.2023	(1), (2)
Subtotal		3,600,000	-	-	-	-	3,600,000			
Continuous contract employees	7.27	42,172,743	-	-	(1,445,926)	(1,105,219)	39,621,598	1.25%	19.6.2020-18.6.2023	(1), (3), (4)
	8.02	851,966	-	-	-	(223,501)	618,465	0.02%	29.11.2020-28.11.2023	(5), (6)
	8.48	848,931	-	-	-	-	848,931	0.03%	29.03.2021-28.03.2024	(7)
	7.27	666,151	-	-	-	-	666,151	0.02%	23.05.2021-22.05.2024	(8)
	7.57	1,273,506	-	-	-	-	1,273,506	0.04%	17.06.2021-16.06.2024	(9)
Others	7.27	4,492,607	-	-	1,445,926	-	5,938,533	0.19%	19.6.2020-18.6.2023	(1), (4)
Subtotal		50,305,904	-	-	-	(1,338,720)	48,967,184			
Total		53,905,904	-	-	-	(1,338,720)	52,567,184			

Other Information

Notes:

- (1) The share options were granted on 19 June 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.27 per share. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the “**Restriction Period**”). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 19 June 2020; (b) 33.3% of the share options will be vested on 19 June 2021; and (c) 33.4% of the share options will be vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed “11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options” of the Circular.
- (2) These options represent personal interest held by the relevant director of COSCO SHIPPING Ports as beneficial owner.
- (3) Amongst the 1,105,219 share options, 920,984 share options were lapsed due to resignation or retirement of the relevant employees and 184,235 share options were cancelled according to the results of personal performance appraisal of the relevant employees.
- (4) The 1,445,926 share options were transferred from the category of “continuous contract employees” to the category of “others” pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (5) The share options were granted on 29 November 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$8.02 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 29 November 2020; (b) 33.3% of the share options will be vested on 29 November 2021; and (c) 33.4% of the share options will be vested on 29 November 2022.
- (6) The 233,501 share options were lapsed due to the resignation of the relevant employee.
- (7) The share options were granted on 29 March 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$8.48 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 29 March 2021; (b) 33.3% of the share options will be vested on 29 March 2022; and (c) 33.4% of the share options will be vested on 29 March 2023.
- (8) The share options were granted on 23 May 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.27 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 23 May 2021; (b) 33.3% of the share options will be vested on 23 May 2022; and (c) 33.4% of the share options will be vested on 23 May 2023.
- (9) The share options were granted on 17 June 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.57 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 17 June 2021; (b) 33.3% of the share options will be vested on 17 June 2022; and (c) 33.4% of the share options will be vested on 17 June 2023.
- (10) According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, no share options could be granted under the COSCO SHIPPING Ports Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant according to the COSCO SHIPPING Ports Share Option Scheme).

Capital Increase and Employees' Participation Plan Implemented by Shanghai Pan Asia Shipping Company Limited

Pursuant to the Opinion on Commencement of Pilot Employee Stock Ownership by Stated-Owned Holding Mixed Ownership Enterprises (Guo Zi Fa Gai Ge [2016] No. 133) 《關於國有控股混合所有制企業開展員工持股試點的意見》(國資發改革[2016]133號), during 2017, Shanghai Pan Asia Shipping Company Limited (“**Shanghai Pan Asia**”), a subsidiary of COSCO SHIPPING Lines, decided to implement the capital increase and employees participation plan. Shanghai Pan Asia introduced certain strategic investor(s) by participating in the public tender for subscribing for equity on the Shanghai United Assets and Equity Exchange. The subscription price per unit will be not less than the appraised net asset value (after the filing procedures having been completed) per unit of the registered capital of Shanghai Pan Asia. Meanwhile, it introduced employees' participation through the employees' participation platform, under which employees will subscribe for equity interests at the final subscription price of strategic investor(s). Please refer to the announcement of COSCO SHIPPING Holdings dated 18 April 2017 for details.

As at the end of June 2017, COSCO SHIPPING Lines, Shanghai Pan Asia, Shanghai Fosun Industrial Investment Company Limited (上海復星產業投資有限公司) (a strategic investor) (“**Fosun Industrial Investment**”) and Ningbo Hongyang Investment and Management LLP (寧波泓陽投資管理合夥企業(有限合夥)) (the employees' participation platform) (“**Hongyang**”) signed an agreement on capital increase and completed the change of industrial and commercial registration. As at 30 June 2020, Shanghai Pan Asia was owned by COSCO SHIPPING Lines, Shanghai International Port (Group) Co., Ltd. and Fosun Industrial Investment as to 62%, 20% and 9.9382% (contributing approximately RMB424 million), respectively. The equity interest in Shanghai Pan Asia was owned by 共青城寰海投資管理合夥企業(有限合夥) as to 0.0618% (contributing approximately RMB3 million) and was subscribed for by Hongyang as to 8% (contributing approximately RMB341 million), respectively. The participating employees, of a total number of 150, are core management personnel of Shanghai Pan Asia, accounting for approximately 34.88% of its total headcount.

Interests of Directors, Supervisors and Chief Executives in Shares, Underlying Shares and Debentures

As at 30 June 2020, the interests of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

Other Information

(a) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Capacity	Number of Shares held	Approximate percentage of total issued share capital of the relevant class	Approximate percentage of total issued share capital
Mr. YANG Zhijian ⁽¹⁾	Beneficial owner	100,000 H Shares	0.00388%	0.00082%
		936,000 A Shares ¹	0.00967%	0.00763%
Mr. FENG Boming ^{(2), (3)}	Beneficial owner	936,000 A Shares	0.00967%	0.00763%
	Interest of spouse	530,000 A Shares	0.00548%	0.00432%
TEO Siong Seng	Beneficial owner	161,000 H Shares	0.00624%	0.00131%

Notes:

- (1) As of 30 June 2020, Mr. YANG Zhijian held 936,000 A share options under the A Share Option Incentive Scheme of the Company.
- (2) As of 30 June 2020, Mr. FENG Boming held 936,000 A share options under the A Share Option Incentive Scheme of the Company.
- (3) As of 30 June 2020, the spouse of Mr. FENG Boming held 530,000 A share options under the A Share Option Incentive Scheme of the Company. Mr. Feng Boming is therefore deemed to be interested in such share options of the Company.

(b) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Number of Shares held	Approximate percentage of total issued share capital of the relevant class of associated corporation	Approximate percentage of total issued share capital of the relevant associated corporation
COSCO SHIPPING Development Co., Ltd.	YANG Zhijian	Beneficial owner	400,000 H Shares	0.01088%	0.00345%
	FENG Boming	Beneficial owner	29,100 A Shares	0.00037%	0.00025%
	TEO Siong Seng	Beneficial owner	200,000 A Shares	0.00252%	0.00172%
	DENG Huangjun	Interest of spouse	38,000 A Shares	0.00048%	0.00033%
COSCO SHIPPING Ports Limited	FENG Boming	Beneficial owner	30,000 ordinary shares	0.00095%	0.00095%
	DENG Huangjun ⁽¹⁾	Beneficial owner	1,253,154 ordinary shares	0.03963%	0.03963%

Note:

- (1) As of 30 June 2020, Mr. DENG Huangjun was interested in 53,154 shares, including 2,095 scrip shares receivable pursuant to the scrip dividend scheme under the 2019 final dividend of COSCO SHIPPING Ports which were allotted on 17 July 2020, and 1,200,000 share options of COSCO SHIPPING Ports Limited.

Other Information

Save as disclosed above, as at 30 June 2020, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests in the Shares and Underlying Shares of the Company

As at 30 June 2020, so far as was known to the Directors, Shareholders having interests in the A Shares and H Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name	Capacity and nature of interest	Number of shares/Percentage of total issued share capital of the Company					
		Long position	% (approx.)	Short position	% (approx.)	Lending pool	% (approx.)
China Ocean Shipping Co., Ltd. (a State-owned enterprise in China and the direct controlling shareholder of the Company)	Beneficial owner	A Shares:					
			4,557,594,644	37.18			
	Interest of controlled corporation	H Shares:	87,635,000	0.71			
		Total:	4,645,229,644	37.89	-	-	-
China COSCO Shipping Corporation Limited (a State-owned enterprise in China and an indirect controlling shareholder of the Company)	Beneficial owner	A Shares:		8.33			
			1,021,627,435				
	Interest of controlled corporation	A Shares:	4,557,594,644				
		H Shares:	87,635,000				
		Subtotal:	4,645,229,644	37.89	-	-	-
	Total:	5,666,857,079	46.22	-	-	-	

Save as disclosed above, as at 30 June 2020, so far as was known to the Directors, there was no person (other than a Director, Supervisor or chief executive of the Company) who had any other interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

Audit Committee

The Company has established the audit committee of the Company (the “**Audit Committee**”) in compliance with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company’s accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee), Mr. Yang Liang Yee Philip, and Mr. Wu Dawei. The Audit Committee meets regularly with management of the Company and the Company’s external auditors, and reviews external auditors’ review and audit reports (as applicable) of the Group and the interim and annual financial statements, as the case may be. The Audit Committee has reviewed the unaudited interim financial information for the Reporting Period, and recommended its adoption by the Board.

Corporate Governance

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

The Company adopted a corporate governance code which incorporates all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) and a majority of the recommended best practices therein. Having made specific enquiries, other than the following matters, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the Reporting Period.

Under the code provision A.4.2 of the Corporate Governance Code, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years.

Mr. WANG Haimin (an executive Director) and Mr. YANG Liang Yee Philip, Mr. WU Dawei, Mr. ZHOU Zhonghui and Mr. TEO Siong Seng (independent non-executive directors) were elected as executive directors and independent non-executive directors of the Company at the AGM held on 25 May 2017, whose terms expired in May 2020. As the Company is still handling matters in respect of the election of the Board, in order to ensure the continuity and stability of the work of the Board, the election of the Board will be postponed accordingly, and the terms of each committee of the Board of the Company will also be extended accordingly. All existing members of the fifth session of the Board will continue to perform their duties faithfully, diligently and effectively pursuant to the Company Law, other applicable laws and regulations and provisions of the Articles of Association of the Company, until the election of the Board is completed. The postponed election of the new session of the Board will not affect the normal operation of the Company. The Company will push forward the election of the new session of the Board as soon as practicable and fulfill the disclosure obligations in a timely manner pursuant to applicable regulations.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct (the “**Code of Conduct**”) regarding securities transactions of the Directors and the Supervisors, on terms no less exacting than the required standard set out in the Model Code. After making specific enquiries to all Directors and Supervisors, they have confirmed that they had complied with the required standards as set out in the Model Code and the Code of Conduct for the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

The Company had not redeemed any of its listed shares during the Reporting Period. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the Reporting Period.

Interim Dividend

The Board did not recommend the distribution of an interim dividend for the Reporting Period.

Investor Relations

The Company highly values investor relations at all times and considers the maintenance of investor relations as part of its on-going strategic work.

Due to the impact of the epidemic, in the first half of the year, the Group had extensive communication with the capital market by organizing road shows, reverse road shows, results press release, domestic and overseas investor meetings, providing hospitality to visitors and organizing telephone conferences. The Group had held a total of 67 personal or group meetings, made contact with 507 investors, and actively made responses to the questions of numerous medium and small investors through telephone, email, designated network platforms and other channels.

We publish announcements, periodic reports and promotional material of the Company on the website of the Company regularly and update such information in a timely manner. We also try our best to facilitate domestic and overseas media to obtain public information pursuant to laws and regulations.

While actively communicating with external parties, the Company also places great importance on opinions from the capital markets. The investment department actively collects relevant opinions and advice and reports to the senior management in a timely manner, making these opinions important references to the decision-making process of the Company.

During the above work processes, all senior management and relevant staff are in strict compliance with the domestic and overseas regulatory requirements, and actively and proactively conduct their tasks subject to laws and regulations.

The investor relations section on the website of the Company (<http://hold.coscoshipping.com>) addresses investor enquiries.

Corporate Culture

COSCO SHIPPING Holdings focuses on the vision and goal of becoming a worldwide first-tier supplier of container transportation and terminal investment and operation services, to build the four platforms of "strategic synergy, capital operation, compliance management, collaborative services". We always insist on winning the recognition of investors to maintain healthy and sustainable development of the Company; being client-oriented based on the principles of integrity, efficiency, innovation and win-win, so as to build the best brand of integrated shipping and logistics services; and on attracting and cultivating the employment of first-class talents to help our staff grow together with the enterprise. We uphold the enterprise spirit of "concerted efforts" to strive to become the model in the industry by promoting business performance, enhancing corporate value, increasing Shareholders' value and fulfilling social responsibility.

Unaudited Condensed Consolidated Interim Balance Sheet

AS AT 30 JUNE 2020

	Note	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	106,736,914	104,179,004
Right-of-use assets	6	31,151,163	35,211,071
Investment properties	6	2,344,194	2,328,986
Intangible assets	6	5,332,713	5,402,003
Goodwill		6,235,524	6,142,068
Investments in joint ventures		10,051,920	10,112,856
Investments in associates		21,539,882	20,649,708
Financial assets at fair value through other comprehensive income		1,827,721	2,097,256
Financial assets at amortized cost		841,533	1,028,432
Restricted bank deposits		2,386	396,213
Deferred income tax assets		779,341	944,463
Loans to joint ventures and associates		1,174,718	1,167,153
Other non-current assets		587,873	466,129
Total non-current assets		188,605,882	190,125,342
Current assets			
Inventories		3,405,619	4,054,417
Trade and other receivables and contract assets	7	14,912,676	14,784,258
Financial assets at fair value through profit or loss		900,309	1,066,819
Financial assets at amortized cost		456,161	306,157
Taxes recoverable		55,645	56,654
Restricted bank deposits		643,141	243,695
Cash and cash equivalents		45,402,662	49,689,784
Assets classified as held for sale	18	–	1,896,904
Total current assets		65,776,213	72,098,688
Total assets		254,382,095	262,224,030

Unaudited Condensed Consolidated Interim Balance Sheet

AS AT 30 JUNE 2020

	Note	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	8	12,259,529	12,259,529
Reserves		24,651,420	23,100,147
		36,910,949	35,359,676
Non-controlling interests		33,991,540	33,765,561
Total equity		70,902,489	69,125,237
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	88,146,942	92,525,212
Lease liabilities		21,551,724	25,411,032
Provisions and other liabilities	10	335,046	338,514
Put option liability		1,569,234	1,518,793
Pension and retirement liabilities		484,356	429,201
Derivative financial liabilities		60,367	61,935
Deferred income tax liabilities		2,103,808	2,342,980
Total non-current liabilities		114,251,477	122,627,667
Current liabilities			
Trade and other payables and contract liabilities	11	33,876,113	34,233,284
Derivative financial liabilities		22,810	22,387
Short-term borrowings	9	11,218,542	16,252,030
Current portion of long-term borrowings	9	15,645,287	11,099,640
Current portion of lease liabilities		7,007,196	7,410,950
Current portion of provisions and other liabilities	10	16,554	26,391
Taxes payable		1,441,627	1,267,185
Liabilities directly associated with assets classified as held for sale	18	–	159,259
Total current liabilities		69,228,129	70,471,126
Total liabilities		183,479,606	193,098,793
Total equity and liabilities		254,382,095	262,224,030
Net current (liabilities)/assets		(3,451,916)	1,627,562
Total assets less current liabilities		185,153,966	191,752,904

Unaudited Condensed Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Six months ended 30 June	
		2020 RMB' 000	2019 RMB' 000
Continuing operations			
Revenues	5	74,052,930	71,762,486
Cost of services and inventories sold		(67,209,625)	(64,400,210)
Gross profit		6,843,305	7,362,276
Other income	12	1,380,651	1,031,753
Other expenses	12	(107,209)	(216,641)
Net impairment losses on financial assets	13	(167,635)	(25,886)
Selling, administrative and general expenses		(4,537,815)	(4,355,317)
Operating profit		3,411,297	3,796,185
Finance income	14	370,269	431,344
Finance costs	14	(2,515,167)	(3,093,808)
Net finance costs	14	(2,144,898)	(2,662,464)
		1,266,399	1,133,721
Share of profits less losses of			
– joint ventures		304,299	397,120
– associates		711,868	693,136
Profit before income tax from continuing operations		2,282,566	2,223,977
Income tax expenses	15	(344,234)	(359,828)
Profit for the period from continuing operations		1,938,332	1,864,149
Discontinued operation			
Profit for the period from discontinued operation		–	150,920
Profit for the period		1,938,332	2,015,069
Profit attributable to:			
– Equity holders of the Company		1,137,164	1,164,386
– Non-controlling interests		801,168	850,683
		1,938,332	2,015,069
Profit attributable to equity holders of the Company arising from:			
– Continuing operations		1,137,164	1,051,196
– Discontinued operation		–	113,190
		1,137,164	1,164,386

Unaudited Condensed Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share			
– From continuing operations	16	0.0928	0.0882
– From discontinued operation	16	–	0.0095
		0.0928	0.0977
Diluted earnings per share			
– From continuing operations	16	0.0928	0.0882
– From discontinued operation	16	–	0.0095
		0.0928	0.0977

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Profit for the period	1,938,332	2,015,069
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income/(loss) of joint ventures and associates, net	6,501	(4,608)
Cash flow hedges, net of tax	1,800	(14,512)
Release of reserve upon deemed disposal of an associate	–	(163)
Release of reserve upon disposal of an associate	24,387	–
Release of reserve upon disposal of subsidiaries	(33,205)	–
Currency translation differences	540,940	31,578
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(220,635)	(4,275)
Remeasurements of post-employment benefit obligations	(78,497)	(4,278)
Share of other comprehensive (loss)/income of an associate	(7,109)	13,318
Other comprehensive income for the period, net of tax	234,182	17,060
Total comprehensive income for the period	2,172,514	2,032,129
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	1,253,491	1,181,310
– Non-controlling interests	919,023	850,819
	2,172,514	2,032,129
Total comprehensive income attributable to equity holders of the Company arising from:		
– Continuing operations	1,253,491	1,063,276
– Discontinued operation	–	118,034
	1,253,491	1,181,310

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Equity holders of the Company RMB' 000	Non- controlling interests RMB' 000	Total RMB' 000
Balance at 1 January 2020	35,359,676	33,765,561	69,125,237
Comprehensive income			
Profit for the period	1,137,164	801,168	1,938,332
Other comprehensive (loss)/income:			
Share of other comprehensive (loss)/income of joint ventures and associates, net	(2,557)	1,949	(608)
Cash flow hedges, net of tax	977	823	1,800
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(127,323)	(93,312)	(220,635)
Release of reserve upon disposal of an associate	12,032	12,355	24,387
Release of reserve upon disposal of subsidiaries	(16,385)	(16,820)	(33,205)
Currency translation differences	310,011	230,929	540,940
Remeasurements of post-employment benefit obligations	(60,428)	(18,069)	(78,497)
Total other comprehensive income	116,327	117,855	234,182
Total comprehensive income for the period	1,253,491	919,023	2,172,514
Transactions with owners:			
Acquisition of additional interest in a subsidiary	118,423	(174,391)	(55,968)
Dividends declared to non-controlling shareholders of subsidiaries	-	(639,722)	(639,722)
Fair value of share options granted	71,977	3,488	75,465
Partial disposal of subsidiaries	118,229	577,193	695,422
Disposal of subsidiaries	-	(448,618)	(448,618)
Put option liability movement	(13,697)	(14,067)	(27,764)
Others	2,850	3,073	5,923
Total transactions with owners	297,782	(693,044)	(395,262)
As at 30 June 2020	36,910,949	33,991,540	70,902,489

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Equity holders of the Company RMB' 000	Non-controlling interests RMB' 000	Total RMB' 000
Balance at 1 January 2019	21,147,569	32,925,593	54,073,162
Comprehensive income			
Profit for the period	1,164,386	850,683	2,015,069
Other comprehensive (loss)/income:			
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(3,942)	(333)	(4,275)
Cash flow hedges, net of tax	(3,080)	(11,432)	(14,512)
Share of other comprehensive income of joint ventures and associates, net	5,151	3,559	8,710
Release of reserve upon deemed disposal of an associate	(81)	(82)	(163)
Currency translation differences	22,087	9,491	31,578
Remeasurements of post-employment benefit obligations	(3,211)	(1,067)	(4,278)
Total other comprehensive income	16,924	136	17,060
Total comprehensive income for the period	1,181,310	850,819	2,032,129
Transactions with owners:			
Issue of A-shares	7,702,574	–	7,702,574
Acquisition of a subsidiary	–	967,747	967,747
Acquisition of additional interest in a subsidiary	52,749	(119,726)	(66,977)
Dividends declared to minority shareholders of subsidiaries	–	(472,426)	(472,426)
Fair value of share options granted	13,784	3,574	17,358
Recognition of put option liability arising from acquisition of a subsidiary	(695,502)	(755,255)	(1,450,757)
Others	11,008	(6,113)	4,895
Total transactions with owners	7,084,613	(382,199)	6,702,414
As at 30 June 2019	29,413,492	33,394,213	62,807,705

Unaudited Condensed Consolidated Interim Cash Flows Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Cash flows from operating activities		
Cash generated from operations	11,321,765	9,421,988
Interest received	370,269	384,062
Income tax paid	(254,343)	(339,211)
Net cash generated from operating activities	11,437,691	9,466,839
Cash flows from investing activities		
Purchase of property, plant and equipment, investment properties and intangible assets	(3,337,226)	(6,262,322)
Acquisition of subsidiaries, net of cash acquired	20,563	6,947
Disposal of subsidiaries, net of cash disposed (note 18)	855,205	–
Investments in joint ventures and associates	(761,899)	(237,318)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	72,375	52,392
Cash received from disposal of investments in joint ventures and associates	319,766	–
Cash received from disposal of financial assets through profit or loss	129,593	290,283
Repayment of loans from a former subsidiary (note 18)	846,273	–
Dividends received from joint ventures	352,037	292,825
Dividends received from associates	139,046	119,004
Dividends received from financial assets	3,255	69,419
Interest income from financial assets	133,631	79,529
Others	56,237	(2,874)
Net cash used in investing activities	(1,171,144)	(5,592,115)
Cash flows from financing activities		
Proceeds from borrowings	17,379,205	27,520,259
Repayments of borrowings	(23,613,909)	(33,107,549)
Dividends paid to non-controlling shareholders of subsidiaries	(2,132,556)	(86,267)
Interest paid	(1,813,153)	(2,462,642)
Issue of A-shares	–	7,704,128
Payment of lease liabilities	(5,300,613)	(3,995,561)
Loans from a non-controlling shareholder of a subsidiary	251,999	–
Repayment of loans from joint ventures	(122,434)	–
Decrease/(increase) in restricted bank balances	1,515	(385,922)
Transaction with non-controlling shareholders for partial disposal of subsidiaries	695,422	–
Others	(359,500)	(204,377)
Net cash used in financing activities	(15,014,024)	(5,017,931)
Net decrease in cash and cash equivalents	(4,747,477)	(1,143,207)
Cash and cash equivalents as at 1 January (included cash and cash equivalents and assets classified as held for sale)	49,764,800	32,837,729
Net increase in cash and cash equivalents of disposal group classified as held for sale	–	(9,478)
Exchange differences	385,339	184,793
Cash and cash equivalents as at 30 June	45,402,662	31,869,837

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1 General information

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

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

The directors of the Company (the “Directors”) regard China COSCO SHIPPING Corporation Limited (“China COSCO SHIPPING”), a state-owned enterprise established in the PRC, as being the Company’s ultimate parent company. China COSCO SHIPPING and its subsidiaries (other than the Group) are collectively referred to as “China COSCO SHIPPING Group”. The Directors regard China Ocean SHIPPING Company Limited (“COSCO”) as the immediate parent company.

This unaudited interim financial information for the six months ended 30 June 2020 (the “Interim Financial Information”) is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated. The Interim Financial Information was approved by the Directors for issue on 28 August 2020.

2 Basis of preparation and significant accounting policies

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) which have been stated at fair value.

The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2019 (the “2019 Annual Financial Statements”) which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 Basis of preparation and significant accounting policies (Continued)

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earning, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2019 Annual Financial Statements.

The following new standards, amendments and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2020:

- (a) Definition of Material - HKAS 1 and HKAS 8 (Amendments)
- (b) Definition of a Business - HKFRS 3 (Amendments)
- (c) Interest Rate Benchmark Reform - HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)
- (d) Revised Conceptual Framework for Financial Reporting

The adoption of the above new standards, amendments, and interpretation to existing HKFRS do not have a material impact on the consolidated financial statements of the Group.

The HKICPA has issued certain new standards, amendments and interpretation which are not yet effective for the year ending 31 December 2020 and have not been early adopted by the Group. The Group will apply these standards, amendments and interpretation to existing standards as and when they become effective. These new standards, amendments and interpretation are not expected to have a material impact on the consolidated financial statements of the Group.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management

(a) Financial risk factors

All aspects of the Group's financial risk management objectives and practices are consistent with those disclosed in the 2019 Annual Financial Statements.

As at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately RMB3,452 million. As at 30 June 2020, the Group (excluding COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports") and Orient Overseas (International) Limited ("OOIL")) had total unutilized uncommitted credit facilities of approximately RMB47,831 million from banks. The Board believes that, based on experience to date, it is likely that the Group will continue to be able to drawdown loans from these facilities in the foreseeable future if required. In preparing the consolidated interim financial information, the Board considers the adequacy of cash inflows from operations and financing activities to meet its financial obligations as and when they fall due and prepared a cash flow forecast for the Group for the coming 12 months. With the cash inflows from operations and available credit facilities, the Board considers that the Group will be able to obtain sufficient financing to enable it to operate, meet its liabilities as and when they become due, and satisfy its capital expenditure requirements at least for the coming 12 months. Accordingly, the Board believes that it is appropriate to prepare the consolidated interim financial information on a going concern basis.

(b) Fair value estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2020:

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets at fair value through profit or loss at ("FVPL")				
– Equity securities	173,847	–	–	173,847
– Debt securities	726,462	–	–	726,462
Financial assets at fair value through other comprehensive income ("FVOCI")	860,807	–	966,914	1,827,721
Derivative financial instruments	–	83,177	–	83,177
Put option liability	–	–	1,569,234	1,569,234

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2019:

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets at FVPL				
– Equity securities	262,815	–	–	262,815
– Debt securities	804,004	–	–	804,004
Financial assets at FVOCI	1,079,399	–	1,017,857	2,097,256
Derivative financial instruments	–	84,322	–	84,322
Put option liability	–	–	1,518,793	1,518,793

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Movements of financial instruments classified as level 3 recognized in the Interim Financial Information are as follows:

	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Financial assets at FVOCI		
As at 1 January	1,017,857	988,590
Fair value change	(52,290)	(48,079)
Currency translation differences	1,347	(6,222)
As at 30 June	966,914	934,289

	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Put option liability		
As at 1 January	1,518,793	–
Addition	–	1,442,089
Remeasurement	27,762	8,671
Currency translation differences	22,679	19,278
As at 30 June	1,569,234	1,470,038

As at 30 June 2020, description of the valuation techniques and the inputs used in the fair value measurement in level 3 include:

- The fair value of investments in unlisted property management companies and a hotel are determined using valuation techniques (including asset-based approach and market comparable approach). The inputs are mainly prices per square metre.
- The fair value of other unlisted financial assets is determined by reference to valuation report or the valuation performed by management using valuation techniques (including price/earnings multiple method and direct market quote). The inputs are mainly price/earnings multiples. A discount rate of 20% is applied to computing the fair value on top of market price/earnings multiples.
- The fair value of the put option liability is determined based on derived using a present value calculation. The key inputs applied include the projected financial position and EBITDA of a subsidiary using management's business plans and market multiples adopted.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial assets and liabilities approximate to their carrying amounts including: trade and other receivables and contract assets, financial assets at amortized cost, cash and bank balances, restricted bank deposits, loans to joint ventures and associates, trade and other payables and contract liabilities, lease liabilities, short-term and long-term borrowings.

4 Critical accounting estimates and judgements

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were basically the same as those that applied to the 2019 Annual Financial Statements.

5 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 analyzed from a business perspective:

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

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in joint ventures, investments in associates, loans to joint ventures and associates, financial assets at FVOCI, financial assets at FVPL, financial assets at amortized cost and assets classified as held for sale not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Operating segments (Continued)

	Six months ended 30 June 2020				
	Container shipping business ^(#) RMB' 000	Container terminal business RMB' 000	Corporate and other operations RMB' 000	Inter-segment elimination RMB' 000	Total RMB' 000
Income statement					
Total revenues	71,587,784	3,224,615	-	(759,469)	74,052,930
Comprising:					
- Inter-segment revenues	6,105	753,364	-	(759,469)	-
- Revenues (from external customers)	71,581,679	2,471,251	-	-	74,052,930
Revenues from contracts with customers:					
At a point in time	4,308,176	-	-	-	4,308,176
Over time	67,279,608	3,224,615	-	(759,469)	69,744,754
	71,587,784	3,224,615	-	(759,469)	74,052,930
Segment profit/(loss)	2,526,277	958,445	(73,425)	-	3,411,297
Finance income	296,120	47,258	115,487	(88,596)	370,269
Finance costs	(1,417,417)	(493,410)	(692,936)	88,596	(2,515,167)
Share of profits less losses of					
- joint ventures	54,342	249,947	10	-	304,299
- associates	7,293	654,994	49,581	-	711,868
Profit/(loss) before income tax	1,466,615	1,417,234	(601,283)	-	2,282,566
Income tax expenses	(133,999)	(210,234)	(1)	-	(344,234)
Profit/(loss) for the period	1,332,616	1,207,000	(601,284)	-	1,938,332
Gain on disposal of property, plant and equipment, net	32,366	1,462	-	-	33,828
Depreciation and amortization	5,588,853	669,440	1,882	-	6,260,175
Additions to non-current assets	2,467,161	612,832	169	-	3,080,162

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Operating segments (Continued)

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 30 June 2020				Total RMB' 000
	Container shipping business RMB' 000	Container terminal business RMB' 000	Corporate and other operations RMB' 000	Inter-segment elimination RMB' 000	
Balance sheet					
Segment operating assets	174,001,151	41,810,615	18,840,098	(17,896,999)	216,754,865
Investments in joint ventures	1,121,230	8,930,690	-	-	10,051,920
Investments in associates	1,835,615	19,704,267	-	-	21,539,882
Loans to joint ventures and associates	-	1,174,718	-	-	1,174,718
Financial assets at FVOCI	822,708	1,005,013	-	-	1,827,721
Financial assets at FVPL	900,309	-	-	-	900,309
Financial assets at amortized cost	1,297,694	-	-	-	1,297,694
Unallocated assets					834,986
Total assets					254,382,095
Segment operating liabilities	117,608,287	31,152,101	49,070,782	(17,896,999)	179,934,171
Unallocated liabilities					3,545,435
Total liabilities					183,479,606

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2019				
	Container shipping business RMB' 000	Container terminal business RMB' 000	Corporate and other operations RMB' 000	Inter-segment elimination RMB' 000	Total RMB' 000
Balance sheet					
Segment operating assets	179,839,153	39,917,140	13,436,674	(10,295,339)	222,897,628
Investments in joint ventures	1,188,725	8,924,131	–	–	10,112,856
Investments in associates	1,434,076	19,215,632	–	–	20,649,708
Loans to joint ventures and associates	–	1,167,153	–	–	1,167,153
Financial assets at FVOCI	887,757	1,209,499	–	–	2,097,256
Financial assets at FVPL	1,066,819	–	–	–	1,066,819
Financial assets at amortized cost	1,334,589	–	–	–	1,334,589
Assets classified as held for sale	–	1,896,904	–	–	1,896,904
Unallocated assets					1,001,117
Total assets					262,224,030
Segment operating liabilities	119,077,725	31,665,701	48,881,282	(10,295,339)	189,329,369
Liabilities directly associated with assets classified as held for sale	–	159,259	–	–	159,259
Unallocated liabilities					3,610,165
Total liabilities					193,098,793

Geographical information

(a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, within Mainland China, other international region (including the Atlantic) which are reported as follows:

Geographical	Trade lanes
America	Trans-Pacific
Europe	Asia-Europe (including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
Mainland China	Within Mainland China
Other international market	Other international region (including the Atlantic)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

For the geographical information, freight revenues from container shipping are analyzed 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.

	Six months ended 30 June 2020		
	Total	Inter-segment	External
	revenues	revenues	revenues
	RMB' 000	RMB' 000	RMB' 000
Continuing operations			
Container shipping business			
– America	19,641,218	–	19,641,218
– Europe	16,008,767	–	16,008,767
– Asia Pacific	18,909,218	–	18,909,218
– Mainland China	7,971,596	(6,105)	7,965,491
– Other international market	9,056,985	–	9,056,985
Container shipping business	71,587,784	(6,105)	71,581,679
Container terminal business, corporate and other operations			
– Europe	1,800,509	(334,818)	1,465,691
– Asia Pacific	96,038	(26,798)	69,240
– Mainland China	1,328,068	(391,748)	936,320
Container terminal business, corporate and other operations	3,224,615	(753,364)	2,471,251
Total	74,812,399	(759,469)	74,052,930

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

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

The Group's revenues are mainly with contract period of less than one year. So, the Group takes the expedient not to disclose the unsatisfied performance obligation under HKFRS 15.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Geographical information (Continued)

(b) Non-current assets

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

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

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

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Unallocated	111,048,986	112,951,417
Remaining assets		
– Mainland China	42,198,382	42,187,964
– Outside mainland China	30,732,815	29,352,444

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6 Tangible and intangible assets

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Property, plant and equipment (note)	106,736,914	104,179,004
Right-of-use assets	31,151,163	35,211,071
Investment properties	2,344,194	2,328,986
Intangible assets	5,332,713	5,402,003
Total tangible and intangible assets	145,564,984	147,121,064

Note: As at 30 June 2020, property, plant and equipment included container vessels, buildings, containers, trucks, chassis and motor vehicles, computer, office and other equipment, and assets under construction.

Movement of the tangible and intangible assets during the period is set out below:

	Six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
As at 1 January	147,121,064	145,024,470
Currency translation differences	1,664,938	191,728
Acquisition of a subsidiary	1,815	1,239,923
Additions	3,078,347	7,657,543
Disposals/write-off	(41,005)	(532,867)
Depreciation/amortization	(6,260,175)	(5,876,626)
Closing net book value as at 30 June	145,564,984	147,704,171

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7 Trade and other receivables and contract assets

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Trade receivables (note a)		
– third parties	8,115,807	7,919,573
– fellow subsidiaries	178,622	151,727
– joint ventures	16,677	14,732
– other related companies	104,940	130,904
	8,416,046	8,216,936
Bills receivables (note a)	286,952	297,657
Contract assets (note a)	258,732	179,273
	8,961,730	8,693,866
Prepayments, deposits and other receivables		
– third parties	4,611,137	5,297,465
– fellow subsidiaries (note b)	482,937	307,239
– joint ventures (note b)	456,404	342,862
– associates (note b)	379,421	114,269
– other related companies (note b)	21,047	28,557
	5,950,946	6,090,392
Total	14,912,676	14,784,258

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7 Trade and other receivables and contract assets (Continued)

Notes:

- (a) Trade receivables with related parties are unsecured and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade and bill receivables and contract assets primarily consisted of voyage-related receivables. As at 30 June 2020, the aging analysis of trade and bills receivables and contract assets on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
1-3 months	8,767,112	8,450,346
4-6 months	366,266	229,422
7-12 months	101,125	143,048
Over 1 year	212,550	191,866
Trade, bills receivables and contract assets, gross	9,447,053	9,014,682
Less: provision for impairment	(485,323)	(320,816)
	8,961,730	8,693,866

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8 Share capital and equity linked benefits

(a) Share capital

	As at 30 June 2020		As at 31 December 2019	
	Number of shares (thousands)	Nominal value RMB' 000	Number of shares (thousands)	Nominal value RMB' 000
Registered, issued and fully paid:				
H-Shares of RMB1.00 each	2,580,600	2,580,600	2,580,600	2,580,600
A-Shares of RMB1.00 each	9,678,929	9,678,929	9,678,929	9,678,929
	12,259,529	12,259,529	12,259,529	12,259,529

(b) Share options of the Company

The Company operates share option schemes whereby options are granted to eligible employees or any participants (as defined in the relevant share option schemes) of the Group, to subscribe for its shares. No outstanding options were vested and exercisable as at 30 June 2020. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

At a special general meeting of the Company held on 30 May 2019, the shareholders of the Company approved the adoption of a share option scheme (the "2019 Share Option Scheme"). The purposes of the 2019 Share Option Scheme are to enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

At a special general meeting of the Company held on 29 May 2020, the shareholders of the Company approved the adoption of a share option scheme (the "2020 Share Option Scheme"). The purposes of the 2020 Share Option Scheme are to enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

Under the 2019 Share Option Scheme and 2020 Share Option Scheme, the exercises of the options of three batches are subject to two-year, three-year and four-year vesting periods respectively during which a participant is not allowed to exercise any option granted. After the expiration of each vesting period, the participant may exercise the options in three batches in the one year, one year and three years after the expiration of each vesting period respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one A share at relevant exercise price in three batches evenly after the expiry of each vesting period.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Movements of the share options granted by the Company during the six months ended 30 June 2020 and 2019 are set out below:

			Six months ended 30 June 2020				
			Number of share options				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2020
03 June 2019	Note (i)	RMB4.10	190,182,200	-	-	-	190,182,200
29 May 2020	Note (ii)	RMB3.50	-	16,975,200	-	-	16,975,200
			190,182,200	16,975,200	-	-	207,157,400

			Six months ended 30 June 2019				
			Number of share options				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2019
03 June 2019	Note (i)	RMB4.10	-	190,182,200	-	-	190,182,200
			-	190,182,200	-	-	190,182,200

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Notes:

- (i) The share options were granted on 3 June 2019 under the 2019 Share Option Scheme at an exercise price of RMB4.10. According to the provisions of the 2019 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

In the process of registration after 3 June 2019, five participants (not being senior management of the Company) did not accept the Share Option granted to them due to personal reasons. Under the Further Revised Scheme, the number of the Share Options granted in the first batch has been adjusted from 192,291,000 to 190,182,200. For details, please refer to the overseas regulatory announcement of the Company dated 19 July 2019. On 24 July 2019, the Company completed the registration in respect the grant of the Share Option in the first batch 190,182,200 share options. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

- (ii) The share options were granted on 29 May 2020 under the 2020 Share Option Scheme at an exercise price of RMB3.50. According to the provisions of the 2020 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

On 7 July 2020, the Company completed the registration in respect the grant of the Share Option of 16,975,200 share options. For details, please refer to the overseas regulatory announcement of the Company dated 8 July 2020.

(c) Share options of a subsidiary

The Group's subsidiary, COSCO SHIPPING Ports, operates share option schemes whereby options are granted to eligible employees and directors or any participant of the Group to subscribe for its share.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8 Share capital and equity linked benefits (Continued)

(c) Share options of a subsidiary (Continued)

Movements of the share options granted by COSCO SHIPPING Ports during the six months ended 30 June 2020 and 2019 are set out below:

		Six months ended 30 June 2020				Outstanding
		Number of share options				as at
Date of grant	Exercise price	Outstanding as at January 2020	Granted during the period	Exercised during the period	Forfeited during the period	30 June 2020
19 June 2018	HK\$7.27	50,265,350	-	-	(1,105,219)	49,160,131
29 November 2018	HK\$8.02	851,966	-	-	(233,501)	618,465
29 March 2019	HK\$8.48	848,931	-	-	-	848,931
23 May 2019	HK\$7.27	666,151	-	-	-	666,151
17 June 2019	HK\$7.57	1,273,506	-	-	-	1,273,506
		53,905,904	-	-	(1,338,720)	52,567,184

		Six months ended 30 June 2019				Outstanding
		Number of share options				as at
Date of grant	Exercise price	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Forfeited during the period	30 June 2019
19 June 2018	HK\$7.27	51,415,948	-	-	(962,603)	50,453,345
29 November 2018	HK\$8.02	851,966	-	-	-	851,966
29 March 2019	HK\$8.48	-	848,931	-	-	848,931
23 May 2019	HK\$7.27	-	666,151	-	-	666,151
17 June 2019	HK\$7.57	-	1,273,506	-	-	1,273,506
		52,267,914	2,788,588	-	(962,603)	54,093,899

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Borrowings

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Long term borrowings		
Bank loans		
– secured (note b)	30,357,912	34,824,611
– unsecured (note c)	47,145,432	43,755,564
Loans from related parties		
– secured	48,400	56,800
– unsecured	7,079,500	6,976,200
Notes/bonds (note d)	19,156,216	18,008,308
Loans from non-controlling shareholders of subsidiaries	4,769	3,369
Total long-term borrowings	103,792,229	103,624,852
Current portion of long-term borrowings	(15,645,287)	(11,099,640)
	88,146,942	92,525,212
Short term borrowings		
Bank loans		
– unsecured (note c)	7,530,542	11,247,030
Loans from related parties		
– unsecured	1,148,000	3,100,000
Other loans		
– unsecured	40,000	405,000
Notes/bonds (note d)	2,500,000	1,500,000
	11,218,542	16,252,030

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Borrowings (Continued)

Notes:

- (a) Movements in long-term borrowings for the period is analyzed as follows:

	RMB' 000
Six months ended 30 June 2020	
As at 1 January 2020	103,624,852
Repayments of borrowings	(10,126,506)
Drawdown of borrowings	9,003,401
Currency translation differences	1,235,948
Amortized amount of transaction costs on long-term borrowings	46,592
Amortized amount of discount on issue of notes	7,942
As at 30 June 2020	103,792,229
Six months ended 30 June 2019	
As at 1 January 2019	72,166,603
Repayments of borrowings	(6,796,719)
Reclass from short-term borrowings to long term borrowings	6,874,700
Drawdown of borrowings	16,732,672
Currency translation differences	172,513
Amortized amount of transaction costs on long-term borrowings	13,901
Amortized amount of discount on issue of notes	16,784
As at 30 June 2019	89,180,454

- (b) The secured bank loans as at 30 June 2020 are secured, inter alia, by one or more of the following:
- (i) First legal mortgages over certain vessels, property, plant and equipment with aggregate net book value of RMB58,534,358,000 (31 December 2019: RMB52,383,376,000);
 - (ii) Assignment of the charter, rental income and earnings, requisition compensation, insurance relating to certain container vessels;
 - (iii) Bank accounts of certain subsidiaries; and
 - (iv) A financial asset at FVOCI.
- (c) As at 30 June 2020, unsecured bank loans of RMB6,754,204,000 (31 December 2019: RMB8,748,756,000) are guaranteed by China COSCO SHIPPING.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Borrowings (Continued)

Notes: (Continued)

(d) Notes/bonds issued by the Company and its subsidiaries

(i) Notes issued by the Company

Notes with principal amount of RMB5,000,000,000, RMB4,000,000,000, RMB1,000,000,000, RMB1,000,000,000, RMB1,000,000,000 and RMB500,000,000 which bear interest at a fixed rate of 4.35%, 4.05%, 2.50%, 1.82%, 1.75% and 1.72% per annum, were issued by the Company to investors on 3 September 2010, 22 November 2018, 20 May 2020, 28 February 2020, 25 March 2020 and 26 March 2020 respectively at a price equal to the principal amount. The notes with principal amount of RMB5,000,000,000, RMB4,000,000,000, RMB1,000,000,000, RMB1,000,000,000, RMB1,000,000,000 and RMB500,000,000, would mature on 6 September 2020, 22 November 2021, 20 May 2023, 26 August 2020, 22 September 2020 and 23 September 2020 respectively.

(ii) Notes/bonds issued by subsidiaries

On 3 December 2012, COSCO Finance (2011) Limited, a subsidiary of the Company, issued bonds with an aggregate principal amount of US\$1,000,000,000 (equivalent to approximately RMB6,493,600,000). The bonds carry a fixed interest yield of 4.00% per annum and were issued at a price of 98.766% of their principal amount. The bonds bear interest from 3 December 2012, payable semi-annually in arrears. The bonds are guaranteed by an irrevocable standby letter of credit issued by Bank of China Limited, Beijing Branch. The bonds have been listed on The Stock Exchange of Hong Kong Limited.

Unless previously redeemed or repurchased by COSCO Finance (2011) Limited, the bonds will mature on 3 December 2022 at their principal amount. The bonds are subject to redemption in whole, at the option of COSCO Finance (2011) Limited at any time in the event of certain changes affecting the taxes of certain jurisdictions at their principal amount together with accrued interest, or at any time after 3 December 2017 at a redemption price.

10-year notes with principal amount of US\$300,000,000 (equivalent to approximately RMB2,092,860,000) were issued by a subsidiary of COSCO SHIPPING Ports to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320% of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US\$2,040,000. The notes bear interest from 31 January 2013, payable semi-annually in arrear on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by COSCO SHIPPING Ports and listed on the Stock Exchange of Hong Kong.

Unless previously redeemed or repurchased by COSCO SHIPPING Ports, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of COSCO SHIPPING Ports at any time in the event of certain changes affecting the taxes of certain jurisdictions.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10 Provisions and other liabilities

	Provision for one-off housing subsidy RMB' 000	Deferred income and others RMB' 000	Total RMB' 000
Six months ended 30 June 2020			
As at 1 January 2020	39,982	324,923	364,905
Decrease during the period	(3)	(32,430)	(32,433)
Provisions for the period	3	18,532	18,535
Currency translation differences	–	593	593
As at 30 June 2020	39,982	311,618	351,600
Less: current portion of provisions and other liabilities	–	16,554	16,554
Non-current portion of provisions and other liabilities	39,982	295,064	335,046
Six months ended 30 June 2019			
As at 1 January 2019	39,982	313,583	353,565
Decrease during the period	–	(6,346)	(6,346)
Provisions for the period	–	2,364	2,364
Currency translation differences	–	(2,343)	(2,343)
As at 30 June 2019	39,982	307,258	347,240
Less: current portion of provisions and other liabilities	–	1,151	1,151
Non-current portion of provisions and other liabilities	39,982	306,107	346,089

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 Trade and other payables and contract liabilities

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Trade payables (note a)		
– third parties	9,939,995	8,977,021
– fellow subsidiaries	834,810	968,653
– joint ventures	103,141	166,575
– associates	34,191	29,200
– other related companies	79,644	117,917
	10,991,781	10,259,366
Bills payables (note a)	–	167,900
	10,991,781	10,427,266
Other payables and accruals (note b)	20,576,231	21,438,827
Contract liabilities	557,107	472,536
Due to related companies		
– fellow subsidiaries	171,189	155,052
– joint ventures (note c)	373,485	430,612
– associates	121	120,083
– other related companies (note d)	1,206,199	1,188,908
	1,750,994	1,894,655
Total	33,876,113	34,233,284

Notes:

- (a) As at 30 June 2020, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
1-6 months	10,699,385	10,158,308
7-12 months	152,125	142,848
1-2 years	34,960	48,499
2-3 years	34,484	16,403
Above 3 years	70,827	61,208
	10,991,781	10,427,266

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 Trade and other payables and contract liabilities (Continued)

Notes: (Continued)

- (b) As at 30 June 2020, accruals mainly included accruals for voyages costs RMB13,479,349,000 (2019: RMB11,400,746,000).
- (c) The balance includes loans from a joint venture that are unsecured, bear interest at 2.3% per annum and repayable within twelve months.
- (d) The balance includes loans from non-controlling shareholders of subsidiaries that are unsecured and repayable within twelve months. Balance of US\$45,952,000 (equivalent to approximately RMB325,317,000) (31 December 2019: approximately US\$49,681,000, equivalent to approximately RMB346,585,000) is interest free. Balances of US\$38,844,000 (equivalent to approximately RMB274,996,000) (31 December 2019: US\$43,003,000, equivalent to approximately RMB299,997,000) bear interest at 3.915% (31 December 2019: 4.35%) per annum.

The remaining balances are unsecured, interest free and have no fixed terms of repayment.

12 Other income and other expense

	Six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Dividend income	71,307	69,419
Gain on disposal of subsidiaries (note 18)	500,327	–
Gain on disposal of an associate	69,975	–
Gain on disposal of property, plant and equipment	42,961	32,810
Gain on derivatives at fair value	598	47,499
Gain on financial instrument at FVPL	–	255,099
Interest income from investments at amortized cost	28,351	34,622
Interest income from financial instrument at FVPL	16,511	44,907
Net exchange gain	111,814	271,531
Compensation income	1,694	6,072
Subsidy income and others	522,980	267,084
Others	14,133	2,710
Other income	1,380,651	1,031,753
Loss on financial instrument at FVPL	(51,495)	–
Loss on disposal of a joint venture	(28,871)	–
Loss on disposal of property, plant and equipment	(9,133)	(6,364)
Loss on disposal of associates	–	(153,015)
Donations	(16,770)	(16,417)
Others	(940)	(40,845)
Other expense	(107,209)	(216,641)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 Net impairment losses on financial assets

Net impairment losses on financial assets are provision for impairment from trade and other receivables and contract assets.

14 Finance income and costs

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Finance income		
Interest income from:		
– deposits in related parties	35,515	51,899
– loans to joint ventures and associates	14,513	15,924
– other financial institutions	320,241	363,521
	370,269	431,344
Finance costs		
Interest expenses on:		
– loans from third parties	(1,279,801)	(1,721,315)
– loans from related parties	(130,623)	(218,428)
– loans from non-controlling shareholders of subsidiaries	(5,576)	(14,024)
– lease liabilities	(534,473)	(628,799)
– notes/bonds (note 9(d))	(404,506)	(377,038)
	(2,354,979)	(2,959,604)
Transaction costs arising from borrowings	(164,210)	(194,918)
Less: amount capitalized in construction in progress	27,362	66,044
	(2,491,827)	(3,088,478)
Net related exchange loss	(23,340)	(5,330)
Net finance costs	(2,144,898)	(2,662,464)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 Income tax expenses

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Current income tax (note a):		
– PRC enterprise income tax	188,304	179,842
– Hong Kong profits tax	58,146	8,945
– Overseas taxation	138,459	133,461
(Over)/Under provision in prior year	(598)	5,292
	384,311	327,540
Deferred income tax (note b)	(40,077)	32,288
	344,234	359,828

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 5% to 46% (Six months ended 30 June 2019: 3% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 5% to 20% (Six months ended 30 June 2019: 5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2019: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

(b) Deferred income tax

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

As at 30 June 2020, the unrecognized deferred income tax liabilities were RMB9,926,700,000 (31 December 2019: RMB9,241,645,000) relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2020 amounted to RMB45,450,590,000 (31 December 2019: RMB43,849,559,000).

As at 30 June 2020, the Group had tax losses of RMB35,780,745,000 (31 December 2019: RMB33,456,047,000), which were not recognized for deferred tax assets as the Directors considered that the utilization of these tax losses in the foreseeable future is not probable, of which an amount of RMB34,803,487,000 (31 December 2019: RMB32,905,785,000) will expire within five years.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16 Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2020	2019
Profit from continuing operations attributable to equity holders of the Company (RMB)	1,137,164,000	1,051,196,000
Profit from discontinued operation attributable to equity holders of the Company (RMB)	–	113,190,000
	1,137,164,000	1,164,386,000
Weighted average number of ordinary shares in issue	12,259,529,227	11,918,986,749
Basic earnings per share (RMB)		
– From continuing operations	0.0928	0.0882
– From discontinued operation	–	0.0095
	0.0928	0.0977

(b) Diluted

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

For the six months ended 30 June 2020 and 2019, the outstanding share options granted by the Company did not have dilutive effect on the earnings per share.

For the six months ended 30 June 2020 and 2019, the outstanding share options granted by COSCO SHIPPING Ports did not have dilutive effect on the earnings per share.

17 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

18 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale

On 18 September 2019, COSCO SHIPPING Ports entered into agreements in respect of the disposals all the shares in CP (Yangzhou) together with its 51% interest in Yangzhou Yuanyang Terminal International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") and all the shares in Win Hanverky together with its 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Terminal") and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited ("SIPG (HK)") at considerations of RMB316,039,000 (equivalent to approximately US\$45,772,000) and RMB380,774,000 (equivalent to approximately US\$55,148,000) respectively. Accordingly, assets and liabilities of the disposal entities were reclassified as assets classified as held for sale and liabilities directly associated with asset classified as held for sale as at 31 December 2019.

	2019 RMB' 000
Assets classified as held for sale	
Property, plant and equipment	1,105,254
Property under development	200,928
Right-of-use assets	299,858
Intangible assets	1,437
Other non-current assets	86,323
Trade and other receivables and contract assets	59,632
Cash and cash equivalents	75,016
Other assets	68,456
Total assets	1,896,904
Liabilities directly associated with assets classified as held for sale	
Trade and other payables and contract liabilities	128,989
Other liabilities	30,270
Total liabilities	159,259

Notes to the Unaudited Condensed Consolidated Interim Financial Information

18 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale (Continued)

The disposals were completed on 10 February 2020. The aggregate sum of payables owing to COSCO SHIPPING Ports by the disposal entities of US\$29,967,000 were also transferred to SIPG (HK) on the same day at the same consideration. Upon completion of the disposals, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of COSCO SHIPPING Ports. The disposals resulted in an after-tax gain of US\$61,472,000 (equivalent to approximately RMB432,271,000).

	2020 RMB' 000
Cash consideration and repayment of payables owing to COSCO SHIPPING Ports	920,407
Net assets dispose of:	
Assets classified as held for sale	(1,905,953)
Less:	
– Liabilities directly associated with assets held for sale	157,777
– Loans to a former subsidiary	846,273
– Non-controlling interests	448,618
	(453,285)
	467,122
Release of reserve upon disposal of subsidiaries	33,205
Gain on disposal of subsidiaries (Note 12)	500,327
Taxation	(68,056)
Gain on disposal of subsidiaries, net	432,271
Net cash inflow arising from disposal	
Cash consideration and repayment of payables owing to COSCO SHIPPING Ports	920,407
Cash and cash equivalents disposed	(65,202)
Disposal of subsidiaries, net of cash disposed	855,205

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19 Contingent liabilities

(a) As at 30 June 2020, the Group was involved in a number of claims. The Group is unable to ascertain the likelihood and amounts of these 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 Interim Financial Information.

(b) Guarantee

As at 30 June 2020, the Company provided guarantees for credit facilities and notes granted to its subsidiaries of RMB42,038,432,000 (31 December 2019: RMB43,949,868,000).

The fair value of guarantee contracts is not material and has not been recognized.

20 Commitments

(a) Capital commitments

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Contracted but not provided for		
Containers	1,220,440	306,854
Container vessels	4,926,338	–
Terminal equipment	744,230	2,072,173
Other property, plant and equipment	206,602	36,611
Investments in terminals and other companies	2,387,041	2,390,184
Intangible assets	7,428	4,525
	9,492,079	4,810,347

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 Commitments (Continued)

(a) Capital commitments (Continued)

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

	As at 30 June 2020 RMB' 000	As at 31 December 2019 RMB' 000
Contracted but not provided for	32,333	35,694

(b) Lease commitments

The future aggregate minimum lease rental expenses under non-cancellable short-term leases and low value lease are payable in the following years:

	As at 30 June 2020			
	Container vessels RMB' 000	Containers RMB' 000	Land, buildings and other property, plant and equipment RMB' 000	Total RMB' 000
– not later than one year	2,344,191	1,476,303	57,221	3,877,715
– later than one year and no later than five years	862,361	2,117,859	3,835	2,984,055
– later than five years	–	289,819	424	290,243
	3,206,552	3,883,981	61,480	7,152,013

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 Commitments (Continued)

(b) Lease commitments (Continued)

As previously disclosed in the 2019 Annual Report, future aggregate minimum lease rental expenses under non-cancellable operating leases are payable in the following years:

	As at 31 December 2019			
	Container vessels RMB' 000	Containers RMB' 000	Land, buildings and other property, plant and equipment RMB' 000	Total RMB' 000
– not later than one year	4,425,241	–	316,003	4,741,244

21 Significant related party transactions

The Company is controlled by China COSCO SHIPPING, the parent company and a state-owned enterprise established in the PRC.

China COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include China COSCO SHIPPING Group, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China COSCO SHIPPING as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with China COSCO SHIPPING Group companies for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant, are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 Significant related party transactions (Continued)

In addition to the related party information and transactions disclosed elsewhere in the Interim Financial Information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period.

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Transaction with COSCO		
<u>Revenues</u>		
Vessel service income	119	13,741
<u>Expenses</u>		
Interest expenses	–	20,489
Transactions with subsidiaries of China COSCO SHIPPING and its related entities (including joint ventures and associates of China COSCO SHIPPING)		
<u>Revenues</u>		
Container shipping income	515,189	458,651
Freight forwarding income	129,617	132,131
Vessel services income	64,462	45,566
Crew service income	5,958	508
Terminal handling fee and storage income	52,925	68,511
Shipping related service income	9,965	79
Other income	80,273	105,000
<u>Expenses</u>		
<u>Vessel costs</u>		
Sub-charter expenses	–	249,754
Expenses relating to short-term leases and service components – Vessel	736,019	479,893
Vessel services expenses	425,567	351,938
Crew expenses	507,784	488,245
<u>Voyage costs</u>		
Bunker costs	7,340,913	6,986,404
Port charges	1,412,023	1,387,958
<u>Equipment and cargo transportation costs</u>		
Commission and rebates	86,806	78,549
Cargo and transshipment and equipment and repositioning expenses	196,749	257,504
Freight forwarding expenses	21,773	31,528
General service expenses	83,239	17,467
Expenses relating to short-term leases and leases with low-value assets -Building	50,541	35,677
Expenses relating to short-term leases and leases with low-value assets -Container	571,442	618,841
Other expense	72,435	69,004

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Transactions with subsidiaries of China COSCO SHIPPING and its related entities (including joint ventures and associates of China COSCO SHIPPING)		
<u>Others</u>		
Payment of lease liabilities	1,916,909	1,462,232
Concession fee	201,943	202,684
Purchase of containers	440,112	365,248
Instalments of vessels under construction	547,371	1,286,010
Transactions with joint ventures of the Group		
<u>Revenues</u>		
Management fee and service fee income	10,940	10,335
Other income	7,838	5,163
<u>Expenses</u>		
Port charges	891,207	778,447
Expenses relating to short-term leases or leases with low-value assets – Building	2,315	2,106
Equipment and cargo transportation costs		
Commission and rebates	10,265	10
Cargo and transshipment and equipment and repositioning expenses	16,919	296
Transactions with associates of the Group		
<u>Revenues</u>		
Other income	4,141	4,914
<u>Expenses</u>		
Port charges	551,505	279,334
<u>Others</u>		
Partial disposal of subsidiaries	416,971	–
Capital injection to an associate	353,414	–

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Transactions with non-controlling shareholders of subsidiaries		
<u>Revenues</u>		
Terminal handling and storage income	289,583	292,179
Other income	1,548	–
<u>Expenses</u>		
Electricity and fuel expenses	18,733	32,094
Other expense	16,543	38,130
Transactions with other related parties		
<u>Revenues</u>		
Shipping service income	61,724	40,473
<u>Expenses</u>		
Expenses relating to short-term leases – Vessel	11,973	75,223

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 Significant related party transactions (Continued)

These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO and its subsidiaries (other than the Group) (“COSCO Group”) or between the Group and China COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

As at 30 June 2020 and 31 December 2019, majority of the Group’s bank balances and bank borrowings are with state-owned banks.

Key management compensation

	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Salaries, bonuses and other allowances	7,112	10,337
Contribution to retirement benefit scheme	119	272
Share-based payments	167	597
	7,398	11,206

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING HOLDINGS COMPANY LIMITED

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 87, which comprises the condensed consolidated interim balance sheet of COSCO SHIPPING Holdings Co., Ltd. (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2020 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flows statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 August 2020



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