



# 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

2021



# Contents

Page

2 **Company Profile**

4 **Financial Summary**

5 **Management Discussion and Analysis**

24 **Directors, Supervisors and Senior Management**

26 **Other Information**

## **Unaudited Interim Financial Information**

41 Unaudited Condensed Consolidated Interim Balance Sheet

43 Unaudited Condensed Consolidated Interim Income Statement

44 Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

45 Unaudited Condensed Consolidated Interim Statement of Changes in Equity

47 Unaudited Condensed Consolidated Interim Cash Flows Statement

48 Notes to the Unaudited Condensed Consolidated Interim Financial Information

84 **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 “ <b>Company</b> ” or “ <b>COSCO SHIPPING Holdings</b> ”)
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 Pilot Free Trade Zone (Airport Economic Area), Tianjin, the PRC.
Postal code of registered address	300461
Place of business	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC
Postal code of place of business	200080
Website	<a href="http://hold.coscoshipping.com">http://hold.coscoshipping.com</a>
Email	<a href="mailto:investor@coscoshipping.com">investor@coscoshipping.com</a>
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 “ <b>Stock Exchange</b> ”)	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 “ <b>CSRC</b> ”) for publishing interim report		<a href="http://www.sse.com.cn">www.sse.com.cn</a>		
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

	<b>Secretary to Board of Directors</b>	<b>Representatives of securities affairs</b>
Name	GUO Huawei	ZHANG Yueming
Contact address	8/F, No. 658 Dong Da Ming Road, Shanghai, the People's Republic of China (the "PRC")	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC
Telephone	(8621) 60298619	(8621) 60298619
Facsimile	(8621) 60298618	(8621) 60298618
E-mail	guo.huawei@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 and Zhang Min
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	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 2021 (THE “REPORTING PERIOD”) PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

Results Highlights:

	Six months ended 30 June		Difference RMB'000
	2021 RMB'000	2020 RMB'000	
Revenues	139,264,347	74,052,930	65,211,417
Profit attributable to equity holders of the Company	37,097,843	1,137,164	35,960,679
	RMB	RMB	RMB
Basic earnings per Share <sup>Note</sup>	2.33	0.07	2.26

Note:

The Company implemented the 2020 Capitalization Issue of 3 Shares for every 10 Shares by converting reserve to share capital in July 2021 (“**Capitalization Issue**”). Based on the total 12,315,998,889 Shares before the implementation of the plan, all Shareholders (“**Shareholders**”) were allotted 3 Shares for every 10 Shares. After the completion of the Capitalization Issue, the total number of Shares increased to 16,010,798,556. In the calculation of earnings per Share, the weighted average number of Shares for the period of six months ended 30 June 2021 and the six months ended 30 June 2020 were calculated based on the total Shares after the Capitalization Issue in accordance with HKAS 33 “Earnings per Share”. Please refer to note 16 to the unaudited condensed consolidated interim financial information of the Group of this report.

# Management Discussion and Analysis

Results for the period from 1 January to 30 June 2021 prepared in accordance with the Hong Kong Financial Reporting Standards

	<b>Period from 1 January to 30 June 2021 RMB'000</b>	Period from 1 January to 30 June 2020 RMB'000	Difference RMB'000
Revenues	<b>139,264,347</b>	74,052,930	65,211,417
Operating profit	<b>48,063,059</b>	3,411,297	44,651,762
Profit before income tax from continuing operations	<b>47,768,445</b>	2,282,566	45,485,879
Profit after income tax from continuing operations	<b>42,870,414</b>	1,938,332	40,932,082
Profit after income tax from discontinued operation	-	-	-
Profit for the period	<b>42,870,414</b>	1,938,332	40,932,082
Profit attributable to equity holders of the Company	<b>37,097,843</b>	1,137,164	35,960,679
Basic earnings per Share (RMB) <sup>Note</sup>	<b>2.33</b>	0.07	2.26

Note:

Please refer to the note in relation to “Basic earnings per Share” on page 4 of this report.

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

In the first half of 2021, the global economy gradually recovered while showing a significant trend of differentiation and imbalance. The global logistics supply chain was challenged and impacted by multiple factors such as port congestion, container shortage and inland transportation delay. The supply and demand relationship of the container shipping market was tightened, and the freight rates of main routes were faced with upward pressure. From January to June 2021, the average of China Containerized Freight Index (CCFI) was 2,066.64 points, an increase of 133.86% compared to the corresponding period of last year and an increase of 92.44% compared with the second half of 2020.

During the Reporting Period, COSCO SHIPPING Holdings continued to uphold the philosophy of providing “customer-centric” business by adhering to the essence of shipping service and practicing corporate responsibility through measures such as increasing shipping capacity, guaranteeing container supply and enhancing services, thereby ensuring the stability of the global container logistics supply chain using its best endeavors. From January to June 2021, the net profit attributable to the Shareholders of the Company amounted to approximately RMB37.10 billion, and the net profit attributable to the Shareholders of the Company net of non-recurring profit and loss was RMB37.02 billion, representing an increase of 4,096.43% as compared to the same period of last year. Of which, revenue from the container shipping business segment reached RMB136.44 billion, representing an increase of 90.59% as compared to the same period of last year and revenue from the terminal business segment reached RMB3.72 billion, representing an increase of 15.28% as compared to the same period of last year.

# Management Discussion and Analysis

## **Capitalizing on the advantages of industrial chain operation to create a new model of customer service**

During the Reporting Period, capitalizing on the advantages of industrial chain operation, COSCO SHIPPING Holdings continuously optimized the allocation of global shipping resources, reasonably adjusted the proportion of shipping capacity input through measures such as renting ships and starting designated vessels, in an attempt to alleviate the contradiction between market supply and demand of container transportation. As at the end of the Reporting Period, the Company's input of shipping capacity increased by 3.7% over the end of the same period of last year. The shipping capacity of Trans-Pacific routes and Asia-Europe routes increased by 12% and 13% as compared to the same period of last year respectively. In addition, the Company maximized the operating efficiency of shipping capacity and shipping space through the linkage of domestic and foreign trade shipping capacity and the optimal allocation of shipping capacity of foreign trade routes. In the first half of the year, the Company's dual-brand fleet, together with the members of the OCEAN Alliance, COSCO SHIPPING Lines Co., Ltd. ("**COSCO SHIPPING Lines**") and Orient Overseas Container Lines Limited ("**OOCL**"), officially launched DAY5 products, featuring 40 routes and a shipping capacity of 4.12 million TEUs of the alliance. As such, the route coverage and delivery timelines were further improved and achieved a good market response.

Facing the superimposed influence of multiple factors such as the surge in the market's transportation demand and the poor container logistics supply chain, the Company strives to innovate and create a transportation service model that meets the needs of customers. In the first half of the year, the Company effectively alleviated the problem of container use encountered by customers by strengthening empty container transportation, improving container turnover efficiency and putting new containers on the market. As such, the container volume increased by 7.2% compared to the end of 2020. The Company also launched 12 designated vessels for small and medium-sized customers on major routes such as the Europe route, the Mexico route and the Australia-New Zealand route, which solved the customers' urgent needs and won general praise from customers while helping China in ensuring "stability on six fronts" and "security in six areas".

The Company actively created a land – sea integrated operation model to continue to provide customers with reliable shipping channels and strong service guarantees. In the first half of the year, the volume of container shipments completed on the Company's China-Europe railway services, China Western Land-Sea Trade Corridor and China-Europe Sea-rail Express increased with a rapidly, representing an increase of 54%, 79% and 20% as compared to the same period of last year respectively.

# Management Discussion and Analysis

## **Leveraging on the synergies of the dual-brand strategy to build a new landscape of global development**

During the Reporting Period, under the superimposed influence of multiple factors such as the global pandemic, the Company was committed to building a more stable supply chain system for global customers by fully leveraging on the synergy and scale advantages of its “COSCO SHIPPING Lines” and “OOCL” dual-brand fleet, and enhancing the input and flexible allocation of global shipping capacity while continuously optimizing the layout of the global route network.

During the Reporting Period, the Company’s dual-brand container fleet handled a shipping volume of 13.84 million TEUs, representing an increase of 16.84% as compared to the same period of last year, of which, COSCO SHIPPING Lines handled a shipping volume of 9.91 million TEUs, representing an increase of 15.83% as compared to the same period of last year. OOCL handled a shipping volume of 3.93 million TEUs, representing an increase of 19.48% as compared to the same period of last year. COSCO SHIPPING Ports Limited (“**COSCO SHIPPING Ports**”) achieved a total throughput of 62.71 million TEUs, representing an increase of 8.81% as compared to the same period of last year.

In respect of the container shipping business, the Company actively responded to the “Belt and Road” initiative and seized the opportunity of the Regional Comprehensive Economic Partnership Agreement (“**RCEP**”) in order to actively strengthen the allocation of resources in emerging markets, regional markets and third-country markets in Southeast Asia, South Asia, Latin America and Africa. In the first half of the year, the cargo volume of the Company’s dual-brand in emerging markets had risen by 24% as compared to the same period of last year and the cargo volume of non-China markets accounted for 38% of the total cargo volume of international routes.

In respect of the terminal business, COSCO SHIPPING Ports, a subsidiary of the Company and as the world’s leading ports operator, continued to deepen the concept of “lean operation” to continuously improve the quality and service level of terminals operation. Relying on the support of the cargo volume of the Company’s dual-brand fleet and members of the OCEAN Alliance, in the first half of the year, the throughput of the ports in Spain, Zeebrugge Terminal in Belgium and Xiamen Ocean Gate Terminal significantly improved, and the synergetic advantages of the Company’s port and shipping business segments were further enhanced.

## **Taking advantage of information technology to empower a new digital ecological system**

During the Reporting Period, the Company actively practiced the concept of “digital empowerment and smart shipping” by applying advanced digital technology to carry out the successful exploration and practice in information and intelligent businesses, and rapidly realized the integration of multi-dimensional businesses.

During the Reporting Period, the Global Shipping Business Network (the “**GSBN**”) jointly initiated by COSCO SHIPPING Lines, OOCL, COSCO SHIPPING Ports (each of which a subsidiary of the Company) and five other internationally renowned liner companies and port operators announced the achievement of substantive operations in Hong Kong, China. Through the joint efforts of various parties, the imported electronic container collection service was fully launched in China, and the blockchain electronic bill of lading service was successfully implemented in Malaysia, which effectively improved the upstream and downstream operating efficiency of the container supply chain. Recently, GSBN’s first application product “paperless cargo discharge” was officially launched in China and southeast Asia, which provided customers with paperless, efficient and transparent solutions and greatly simplified the way of data exchange, thereby ensuring customer service experience and steadily improving the influence in the industry.



# Management Discussion and Analysis

By fully leveraging on the technological advantage of e-commerce platforms, the Company continued to bolster our attractiveness, agglomeration and innovation of our product offering. COSCO SHIPPING Lines, a subsidiary of our Company, launched specific products targeted at American, European, Latin American and African small and medium-sized customers through e-commerce platforms of Syncon Hub, utilizing the digital platforms to provide numerous customers with safe and reliable shipping channels, space supply and service guarantee. From January to June 2021, the transaction volume of the e-commerce platforms for foreign trade recorded a growth of 280% as compared to the same period of last year.

Subsequent to the successful transformation of Xiamen Ocean Gate Terminal into the first all-5G-covered smart port in China, COSCO SHIPPING Ports, a subsidiary of our Company, continued to promote the construction of “smart ports” at the Abu Dhabi Terminal in United Arab Emirates and Wuhan Yangluo Terminal. Relying on its advanced digital technologies such as driverless container trucks, centralized command system, and 5G network coverage, while effectively conserving operation energy and reducing operating costs, it could also provide customers supply chain value-added services with higher operating efficiency, prompt responses, and overall lower logistic costs.

Looking forward to the second half of the year, with the widespread vaccination to combat COVID-19, the pandemic has been gradually under control, which would in turn help to restore the global economy. However, the recovery might be unstable and uneven amid uncertainties and risks brought by the pandemic. Several renowned economic organizations have made better forecasts for global GDP growth in 2021. The World Bank’s latest estimation is that the global economy will grow by 5.6% this year, 1.4 percentage points higher than its forecast at the beginning of January. The International Monetary Fund (IMF) has also upgraded its forecast for global economic growth from 5.5% in January to 6%. According to the forecast of CLARKSON, the growth rate of shipping demand this year is expected to be 6.2%. Meanwhile, the PRC’s economy maintains its steady growth in the year and will be a strong impetus behind the global economic recovery as well as serve as a solid foundation for the healthy development of the global shipping market.

COSCO SHIPPING Holdings will proactively respond to future changes and challenges in the market. While doing a good job in epidemic prevention and control, the Company will relentlessly focus on its customer needs, continue to deepen the synergy and integration of the container shipping business and terminal business segments of the Company, strive to expand the industrial value chain, and enhance its overall competitiveness to fit into the dual circulation strategy, build a new ecosystem and develop a first-class enterprise and keep creating value for customers and enhancing returns for Shareholders.

# Management Discussion and Analysis

## (II) Major Profit or Loss Items and Cashflow Analysis

In the first half of 2021, the Group generated revenues of RMB139,264,347,000, representing an increase of RMB65,211,417,000 or 88.06% as compared to the same period of last year. In the first half of 2021, profit attributable to equity holders of the Group was RMB37,097,843,000, representing an increase of RMB35,960,679,000 or 3,162.31% as compared to the same period of last year.

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

Items	Period from 1 January to 30 June 2021 RMB'000	Period from 1 January to 30 June 2020 RMB'000	Difference RMB'000	Percentage change
Revenues	<b>139,264,347</b>	74,052,930	65,211,417	88.06%
Cost of services and inventories sold	<b>(86,136,374)</b>	(67,209,625)	(18,926,749)	28.16%
Other income and expense, net	<b>565,987</b>	1,273,442	(707,455)	-55.55%
Including: Other income	<b>654,197</b>	1,380,651	(726,454)	-52.62%
Other expenses	<b>(88,210)</b>	(107,209)	18,999	-17.72%
Net impairment losses on financial assets	<b>(62,886)</b>	(167,635)	104,749	-62.49%
Selling, administrative and general expenses	<b>(5,568,015)</b>	(4,537,815)	(1,030,200)	22.70%
Finance income	<b>321,636</b>	370,269	(48,633)	-13.13%
Finance costs	<b>(1,901,937)</b>	(2,515,167)	613,230	-24.38%
Share of profits less losses of				
– joint ventures	<b>371,270</b>	304,299	66,971	22.01%
– associated companies	<b>914,417</b>	711,868	202,549	28.45%
Income tax expenses	<b>(4,898,031)</b>	(344,234)	(4,553,797)	1,322.88%
Net cash flows generated from operating activities	<b>63,887,646</b>	11,437,691	52,449,955	458.57%
Net cash flows used in investing activities	<b>(1,354,931)</b>	(1,171,144)	(183,787)	15.69%
Net cash flows used in financing activities	<b>(12,732,865)</b>	(15,014,024)	2,281,159	-15.19%

# 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 2021, the revenues of the Group amounted to RMB139,264,347,000, representing an increase of RMB65,211,417,000 or 88.06% as compared to the same period of last year.

### Revenue from container shipping business

In the first half of 2021, both the volume and prices of container shipping business increased, due to which the revenue amounted to RMB136,437,632,000, representing an increase of RMB64,849,848,000 or 90.59% as compared to the same period of last year, of which COSCO SHIPPING Lines generated revenues of RMB92,575,175,000 from container shipping business, representing an increase of RMB44,033,138,000 or 90.71% as compared to the same period of last year.

### Revenue from terminal business

In the first half of 2021, revenue generated from the terminal business amounted to RMB3,717,418,000, representing an increase of RMB492,803,000 or 15.28% as compared to the same period of last year.

### Major customers

Total sales to the top five customers of the first half of 2021 amounted to RMB5,921,655,000, accounting for 4.25% of the total sales for the Reporting Period.

# Management Discussion and Analysis

## 3. Costs

### Cost analysis

Business Segment	Components of cost	Period from	Period from	Difference	Percentage change
		1 January to 30 June 2021 RMB' 000	1 January to 30 June 2020 RMB' 000		
<b>Container shipping business</b>	Equipment and cargo transportation costs	49,560,249	34,783,225	14,777,024	42.48%
	Voyage costs	15,209,121	14,013,800	1,195,321	8.53%
	Vessel costs	12,944,083	12,645,017	299,066	2.37%
	Other related business costs	6,485,126	3,960,950	2,524,176	63.73%
	Tax	105,867	57,631	48,236	83.70%
	Sub-total	84,304,446	65,460,623	18,843,823	28.79%
<b>Terminal business</b>	Terminal business costs	2,698,865	2,482,802	216,063	8.70%
	Other business costs	–	21	(21)	(100.00%)
	Elimination between different businesses	(887,786)	(756,807)	(130,979)	17.31%
	Tax and surcharges	20,849	22,986	(2,137)	(9.30%)
	Total operating costs	86,136,374	67,209,625	18,926,749	28.16%

### Overview

In the first half of 2021, the operating cost of the Group amounted to RMB86,136,374,000, representing an increase of RMB18,926,749,000 or 28.16% as compared to the same period of last year.

### Container shipping business cost

In the first half of 2021, the container shipping business cost amounted to RMB84,304,446,000, representing an increase of RMB18,843,823,000 or 28.79% 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 2021 amounted to RMB61,500,169,000, representing an increase of RMB16,127,083,000 or 35.54% as compared to the same period of last year.

### Terminal business cost

In the first half of 2021, the terminal business cost amounted to RMB2,719,714,000, representing an increase of RMB213,926,000 or 8.54% as compared to the same period of last year.

# Management Discussion and Analysis

## 4. Other profit or loss items

### Other income and expense, net

In the first half of 2021, the other income and expense, net was RMB565,987,000, representing a decrease of RMB707,455,000 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 in the same period of last year.

### Selling, administrative and general expenses

In the first half of 2021, the selling, administrative and general expenses of the Group amounted to RMB5,568,015,000, representing an increase of RMB1,030,200,000 or 22.70% as compared to the same period of last year. In the first half of 2021, compared with the same period of last year, the Group's container shipping business scale has grown significantly and R&D investment has increased. Starting from 2021, the country has cancelled social security and tax relief related to the COVID-19 pandemic, hence selling, administrative and general expenses increased.

### Finance income

In the first half of 2021, mainly due to a decrease in deposit interest rates as compared to that of the same period of last year, the finance income of the Group amounted to RMB321,636,000, representing a decrease of RMB48,633,000 or 13.13% as compared to the same period of last year.

### Finance costs

In the first half of 2021, the finance costs of the Group amounted to RMB1,901,937,000, representing a decrease of RMB613,230,000 or 24.38% as compared to the same period of last year. In the first half of 2021, the Group continued to do a good job in the overall management of funds and debts. The average interest-bearing debt balance decreased as compared to the same period of last year. In addition, the US\$ LIBOR decreased as compared to the same period of last year, and interest expenses decreased as compared to the same period of last year.

### Share of profits of joint ventures and associated companies

In the first half of 2021, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB1,285,687,000, representing an increase of RMB269,520,000 or 26.52% as compared to the same period of last year, mainly because the overall operating efficiency of the terminals of its affiliated joint ventures and associated companies improved significantly, and the Group's equity method accounting investment income from the terminals of its joint ventures and associated companies increased accordingly in the first half of 2021 as compared to the same period of last year.

# Management Discussion and Analysis

## Income tax expenses

In the first half of 2021, the income tax expenses of the Group amounted to RMB4,898,031,000, representing an increase of RMB4,553,797,000 as compared to the same period of last year. This was mainly due to the significant increase in the taxable profit of the Group in the first half of 2021 as compared to the same period of last year.

## Major suppliers

Total purchases from the top five suppliers of the Group in the first half of 2021 amounted to RMB6,837,161,000, accounting for 7.95% of the total purchases for the Reporting Period.

## 5. Cash flow

As at 30 June 2021, the cash and cash equivalents amounted to RMB101,904,553,000, representing an increase of RMB49,274,223,000 or 93.62% from the end of last year. The cash and cash equivalents of the Group were principally denominated in RMB and US\$, and the rest were denominated in Euro, HK\$ and other currencies.

### Net cash flow from operating activities

In the first half of 2021, the net cash inflow from operating activities amounted to RMB63,887,646,000, representing an increase of RMB52,449,955,000 or 458.57% as compared to that of the same period of last year. The substantial increase in net cash inflow from operating activities as compared to the same period of last year was mainly due to the significant increase in the operating results of the Group in the first half of 2021 as compared to the same period of last year.

### Net cash flow from investing activities

In the first half of 2021, the net cash outflow from investing activities amounted to RMB1,354,931,000, representing an increase of RMB183,787,000 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.

### Net cash flow from financing activities

In the first half of 2021, the net cash outflow from financing activities amounted to RMB12,732,865,000, representing a decrease of RMB2,281,159,000 as compared to that of the same period of last year, which included cash outflow generated from repayment of debts and interest 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., as well as cash inflow from exercise of the share option incentive scheme of the Company (the “**Share Option Incentive Scheme**”) and the issuance of additional shares by OOIL.

### Impact of changes in exchange rate on cash and cash equivalents

The balance of cash and cash equivalents decreased by RMB525,627,000 as at 30 June 2021, which was primarily due to a decrease in exchange rate of US\$ against RMB during the Reporting Period.

# Management Discussion and Analysis

## (III) Working Capital, Financial Resources and Capital Structure

### Overview

Mainly benefited from the substantial increase in operating efficiency in the first half of 2021, and the substantial increase in net cash inflow from operating activities, in the first half of 2021, as at 30 June 2021, the total assets of the Group amounted to RMB323,953,201,000, representing an increase of RMB52,027,127,000 or 19.13% as compared to the end of last year. The total liabilities amounted to RMB204,091,273,000, representing an increase of RMB10,862,256,000 or 5.62% as compared to the end of last year.

As at 30 June 2021, the total outstanding borrowings of the Group were RMB86,477,412,000. After deducting the cash and cash equivalents, the net assets were

RMB15,427,083,000 while at the end of last year the net debt was RMB42,341,340,000. As at 30 June 2021, the Group's net current assets were RMB40,204,761,000, and RMB2,065,094,000 of net current liabilities was recorded at the end of the last year. As at 30 June 2021, the net debt to equity ratio was -12.87%, which was 53.80% at the end of last year. The formula for calculating the net debt to equity ratio is as follows: net debt to equity ratio = (total borrowings - cash and cash equivalents)/total equity.

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.

### Debt analysis

Categories	As at 30 June 2021 RMB '000	As at 31 December 2020 RMB '000
Short-term borrowings	2,979,040	6,130,490
Long-term borrowings	83,498,372	88,841,181
Among which: Less than 1 year	9,246,320	15,884,981
One to two years	18,859,516	10,318,571
Three to five years	26,385,409	30,810,521
Over five years	29,007,127	31,827,108
Total of long-term and short-term borrowings	86,477,412	94,971,671

# Management Discussion and Analysis

## Borrowings by categories

As at 30 June 2021, the Group had bank borrowings of RMB66,210,098,000, notes and bonds payable of RMB13,374,810,000 and other borrowings of RMB6,892,504,000, representing 76.56%, 15.47% and 7.97% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB21,919,848,000 and unsecured borrowings amounted to RMB44,290,250,000, representing 25.35% and 51.22% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

## Borrowings by currency

As at 30 June 2021, the borrowings of the Group denominated in US\$ were equivalent to RMB61,944,975,000, borrowings denominated in RMB amounted to RMB17,298,719,000, borrowings denominated in Euro were equivalent to RMB5,403,142,000, and borrowings denominated in HK\$ were equivalent to RMB1,830,576,000, representing 71.63%, 20.00%, 6.25% and 2.12% of the total borrowings, respectively.

## Secured borrowings

As at 30 June 2021, certain properties, plant and equipment of the Group with net book value of RMB67,550,290,000 (as at 31 December 2020: RMB70,522,618,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB21,952,648,000 (as at 31 December 2020: RMB26,213,943,000), representing 44.98% of the total value of the property, plant and equipment and right-of-use assets (as at 31 December 2020: 68.58%).

## Guarantees

As at 30 June 2021, the Group had provided guarantees in the amount of RMB31,992,409,000 to its subsidiaries and an associate (as at 31 December 2020: RMB35,877,623,000).

## 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.

As at 30 June 2021, the Group was unable to ascertain the likelihood and amounts of the above-mentioned claims. However, based on the 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 Reporting Period.

## 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.



# Management Discussion and Analysis

## Capital commitments (excluding discontinued operation)

As at 30 June 2021, the Group had a total of 12 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB10,943,722,000.

As at 30 June 2021, the Group's containers under construction amounted to 151,290 TEUs in aggregate. The capital commitments for future construction of containers amounted to RMB2,578,503,000.

As at 30 June 2021, the Group's capital commitments for investment in terminals amounted to RMB9,439,904,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB6,171,819,000 and the equity investment commitment of terminals amounted to RMB3,268,085,000.

## Facilities

As at 30 June 2021, the unutilized bank loan facilities of the Group were RMB31,649,090,000.

## 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

Applicable  Not Applicable

As at the end of June 2021, the total balance of the Group's investments in associates and joint ventures amounted to RMB31.277 billion, representing a decrease of RMB69 million as compared to the end of last year. During the Reporting Period, the numbers of associates increased by 1 company; capital increase in 1 associate; the equity investment in Tianjin Port Euroasia International Container Terminal Co., Ltd., an associate, has been transferred from long-term equity investment to assets held for sale item for consolidation in accordance with the Accounting Standards for Business Enterprises No. 42 — Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations.

#### (1) Significant equity investments

Applicable  Not Applicable

#### (2) Significant non-equity investments

Applicable  Not Applicable

# Management Discussion and Analysis

## (3) Financial assets at fair value

√ Applicable    □ Not Applicable

Unit: RMB'000

Name	Shareholding at the end of the Reporting Period (%)	Carrying amount at the end of last year	Carrying amount at the end of the Reporting Period	Effect on the profit for the Reporting Period	Change in carrying amount for the Reporting Period
Share, bonds, funds and other investment	–	656,143	514,020	13,021	-142,123
Guangzhou Port Co., Ltd.	3.98	828,516	784,131	10,603	-44,385
Shanghai Tianhongli Asset Management Co., Ltd.	19.00	495,674	501,795	0	6,121
Ocean Hotel Shanghai Co., Ltd.	10.00	109,857	109,308	0	-549
Yantai Port Co., Ltd.	3.90	146,837	146,837	0	0
Hui Xian Holdings Ltd.	7.90	51,288	54	43,345	-51,234
Qinhuangdao Port Co., Ltd.	0.88	48,466	50,127	0	1,661
Other financial assets at fair value	–	106,936	96,131	5,619	-10,804
<b>Total</b>	–	<b>2,443,715</b>	<b>2,202,403</b>	<b>72,588</b>	<b>-241,313</b>

# Management Discussion and Analysis

## (V) Industry Operation Information

### Container shipping business

#### (1) Shipping volume

Shipping volume of the Group (TEU)

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage of change (%)
Trans-Pacific	2,645,887	2,147,936	23.18
Asia and Europe (including the Mediterranean)	2,606,363	2,271,265	14.75
Asia Region (including Australia)	4,416,120	3,799,831	16.22
Other international regions (including the Atlantic)	1,413,067	1,145,208	23.39
Mainland China	2,759,465	2,481,448	11.20
<b>Total</b>	<b>13,840,902</b>	11,845,688	16.84

Shipping volume of COSCO SHIPPING Lines (a subsidiary of the Group) (TEU)

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage of change (%)
Trans-Pacific	1,542,346	1,206,620	27.82
Asia and Europe (including the Mediterranean)	1,797,202	1,595,608	12.63
Asia Region (including Australia)	2,655,292	2,383,606	11.40
Other international regions (including the Atlantic)	1,159,760	891,929	30.03
Mainland China	2,759,465	2,481,448	11.20
<b>Total</b>	<b>9,914,065</b>	8,559,211	15.83

# Management Discussion and Analysis

## (2) Revenue from routes

Revenue from routes by the Group (RMB'000)

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage of change (%)
Trans-Pacific	<b>33,661,663</b>	19,290,534	74.50
Asia and Europe (including the Mediterranean)	<b>38,529,127</b>	15,146,881	154.37
Asia Region (including Australia)	<b>32,098,482</b>	18,208,957	76.28
Other international regions (including the Atlantic)	<b>18,951,285</b>	9,077,840	108.76
Mainland China	<b>6,333,414</b>	5,143,760	23.13
<b>Total</b>	<b>129,573,971</b>	66,867,972	93.78

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

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage of change (%)
Trans-Pacific	<b>19,253,923</b>	10,981,970	75.32
Asia and Europe (including the Mediterranean)	<b>26,597,171</b>	10,681,886	148.99
Asia Region (including Australia)	<b>19,371,195</b>	11,402,644	69.88
Other international regions (including the Atlantic)	<b>16,664,053</b>	7,270,418	129.20
Mainland China	<b>6,386,906</b>	5,186,513	23.14
<b>Total</b>	<b>88,273,248</b>	45,523,431	93.91

# Management Discussion and Analysis

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

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage change (%)
Trans-Pacific	<b>5,197,669</b>	2,743,250	89.47
Asia and Europe (including the Mediterranean)	<b>5,949,250</b>	2,153,993	176.20
Asia Region (including Australia)	<b>4,956,299</b>	2,589,442	91.40
Other international regions (including the Atlantic)	<b>2,926,252</b>	1,290,933	126.68
Mainland China	<b>977,937</b>	731,479	33.69
<b>Total</b>	<b>20,007,407</b>	9,509,097	110.40

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

<b>Routes</b>	<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020	Percentage of change (%)
Trans-Pacific	<b>2,972,982</b>	1,561,714	90.37
Asia and Europe (including the Mediterranean)	<b>4,106,847</b>	1,519,039	170.36
Asia Region (including Australia)	<b>2,991,090</b>	1,621,536	84.46
Other international regions (including the Atlantic)	<b>2,573,082</b>	1,033,905	148.87
Mainland China	<b>986,197</b>	737,559	33.71
<b>Total</b>	<b>13,630,198</b>	6,473,753	110.55

# 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 2021	Six months ended 30 June 2020	Difference
Revenue from container shipping business (RMB'000)	136,437,632	71,587,784	64,849,848
Including: Revenue from routes (RMB'000)	129,573,971	66,867,972	62,705,999
EBIT (RMB'000)	47,693,541	2,797,806	44,895,735
EBIT margin	34.96%	3.91%	31.05%
Net profit (RMB'000)	42,040,861	1,332,616	40,708,245

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 2021	Six months ended 30 June 2020	Difference
Revenue from container shipping business (RMB'000)	92,575,175	48,542,037	44,033,138
Including: Revenue from routes (RMB'000)	88,273,248	45,523,431	42,749,817
EBIT (RMB'000)	29,159,917	1,653,908	27,506,009
EBIT margin	31.50%	3.41%	28.09%
Net profit (RMB'000)	23,851,460	615,977	23,235,483

Major performance indicators of the container shipping business of the Group (US\$ equivalent)

Items	Six months ended 30 June 2021	Six months ended 30 June 2020	Difference
Revenue from container shipping business (US\$'000)	21,067,219	10,180,288	10,886,931
Including: Revenue from routes (US\$'000)	20,007,407	9,509,097	10,498,310
Revenue per TEU from international routes (US\$/TEU)	1,717.24	937.36	779.88
EBIT (US\$'000)	7,364,319	397,868	6,966,451
Net profit (US\$'000)	6,491,494	189,507	6,301,987

# Management Discussion and Analysis

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

Items	Six months ended 30 June 2021	Six months ended 30 June 2020	Difference
Revenue from container shipping business (US\$'000)	14,294,454	6,903,020	7,391,434
Including: Revenue from routes (US\$'000)	13,630,198	6,473,753	7,156,445
Revenue per TEU from international routes (US\$/TEU)	1,767.25	943.80	823.45
EBIT (US\$'000)	4,502,558	235,197	4,267,361
Net profit (US\$'000)	3,682,884	87,596	3,595,288

Note:

The revenue from routes and major performance indicators above were translated into US\$ at an average exchange rate of RMB6.4763: US\$1 and RMB7.032: US\$1 in the first half of 2021 and the first half of 2020, respectively.

## Terminal business

In the first half of 2021, the total throughput of COSCO SHIPPING Ports amounted to 62.7107 million TEUs, representing an increase of 8.81% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 11.3628 million TEUs, representing an increase of 8.20% as compared to the same period of last year; the throughput of non-controlled terminals amounted to 51.3479 million TEUs, representing an increase of 8.94% 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 2021 (TEU)	Six months ended 30 June 2020 (TEU)	Percentage of change
Bohai Rim Region	21,511,420	20,236,784	6.30%
Yangtze River Delta Region	7,718,194	6,836,157	12.90%
Southeast Coast and others	2,971,482	2,535,043	17.22%
Pearl River Delta Region	13,662,407	12,149,056	12.46%
Southwest Coast	2,607,900	2,280,501	14.36%
Overseas	14,239,304	13,596,650	4.73%
Total	62,710,707	57,634,191	8.81%
Of which: Controlled terminals	11,362,835	10,501,481	8.20%
Non-controlled terminals	51,347,872	47,132,710	8.94%

# Management Discussion and Analysis

## SIGNIFICANT EVENTS

- (1) On 26 February 2021, upon the approval of the Board, COSCO SHIPPING Ports (Tianjin) Limited (“**COSCO SHIPPING Ports Tianjin**”), a wholly-owned subsidiary of COSCO SHIPPING Ports, entered into an agreement with Tianjin Port Holdings Co., Ltd.\* (天津港股份有限公司) (“**Tianjin Port Co**”), pursuant to which COSCO SHIPPING Ports Tianjin shall acquire 34.99% equity interest of Tianjin Port Container Terminal Co., Ltd.\* (天津港集装箱碼頭有限公司) (“**Tianjin Port Container**”) held by Tianjin Port Co at the consideration of RMB1,348,371,228.15. The agreement shall become effective upon the fulfilment of the transfer of 100% equity interest in COSCO SHIPPING Ports (Tianjin Euroasia) Limited to the subsidiaries of Tianjin Port Co by COSCO SHIPPING Ports. On 28 April 2021, COSCO SHIPPING Ports and Tianjin Port Co entered into an agreement (the “**Equity Transfer Agreement**”), pursuant to which COSCO SHIPPING Ports shall transfer its entire equity interest held in COSCO SHIPPING Ports (Tianjin Euroasia) Limited to the designated offshore subsidiary of Tianjin Port Co at the consideration of RMB269,619,801.39, and Tianjin Port Co shall procure and undertake that its designated offshore subsidiary (as the transferee) shall acquire 100% equity interest of COSCO SHIPPING Ports (Tianjin Euroasia) Limited pursuant to the terms and conditions of the Equity Transfer Agreement. On 28 July 2021, COSCO SHIPPING Ports Tianjin, Tianjin Port Co and COSCO SHIPPING Ports jointly entered into the supplemental agreement to the Equity Transfer Agreement. The parties have finally agreed the transfer consideration of the subject equity interest to be RMB1,348,875,866.88. COSCO SHIPPING Ports Tianjin shall pay the adjusted final transfer consideration of RMB1,247,710,223.53 to Tianjin Port Co, after deducting the profit of RMB101,165,643.35 corresponding to 34.99% equity interest under the distribution proposal of the undistributed profit of Tianjin Port Container as at 31 December 2020. Please refer to the overseas regulatory announcements of the Company dated 26 February 2021, 28 April 2021 and 28 July 2021 for details.
- (2) Pursuant to the approval of by the Board on 30 March 2021 and the approval at the annual general meeting of the Company on 28 May 2021, the Company, based on the total share capital of the Company as at 13 July 2021 (the “**Record Date**”), proposed to issue three (3) capitalization Shares to all Shareholders for every ten (10) Shares by way of capitalization of capital reserve. As at the Record Date, the total number of the issued Shares of the Company was 12,315,998,889 Shares, comprising 9,735,398,889 A Shares and 2,580,600,000 H Shares. As such, the number of capitalization Shares under the Capitalization Issue was 3,694,799,667 Shares, comprising 2,920,619,667 new A Shares and 774,180,000 new H Shares. The completion of issuance of 2,920,619,667 new A Shares and 774,180,000 new H Shares took place on 15 July 2021 and 28 July 2021, respectively. Please refer to (i) the circular of the Company dated 13 May 2021 in relation to, among others, the Capitalization Issue; (ii) the announcement of the resolutions passed at the annual general meeting of the Company dated 28 May 2021; and (iii) the update announcement of the Company dated 7 July 2021 for the details of the Capitalization Issue.

## SUBSEQUENT EVENTS

Save as disclosed in Note 22 to the unaudited condensed consolidated interim financial information of this report, there is no other material subsequent event.



# 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 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

Name	Position	Change	Reason of change
Steve SIU	Deputy General Manager	Resigned	Retirement

### 1. Appointment and Change of Directors

Nil

### 2. Appointment and Change of Supervisors

Nil

### 3. Appointment and Change of Senior Management

On 19 February 2021, Mr. Steve SIU voluntarily resigned as the deputy general manager of the Company due to retirement.

# Directors, Supervisors and Senior Management

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

Nil

## 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) are as follows:

Prof. Ma Si-hang Frederick (independent non-executive Director), no longer serves as the non-executive director of Husky Energy Inc. (a company listed on Toronto Stock Exchange (stock code: HSE)).

# Other Information

## Employees and Remuneration Policies

As at 30 June 2021, there was no material change in the number of employees of the Group as compared to that as disclosed in the 2020 annual report of the Company published on 24 April 2021. As at 30 June 2021, 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 2020 annual report of the Company.

As at 30 June 2021, there were approximately 32,269 employees in the Group. Total staff costs of the Group for the Reporting Period, including Directors' remuneration, amounted to approximately RMB6,983,280,000 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.

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, the Company 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 non-executive 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, the Company 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.

On 17 May 2021, the Board has passed the Proposal on Adjusting on Scope of Incentive Objects of the Share Option Incentive Scheme, Number of Share Options and Cancellation of Partial Granted but Outstanding Share Options (《關於調整股票期權激勵計劃首次授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》). Pursuant to the fact that 17 participants were resigned, retired and dismissed in the 460 First Grant participants of the Share Option Incentive Scheme (Revised) and the relevant requirements of the Proposal on the Revision of the Share Option Incentive Scheme of COSCO SHIPPING Holdings Co., Ltd (Revised Draft) (《中遠海運控股股份有限公司股票期權激勵計劃(修訂稿)》), the above participants no longer complied with the conditions of Incentive Objects. Pursuant to the mandate in 2019 First Extraordinary General Meeting, 2019 A Share First Class Meeting and 2019 H Share First Class Meeting of the Company, the Board resolved to adjustment on the scope of Incentive objects and number of Share Options in the Share Option Incentive Scheme (Revised) and cancelled the first batch, second batch and third batch of Share Options granted but outstanding of the above 17 participants, in total of 6,791,000 Share Options; the number of participants of the First Grant changed from 460 to 443 after adjustment and the number of Share Options granted changed from 190,182,200 to 183,391,200; the Board has also passed the Proposal on Fulfillment of Exercise Conditions Under the First Grant of Share Option Incentive Scheme (《關於股票期權激勵計劃首次授予期權第一個行權期符合行權條件的議案》), which agreed to eliminate Sinotrans from the peer benchmark companies due to delisting, agreed the fulfillment of exercise conditions under the First Grant of Share Option Incentive Scheme and approved the participants exercising Share Options which fulfilled the conditions. The independent non-executive Directors have expressed their independent opinions that they agreed the proposal results of the Board. The supervisory committee of the Company has reviewed the scope of incentive objects and expressed its opinion. Please refer to the overseas regulatory announcement dated 17 May 2021 of the Company for details.

# 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 2021	Date of grant
		Outstanding as at 1 January 2021	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	936,000	-	-	-	-	936,000	Note (2)
FENG Boming	Director	936,000	-	-	-	-	936,000	Note (2)

## (2) Share options granted to all participants

Name of Participant	Position of Participant (person-time)	Number of share options					Outstanding as at 30 June 2021	Date of grant
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Directors of the Company	2	1,872,000	-	-	-	-	1,872,000	Note (2)
Senior management of the Company	4	2,835,000	-	935,550	-	-	1,899,450	Note (1)
Other key business personnel and management personnel of the Company	439	180,556,200	-	55,534,112	-	-	125,022,088	Note (1)
Other key business personnel and management personnel of the Company	17	6,791,000	-	-	6,791,000	-	0	Note (1)
Other key business personnel and management personnel of the Company	37	15,103,200	-	-	-	-	15,103,200	Note (2)
<b>Total</b>	<b>499</b>	<b>207,157,400</b>	<b>-</b>	<b>56,469,662</b>	<b>6,791,000</b>	<b>-</b>	<b>143,896,738</b>	

Notes:

- The Company implemented the first grant for the A Share Option Plan, with 3 June 2019 as the Date of Grant. As considered and approved by the sixth meeting of the sixth session of the Board of the Company, 6,791,000 Share Options with the exercise price of RMB4.10 per share granted to 17 participants from the first grant which no longer meet the grant condition due to the reasons including resignation, retirement and dismissal were cancelled; the number of participants from the first grant was adjusted from 460 to 443; on 19 May 2021, such deregistration were completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. As considered and approved by the seventh meeting of the sixth session of the Board of the Company, upon the completion of the A Share conversion in the implementation plan of capitalization of surplus reserves of the Company for 2020, the exercise price of the outstanding Share Options at first grant was adjusted from RMB4.10 per share to RMB3.15 per share and the outstanding number of Share Option at first grant was adjusted from 126,921,538 to 164,997,999. On 16 July 2021, the registration on the changes on the exercise price and number of outstanding Share Options at first grant as above mentioned was completed at Shanghai Branch of China Securities Depository and Clearing Corporation Limited. 448,500 Share Options granted but not yet exercised to 1 participant which no long meet the grant condition due to dismissal were cancelled; the number of participants from the first grant was adjusted from 443 to 442 and the number of Share Options granted but not yet exercised was adjusted from 164,997,999 to 164,549,499; on 27 August 2021, such deregistration were completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- The Company implemented the grant for the Reserved Share Options of the A Share Option Plan, with 29 May 2020 as the Date of Grant. As considered and approved by the seventh meeting of the sixth session of the Board of the Company, upon the completion of the A Share conversion in the implementation plan of capitalization of surplus reserves of the Company for 2020, the exercise price of Reserved Share Options was adjusted from RMB3.50 per share to RMB2.69 per share; the number of Reserved Share Options was adjusted from 16,975,200 to 22,067,760. On 24 August 2021, the registration on the changes on the exercise price and number of Reserved Share Options as above mentioned was completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

## ***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. The valid exercise period of share options granted under such scheme shall be 7 years.

## ***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 State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) and the CSRC that the share options shall not become effective having occurred:

<b>Exercise period</b>	<b>Performance targets</b>
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 China COSCO SHIPPING Corporation Limited (“<b>COSCO SHIPPING</b>”) and the change in EVA is greater than 0.</p>
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>
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.



# Other Information

## *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<sup>(1)</sup> 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<sup>(1)</sup> 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 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% <sup>(2)</sup>
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
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% <sup>(2)</sup>

### *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 special 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 Reporting Period are set out below:

Category	Exercise price per share HK\$	Number of share options					Outstanding at 30 June 2021	% of total number of issued shares	Exercisable period	Notes
		Outstanding at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Transferred (to)/ from other category during the Reporting Period	Lapsed/ Cancelled during the Reporting Period				
<b>Directors of COSCO SHIPPING Ports</b>	7.27	3,600,000	-	-	-	-	3,600,000	0.12%	19.6.2020- 18.6.2023	(1), (2)
Sub-total		3,600,000	-	-	-	-	3,600,000			
<b>Continuous contract employees</b>	7.27	38,499,415	-	-	(27,164)	(54,409)	38,417,842	1.16%	19.6.2020- 18.6.2023	(1), (3), (4)
	8.02	604,971	-	-	-	-	604,971	0.02%	29.11.2020- 28.11.2023	(5)
	8.48	848,931	-	-	-	-	848,931	0.03%	29.3.2021- 28.3.2024	(6)
	7.27	666,151	-	-	-	-	666,151	0.02%	23.5.2021- 22.5.2024	(7)
	7.57	1,273,506	-	-	-	-	1,273,506	0.04%	17.6.2021- 16.6.2024	(8)
Others	7.27	6,312,220	-	-	27,164	(400,851)	5,938,533	0.18%	19.6.2020- 18.6.2023	(1), (3), (9)
Sub-total		48,205,194	-	-	-	(455,260)	47,749,934			
Total		51,805,194	-	-	-	(455,260)	51,349,934			

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 be vested on 19 June 2020; (b) 33.3% of the share options to be vested on 19 June 2021; and (c) 33.4% of the share options 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) Such 27,164 share options were transferred from “Continuous contract employees” to “Others” in accordance with the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (4) Such 54,409 share options were lapsed at the time of retirement of an employee in accordance with 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 be vested on 29 November 2020; (b) 33.3% of the share options be vested on 29 November 2021; and (c) 33.4% of the share options be vested on 29 November 2022.
- (6) 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 be vested on 29 March 2021; (b) 33.3% of the share options be vested on 29 March 2022; and (c) 33.4% of the share options be vested on 29 March 2023.
- (7) 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 be vested on 23 May 2021; (b) 33.3% of the share options be vested on 23 May 2022; and (c) 33.4% of the share options be vested on 23 May 2023.
- (8) 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 be vested on 17 June 2021; (b) 33.3% of the share options be vested on 17 June 2022; and (c) 33.4% of the share options be vested on 17 June 2023.
- (9) Such 400,851 share options were lapsed as they were not exercised within 6 months after the resignation or retirement of relevant employees in accordance with the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (10) As to whether various batches of share options to be vested in 2021 can be vested, the Board of COSCO SHIPPING Ports will review and consider if the relevant exercise conditions had been fulfilled.
- (11) No share options were granted or exercised under the COSCO SHIPPING Ports Share Option Scheme during the Reporting Period.

# Other Information

## 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 2021, 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%, respectively. The equity interest in Shanghai Pan Asia was owned by Hongyang as to 8%, and Gongqingcheng Huanhai Investment Management LLP (共青城寰海投資管理合夥企業(有限合夥)) (Fosun Group Project Team) as to 0.0618% respectively. The participating employees, of a total number of 151, are core management personnel of Shanghai Pan Asia, accounting for approximately 35% of its total headcount.

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

As at 30 June 2021, 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:

### (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	Beneficial owner	100,000 H Shares	0.00388%	0.00081%
	Beneficial owner	936,000 A Shares <sup>(1)</sup>	0.00961%	0.00760%
Mr. FENG Boming	Beneficial owner	936,000 A Shares <sup>(2)</sup>	0.00961%	0.00760%
	Interest of spouse	470,000 A Shares <sup>(3)</sup>	0.00483%	0.00382%
TEO Siong Seng	Beneficial owner	150,000 H Shares	0.00581%	0.00122%

# Other Information

*Notes:*

- (1) Mr. YANG Zhijian held 936,000 A share options under the A Share Option Incentive Scheme of the Company.
- (2) Mr. FENG Boming held 936,000 A share options under the A Share Option Incentive Scheme of the Company.
- (3) The spouse of Mr. FENG Boming held 114,900 A Shares and 355,100 A share options under the A Share Option Incentive Scheme 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%
	DENG Huangjun	Interest of spouse	38,000 A Shares	0.00048%	0.00033%
COSCO SHIPPING Ports	FENG Boming	Beneficial owner	32,379 ordinary shares	0.00098%	0.00098%
	DENG Huangjun	Beneficial owner	1,253,154 ordinary shares <sup>(1)</sup>	0.03780%	0.03780%

*Note:*

- (1) Such 1,253,154 ordinary shares of COSCO SHIPPING Ports represent 53,154 ordinary shares of COSCO SHIPPING Ports and 1,200,000 share options of COSCO SHIPPING Ports.

## Other Information

Save as disclosed above, as at 30 June 2021, 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 2021, 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	37.01				
China COSCO Shipping Corporation Limited (a State-owned enterprise in China and an indirect controlling shareholder of the Company)	Beneficial owner	A Shares: 1,021,627,435	8.30				
	Interest of controlled corporation	A Shares: 4,557,594,644					
		H Shares: 87,635,000					
		Subtotal: 4,645,229,644	37.72	-	-	-	-
		<b>Total:</b> <b>5,666,857,079</b>	<b>46.01</b>	-	-	-	-

Save as disclosed above, as at 30 June 2021, 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.

## Audit Committee

The Company has established the audit committee of the Company (the “**Audit Committee**”) in compliance with Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company’s accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee), Mr. Wu Dawei and Prof. Ma, Si Hang Frederick. 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, 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.

## 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.



# Other Information

## 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.

Under the foundation of efficient prevention 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, investor meetings organized by domestic and overseas brokerages, providing hospitality to visitors and organizing telephone conferences. The Group had held a total of 111 personal or group meetings, made contact with 954 investors, and actively made responses to the questions of numerous medium and small investors through telephone, email, designated network platforms and other channels. On 7 April 2021, Mr. Xu Lirong, the Chairman of the Group, together with the senior management team of the Company, have attended the 2020 results press release and actively responded to inquiries from investors, which achieved a favourable result and fully demonstrated the Group's high importance on the investor relations.

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 has a vision of “evolving itself into one of the most popular benchmarking enterprises with the top international brand value in the transportation sector of the capital market as well as one of the most comprehensively competitive and most influential multi-national enterprise groups in both container shipping and terminal around the world”, building 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 2021

	Note	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	100,988,532	102,834,477
Right-of-use assets	6	49,201,329	48,311,452
Investment properties	6	2,189,425	2,222,665
Intangible assets	6	4,767,379	5,008,408
Goodwill		5,740,905	5,826,764
Investments in joint ventures		8,664,340	9,138,021
Investments in associates		22,612,176	22,207,501
Financial assets at fair value through other comprehensive income		1,688,383	1,787,572
Financial assets at amortized cost		732,035	739,240
Restricted bank deposits		2,074	2,094
Deferred income tax assets		831,575	844,779
Loans to joint ventures and associates		788,623	881,028
Other non-current assets		655,059	158,201
<b>Total non-current assets</b>		<b>198,861,835</b>	<b>199,962,202</b>
<b>Current assets</b>			
Inventories		4,345,159	3,231,549
Trade and other receivables and contract assets	7	17,556,101	14,948,681
Financial assets at fair value through profit or loss		514,020	656,143
Financial assets at amortized cost		36,172	222,612
Taxes recoverable		49,814	55,592
Restricted bank deposits		234,976	218,964
Cash and cash equivalents		101,904,495	52,630,331
Assets classified as held for sale	18	450,629	–
<b>Total current assets</b>		<b>125,091,366</b>	<b>71,963,872</b>
<b>Total assets</b>		<b>323,953,201</b>	<b>271,926,074</b>

# Unaudited Condensed Consolidated Interim Balance Sheet

AS AT 30 JUNE 2021

	Note	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	8	12,315,999	12,259,529
Reserves		68,394,512	31,654,337
		80,710,511	43,913,866
<b>Non-controlling interests</b>			
		39,151,417	34,783,191
<b>Total equity</b>		<b>119,861,928</b>	78,697,057
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	9	74,252,052	72,956,200
Lease liabilities		38,587,347	39,657,148
Provisions and other liabilities	10	2,655,785	2,707,714
Put option liability		1,479,022	1,472,532
Pension and retirement liabilities		353,597	450,855
Derivative financial liabilities		35,970	50,581
Deferred income tax liabilities		1,840,895	1,905,021
<b>Total non-current liabilities</b>		<b>119,204,668</b>	119,200,051
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	11	59,919,274	44,682,765
Derivative financial liabilities		23,179	24,201
Short-term borrowings	9	2,979,040	6,130,490
Current portion of long-term borrowings	9	9,246,320	15,884,981
Current portion of lease liabilities		7,777,407	5,790,864
Current portion of provisions and other liabilities	10	16,195	25,254
Taxes payable		4,925,159	1,490,411
Liabilities directly associated with assets classified as held for sale	18	31	–
<b>Total current liabilities</b>		<b>84,886,605</b>	74,028,966
<b>Total liabilities</b>		<b>204,091,273</b>	193,229,017
<b>Total equity and liabilities</b>		<b>323,953,201</b>	271,926,074
<b>Net current assets/(liabilities)</b>		<b>40,204,761</b>	(2,065,094)
<b>Total assets less current liabilities</b>		<b>239,066,596</b>	197,897,108

# Unaudited Condensed Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenues	5	139,264,347	74,052,930
Cost of services and inventories sold		(86,136,374)	(67,209,625)
Gross profit		53,127,973	6,843,305
Other income	12	654,197	1,380,651
Other expenses	12	(88,210)	(107,209)
Net impairment losses on financial assets	13	(62,886)	(167,635)
Selling, administrative and general expenses		(5,568,015)	(4,537,815)
Operating profit		48,063,059	3,411,297
Finance income	14	321,636	370,269
Finance costs	14	(1,901,937)	(2,515,167)
Net finance costs	14	(1,580,301)	(2,144,898)
		46,482,758	1,266,399
Share of profits less losses of			
– joint ventures		371,270	304,299
– associates		914,417	711,868
Profit before income tax		47,768,445	2,282,566
Income tax expenses	15	(4,898,031)	(344,234)
<b>Profit for the period</b>		<b>42,870,414</b>	<b>1,938,332</b>
<b>Profit attributable to:</b>			
– Equity holders of the Company		37,097,843	1,137,164
– Non-controlling interests		5,772,571	801,168
		42,870,414	1,938,332
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share (in RMB)	16	2.33	0.07
Diluted earnings per share (in RMB)	16	2.32	0.07

# Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Profit for the period</b>	<b>42,870,414</b>	1,938,332
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income of joint ventures and associates	10,743	6,501
Cash flow hedges, net of tax	10,413	1,800
Release of reserve upon disposal of an associate	–	24,387
Release of reserve upon disposal of subsidiaries	–	(33,205)
Currency translation differences	(613,735)	540,940
<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	(78,134)	(220,635)
Remeasurements of post-employment benefit obligations	93,474	(78,497)
Share of other comprehensive income/(loss) of an associate	20,640	(7,109)
Currency translation difference	(265,939)	–
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(822,538)</b>	234,182
<b>Total comprehensive income for the period</b>	<b>42,047,876</b>	2,172,514
<b>Total comprehensive income for the period attributable to:</b>		
– Equity holders of the Company	36,517,971	1,253,491
– Non-controlling interests	5,529,905	919,023
	<b>42,047,876</b>	2,172,514

# Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>Balance at 1 January 2021</b>	43,913,866	34,783,191	78,697,057
<b>Comprehensive income</b>			
Profit for the period	37,097,843	5,772,571	42,870,414
<b>Other comprehensive income/(loss):</b>			
Share of other comprehensive income of joint ventures and associates, net	13,535	17,848	31,383
Cash flow hedges, net of tax	2,739	7,674	10,413
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(51,260)	(26,874)	(78,134)
Currency translation differences	(613,735)	(265,939)	(879,674)
Remeasurements of post-employment benefit obligations	68,849	24,625	93,474
<b>Total other comprehensive loss</b>	<b>(579,872)</b>	<b>(242,666)</b>	<b>(822,538)</b>
<b>Total comprehensive income for the period</b>	<b>36,517,971</b>	<b>5,529,905</b>	<b>42,047,876</b>
<b>Transactions with owners:</b>			
Issue of A-shares in connection with the exercise of share options	231,526	–	231,526
Transaction with non-controlling shareholders of subsidiaries	2,063	769,271	771,334
Dividends declared to non-controlling shareholders of subsidiaries	–	(1,918,272)	(1,918,272)
Fair value of share options granted	58,058	2,739	60,797
Put option liability movement	(10,632)	(10,535)	(21,167)
Others	(2,341)	(4,882)	(7,223)
<b>Total transactions with owners</b>	<b>278,674</b>	<b>(1,161,679)</b>	<b>(883,005)</b>
<b>As at 30 June 2021</b>	<b>80,710,511</b>	<b>39,151,417</b>	<b>119,861,928</b>

# Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>Balance at 1 January 2020</b>	35,359,676	33,765,561	69,125,237
<b>Comprehensive income</b>			
Profit for the period	1,137,164	801,168	1,938,332
<b>Other comprehensive (loss)/income:</b>			
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)
<b>Total other comprehensive income</b>	116,327	117,855	234,182
<b>Total comprehensive income for the period</b>	1,253,491	919,023	2,172,514
<b>Transactions with owners:</b>			
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
<b>Total transactions with owners</b>	297,782	(693,044)	(395,262)
<b>As at 30 June 2020</b>	36,910,949	33,991,540	70,902,489

# Unaudited Condensed Consolidated Interim Cash Flows Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	64,979,289	11,321,765
Interest received	307,607	370,269
Income tax paid	(1,399,250)	(254,343)
Net cash generated from operating activities	63,887,646	11,437,691
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, investment properties and intangible assets	(2,321,944)	(3,337,226)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	128,999	72,375
Acquisition of subsidiaries, net of cash acquired	–	20,563
Disposal of subsidiaries, net of cash disposed	–	855,205
Repayment of loans from a former subsidiary	–	846,273
Investments in joint ventures and associates, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss	(396,596)	(761,899)
Cash received from disposal of investments in joint ventures and associates	242,051	319,766
Cash received from disposal of financial assets through profit or loss	138,256	129,593
Dividends received from joint ventures	307,431	352,037
Dividends received from associates	265,182	139,046
Dividends received from financial assets	16,644	3,255
Interest income from financial assets	29,580	133,631
Others	235,466	56,237
Net cash used in investing activities	(1,354,931)	(1,171,144)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4,545,618	17,379,205
Repayments of borrowings	(12,199,070)	(23,613,909)
Dividends paid to non-controlling shareholders of subsidiaries	(1,848,813)	(2,132,556)
Interest paid	(1,004,689)	(1,813,153)
Issue of A-shares in connection with the exercise of share options	231,526	–
Payment of lease liabilities	(3,170,719)	(5,300,613)
Loan from a non-controlling shareholder of a subsidiary	73,915	251,999
Loan from an associate	137,976	–
Repayment of loans from a joint venture	–	(122,434)
Transaction with non-controlling shareholders of subsidiaries	771,334	695,422
Others	(269,943)	(357,985)
Net cash used in financing activities	(12,732,865)	(15,014,024)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>49,799,850</b>	<b>(4,747,477)</b>
– Net increase/(decrease) in cash and cash equivalents	49,799,791	(4,747,477)
– Net increase in cash and cash equivalents from assets classified as held for sale	59	–
Cash and cash equivalents as at 1 January	52,630,331	49,764,800
Exchange differences	(525,627)	385,339
<b>Cash and cash equivalents as at 30 June</b>	<b>101,904,554</b>	<b>45,402,662</b>
– Included in cash and cash equivalents	101,904,495	45,402,662
– Included in assets classified as held for sale (note 18)	59	–



# 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 included 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 (“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 “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 2021 (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 30 August 2021.

## 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 2020 (the “2020 Annual Financial Statements”) which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earning, the significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2020 Annual Financial Statements.

The following new amendment has been adopted by the Group for the first time for the financial year beginning on 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16.

The adoption of the above new amendment to existing HKFRS does not have a material impact on the consolidated financial statements of the Group.

The HKICPA has issued certain new standards, amendments, interpretation and improvements which are not yet effective for the year ending 31 December 2021 and have not been early adopted by the Group. The Group will apply these standards, amendments, interpretation and improvements to existing standards as and when they become effective. These new standards, amendments, interpretation and improvements 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 2020 Annual Financial Statements.

### (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).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2021:

	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	135,800	–	–	135,800
– Debt securities	378,220	–	–	378,220
Financial assets at fair value through other comprehensive income ("FVOCI")	892,184	–	796,199	1,688,383
Derivative financial instruments	–	59,149	–	59,149

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2020:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Equity securities	131,516	–	–	131,516
– Debt securities	524,627	–	–	524,627
Financial assets at FVOCI	941,398	–	846,174	1,787,572
Derivative financial instruments	–	74,782	–	74,782

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 3 Financial risk management (Continued)

### (b) Fair value estimation (Continued)

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. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

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.

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

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

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:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
Financial assets at FVOCI		
As at 1 January	<b>846,174</b>	1,017,857
Disposal	<b>(7,532)</b>	–
Fair value change	<b>(38,459)</b>	(52,290)
Currency translation differences	<b>(3,984)</b>	1,347
As at 30 June	<b>796,199</b>	966,914

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 3 Financial risk management (Continued)

### (b) Fair value estimation (Continued)

As at 30 June 2021, 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 meter.
- 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/book multiple method and direct market quote). The inputs are mainly price/book multiples. A discount rate of 20% is applied to computing the fair value on top of market price/book multiples.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables and contract assets, financial assets at amortized cost, cash equivalents, 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 2020 Annual Financial Statements.

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 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
- 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. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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 2021				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
<b>Income statement</b>					
Total revenues	136,437,632	3,717,418	-	(890,703)	139,264,347
Comprising:					
– Inter-segment revenues	3,782	886,921	-	(890,703)	-
– Revenues (from external customers)	136,433,850	2,830,497	-	-	139,264,347
<b>Revenues from contracts with customers:</b>					
Over time	136,437,632	3,717,418	-	(890,703)	139,264,347
<b>Segment profit</b>	<b>47,348,584</b>	<b>681,215</b>	<b>33,260</b>	<b>-</b>	<b>48,063,059</b>
Finance income	263,225	37,587	93,687	(72,863)	321,636
Finance costs	(1,009,793)	(364,962)	(600,045)	72,863	(1,901,937)
Share of profits less losses of					
– joint ventures	91,911	279,359	-	-	371,270
– associates	36,193	855,163	23,061	-	914,417
Profit/(loss) before income tax	46,730,120	1,488,362	(450,037)	-	47,768,445
Income tax expenses	(4,689,259)	(208,772)	-	-	(4,898,031)
Profit/(loss) for the period	42,040,861	1,279,590	(450,037)	-	42,870,414
Gain/(loss) on disposals of property, plant and equipment, net	81,158	(45)	1	-	81,114
Depreciation and amortization	4,960,664	714,685	1,114	-	5,676,463
Additions to non-current assets	5,488,404	593,057	90	-	6,081,551

# 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	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
<b>Income statement</b>					
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
<b>Revenues from contracts with customers:</b>					
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
<b>Segment profit/(loss)</b>	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 disposals 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

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 30 June 2021				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
<b>Balance sheet</b>					
Segment operating assets	236,623,505	42,015,610	92,927,794	(83,100,086)	288,466,823
Investments in joint ventures	1,194,966	7,469,374	-	-	8,664,340
Investments in associates	1,890,121	20,727,525	66,139	(71,609)	22,612,176
Loans to joint ventures and associates	-	788,623	-	-	788,623
Financial assets at FVOCI	699,062	989,321	-	-	1,688,383
Financial assets at FVPL	514,020	-	-	-	514,020
Financial assets at amortized cost	768,207	-	-	-	768,207
Assets classified as held for sale	-	450,629	-	-	450,629
Total assets	241,689,881	72,441,082	92,993,933	(83,171,695)	323,953,201
Segment operating liabilities	138,589,019	30,562,794	41,546,767	(6,607,338)	204,091,242
Liabilities directly associated with assets classified as held for sale	-	31	-	-	31
Total liabilities	138,589,019	30,562,825	41,546,767	(6,607,338)	204,091,273



# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2020				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
<b>Balance sheet</b>					
Segment operating assets	192,311,658	42,914,204	12,468,766	(11,400,671)	236,293,957
Investments in joint ventures	1,154,721	7,983,300	–	–	9,138,021
Investments in associates	1,865,154	20,342,347	–	–	22,207,501
Loans to joint ventures and associates	–	881,028	–	–	881,028
Financial assets at FVOCI	755,294	1,032,278	–	–	1,787,572
Financial assets at FVPL	656,143	–	–	–	656,143
Financial assets at amortized cost	961,852	–	–	–	961,852
Total assets	197,704,822	73,153,157	12,468,766	(11,400,671)	271,926,074
Segment operating liabilities & total liabilities	131,065,755	31,626,967	41,936,966	(11,400,671)	193,229,017

### 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 terminals operations, revenues are based on the geographical locations in which the business operations are located.

	Six months ended 30 June 2021		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
<b>Container shipping business</b>			
– America	34,031,807	–	34,031,807
– Europe	39,381,930	–	39,381,930
– Asia Pacific	33,391,608	–	33,391,608
– Mainland China	10,711,307	(3,782)	10,707,525
– Other international market	18,920,980	–	18,920,980
	136,437,632	(3,782)	136,433,850
<b>Terminal business</b>			
– Europe	2,054,287	(422,837)	1,631,450
– Asia Pacific	75,532	–	75,532
– Mainland China	1,587,599	(464,084)	1,123,515
	3,717,418	(886,921)	2,830,497
<b>Total</b>	<b>140,155,050</b>	<b>(890,703)</b>	<b>139,264,347</b>

# 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 2020		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
<b>Container shipping business</b>			
– 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
	71,587,784	(6,105)	71,581,679
<b>Terminal business</b>			
– 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
	3,224,615	(753,364)	2,471,251
<b>Total</b>	<b>74,812,399</b>	<b>(759,469)</b>	<b>74,052,930</b>

# 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.

	<b>As at 30 June 2021 RMB'000</b>	As at 31 December 2020 RMB'000
<b>Unallocated</b>	<b>123,139,382</b>	123,536,307
<b>Remaining assets</b>		
– Mainland China	<b>42,935,092</b>	42,889,879
– Outside mainland China	<b>28,728,417</b>	29,281,303

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 6 Tangible and intangible assets

	<b>As at 30 June 2021 RMB'000</b>	As at 31 December 2020 RMB'000
Property, plant and equipment (note)	<b>100,988,532</b>	102,834,477
Right-of-use assets	<b>49,201,329</b>	48,311,452
Investment properties	<b>2,189,425</b>	2,222,665
Intangible assets	<b>4,767,379</b>	5,008,408
<b>Total tangible and intangible assets</b>	<b>157,146,665</b>	158,377,002

Note: As at 30 June 2021, 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:

	<b>Six months ended 30 June</b>	
	<b>2021 RMB'000</b>	2020 RMB'000
As at 1 January	<b>158,377,002</b>	147,121,064
Currency translation differences	<b>(1,524,615)</b>	1,664,938
Acquisition of a subsidiary	–	1,815
Additions	<b>6,081,551</b>	3,078,347
Disposals/write-off	<b>(110,538)</b>	(41,005)
Depreciation/amortization	<b>(5,676,463)</b>	(6,260,175)
Others	<b>(272)</b>	–
<b>Closing net book value as at 30 June</b>	<b>157,146,665</b>	145,564,984

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 7 Trade and other receivables and contract assets

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade receivables (note a)		
– third parties	10,548,353	8,994,149
– fellow subsidiaries	438,437	194,441
– joint ventures	4,645	15,465
– associates	14,016	–
– other related companies	134,900	105,993
	<b>11,140,351</b>	9,310,048
Bills receivables (note a)	327,299	251,799
Contract assets (note a)	170,780	254,798
	<b>11,638,430</b>	9,816,645
Prepayments, deposits and other receivables		
– third parties	4,363,398	4,055,385
– fellow subsidiaries (note b)	321,286	470,727
– joint ventures (note b)	438,466	187,676
– associates (note b)	763,661	403,072
– other related companies (note b)	30,860	15,176
	<b>5,917,671</b>	5,132,036
Total	<b>17,556,101</b>	14,948,681

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 2021, 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 2021 RMB'000	As at 31 December 2020 RMB'000
1-3 months	11,389,464	9,596,714
4-6 months	429,356	309,743
7-12 months	51,277	91,185
Over 1 year	205,958	200,706
Trade, bills receivables and contract assets, gross	<b>12,076,055</b>	10,198,348
Less: provision for impairment	<b>(437,625)</b>	(381,703)
	<b>11,638,430</b>	9,816,645

- (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 2021		As at 31 December 2020	
	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 (note)	9,735,399	9,735,399	9,678,929	9,678,929
	<b>12,315,999</b>	<b>12,315,999</b>	12,259,529	12,259,529

Note:

In June 2021, 56,469,662 A-shares at par value of RMB1.00 were allotted and issued in connection with exercise of the share options of the Company (note 8(b)).

### (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. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Pursuant to a resolution dated on 30 May 2019, the Company adopted 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.

Pursuant to a resolution dated on 29 May 2020, the Company adopted 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 2021 and 2020 are set out below:

Date of grant	Exercisable period	Exercise price	Six months ended 30 June 2021				Outstanding as at 30 June 2021
			Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Forfeited during the period	
03 June 2019	Note (i)	RMB4.10	190,182,200	-	(56,469,662)	(6,791,000)	126,921,538
29 May 2020	Note (ii)	RMB3.50	16,975,200	-	-	-	16,975,200
			207,157,400	-	(56,469,662)	(6,791,000)	143,896,738

Date of grant	Exercisable period	Exercise price	Six months ended 30 June 2020				Outstanding as at 30 June 2020
			Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Forfeited during the period	
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



# 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.

In June 2021, the Company completed the registration of 56,469,662 A Shares due to exercise of A Share Option of the Company.

- (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.

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 8 Share capital and equity linked benefits (Continued)

### (c) Share options of a subsidiary

The Group's subsidiary, COSCO SHIPPING Ports Limited ("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.

Movements of the share options granted by COSCO SHIPPING Ports during the six months ended 30 June 2021 and 2020 are set out below:

		Six months ended 30 June 2021				
		Number of share options				
Date of grant	Exercise price	Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2021
19 June 2018	HK\$7.27	48,411,635	-	-	(455,260)	47,956,375
29 November 2018	HK\$8.02	604,971	-	-	-	604,971
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
		51,805,194	-	-	(455,260)	51,349,934

		Six months ended 30 June 2020				
		Number of share options				
Date of grant	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
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

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 9 Borrowings

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Long term borrowings</b>		
Bank loans		
– secured (note b)	21,919,848	25,516,143
– unsecured (note c)	41,706,210	43,300,773
Loans from COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance")		
– secured	32,800	44,800
Notes/bonds (note d)	13,374,810	13,449,759
Loans from non-controlling shareholders of subsidiaries	4,604	4,806
Loan from COSCO Shipping (Hong Kong) Co., Ltd.		
– unsecured	6,460,100	6,524,900
Total long-term borrowings	83,498,372	88,841,181
Current portion of long-term borrowings	(9,246,320)	(15,884,981)
	74,252,052	72,956,200
<b>Short term borrowings</b>		
Discounted bills		
– secured	–	653,000
Bank loans		
– unsecured (note c)	2,584,040	1,352,490
Loans from COSCO SHIPPING Finance		
– unsecured	–	1,850,000
Other loans		
– unsecured	395,000	275,000
Notes/bonds (note d)	–	2,000,000
	2,979,040	6,130,490

# 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
<b>Six months ended 30 June 2021</b>	
As at 1 January 2021	88,841,181
Repayments of borrowings	(6,996,070)
Drawdown of borrowings	2,480,691
Currency translation differences	(882,913)
Amortized amount of transaction costs on long-term borrowings	46,450
Amortized amount of discount on issue of notes	9,033
As at 30 June 2021	83,498,372
<b>Six months ended 30 June 2020</b>	
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

- (b) The secured bank loans as at 30 June 2021 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 RMB67,550,290,000 (31 December 2020: RMB70,522,618,000);
  - (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 2021, unsecured bank loans of RMB8,702,728,000 (31 December 2020: RMB6,922,638,000) are guaranteed by 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 RMB4,000,000,000 and RMB1,000,000,000, which bear interest at a fixed rate of 4.05% and 2.50% per annum, were issued by the Company to investors on 22 November 2018 and 20 May 2020 respectively at a price equal to the principal amount. The notes with principal amount of RMB4,000,000,000 and RMB1,000,000,000 would mature on 22 November 2021 and 20 May 2023 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

	As at 30 June 2021			As at 31 December 2020		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Provision for one-off housing subsidies	-	40,021	40,021	-	39,982	39,982
Provision for onerous contracts (note)	-	2,251,636	2,251,636	-	2,274,221	2,274,221
Deferred income and others	16,195	364,128	380,323	25,254	393,511	418,765
<b>Total</b>	<b>16,195</b>	<b>2,655,785</b>	<b>2,671,980</b>	<b>25,254</b>	<b>2,707,714</b>	<b>2,732,968</b>

Note:

Orient Overseas (International) Limited ("OOIL"), a subsidiary of the Company, entered into the Terminal Service Agreement ("TSA") in October 2019 to which OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts in Long Beach Container Terminal ("LBCT") for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 30 June 2021, OOIL reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. Considering the prolonged COVID-19 pandemic in the USA and the uncertain vaccine efficacy, recovery of the USA economy has been uncertain and is expected to be continuously affected for the foreseeable future. It is expected that a slower economy growth would affect the demand/import of the USA for some time as the economy shall take years to recover from various pandemic impact. As at 30 June 2021, albeit a short-term increased demand for ocean transportation was noted during the current period, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue lead to a shortfall on minimum volume commitment over the remaining contract period. Based on the assessment, OOIL estimated an onerous contract provision of US\$348.5 million (equivalent to approximately RMB2,251.6 million) (31 December 2020: US\$348.5 million (equivalent to approximately RMB2,274.2 million)).

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 11 Trade and other payables and contract liabilities

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade payables (note a)		
– third parties	13,958,542	12,581,426
– fellow subsidiaries	1,114,607	1,610,976
– joint ventures	157,569	146,032
– associates	48,840	26,440
– other related companies	269,309	98,124
	<b>15,548,867</b>	14,462,998
Bills payables (note a)	–	13,900
	<b>15,548,867</b>	14,476,898
Other payables	9,356,848	7,925,190
Accrued expenses	32,482,838	19,598,565
Contract liabilities	1,052,358	1,174,659
Due to related companies		
– fellow subsidiaries	18,055	148,662
– joint ventures (note b)	322,825	269,049
– associates (note c)	140,404	3,450
– other related companies (note d)	997,079	1,086,292
	<b>1,478,363</b>	1,507,453
Total	<b>59,919,274</b>	44,682,765

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

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

Notes:

- (a) As at 30 June 2021, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	<b>As at 30 June 2021 RMB'000</b>	As at 31 December 2020 RMB'000
1-6 months	<b>14,873,792</b>	14,174,883
7-12 months	<b>233,931</b>	151,926
1-2 years	<b>329,025</b>	45,614
2-3 years	<b>27,788</b>	31,660
Above 3 years	<b>84,331</b>	72,815
	<b>15,548,867</b>	14,476,898

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

- (b) The balance includes loans from a joint venture that are unsecured, bear interest at 2.30% per annum and repayable within twelve months.
- (c) The balance includes loans from an associate that are unsecured, bear interest at 2.30% 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 RMB296,855,000) (31 December 2020: approximately US\$45,952,000, equivalent to approximately RMB299,832,000) is interest free. Balances of US\$11,609,000 (equivalent to approximately RMB74,995,000) (31 December 2020: US\$38,314,000, equivalent to approximately RMB249,995,000) bear interest at 3.40% (31 December 2020: 3.92%) per annum.

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



# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 12 Other income and other expense

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Dividend income from investments at FVOCI	59,567	67,826
Gain on disposal of property, plant and equipment	89,895	42,961
Gain on disposal of subsidiaries (note)	–	500,327
Gain on disposal of an associate	–	69,975
Gain on derivatives at fair value	–	598
Income from portfolio investments at FVPL		
– Fair value gain (realized and unrealized)	2,314	–
– Interest income	8,429	16,511
– Distribution	1,909	2,756
– Dividend income	368	725
Interest income from investments at amortized cost	17,003	28,351
Government grants and other subsidies	352,810	522,980
Net exchange gain	97,513	111,814
Others	24,389	15,827
<b>Other income</b>	<b>654,197</b>	<b>1,380,651</b>
Loss on disposal of property, plant and equipment	(8,781)	(9,133)
Loss on disposal of a joint venture	–	(28,871)
Fair value loss on portfolio investments at FVPL (realized and unrealized)	–	(51,495)
Donations	(41,219)	(16,770)
Impairment of property, plant and equipment	(29,023)	–
Others	(9,187)	(940)
<b>Other expense</b>	<b>(88,210)</b>	<b>(107,209)</b>

Note:

On 10 February 2020, COSCO SHIPPING Ports, a subsidiary of the Company, completed the disposal of all the shares in COSCO Ports (Yangzhou) Limited (“CP Yangzhou”) together with its 51% interest in Yangzhou Yuanyang International Ports Co., Ltd. (“Yangzhou Yuanyang Terminal”) and the disposal of all the shares in Win Hanverky Investments Limited (“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 approximately RMB316,039,000 and approximately RMB380,774,000 respectively. The aggregate sum of payables owing to COSCO SHIPPING Ports by the disposal entities of approximately US\$29,967,000 were also transferred to SIPG (HK) on the same day at its carrying amount. 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 a before-tax gain of US\$71,150,000 (equivalent to approximately RMB500,327,000).

# 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	
	2021 RMB'000	2020 RMB'000
<b>Finance income</b>		
Interest income from:		
– deposits in related parties	115,838	35,515
– loans to joint ventures and associates	13,462	14,513
– other financial institutions	178,307	320,241
Net exchange gain	14,029	–
	<b>321,636</b>	370,269
<b>Finance costs</b>		
Interest expenses on:		
– loans from third parties	(855,638)	(1,279,801)
– loans from related parties	(45,221)	(130,623)
– loans from non-controlling shareholders of subsidiaries	(1,571)	(5,576)
– lease liabilities	(771,355)	(534,473)
– notes/bonds (note 9(d))	(172,030)	(404,506)
Less: amount capitalized in construction in progress	26,779	27,362
	<b>(1,819,036)</b>	(2,327,617)
Transaction costs arising from borrowings	(82,901)	(164,210)
Net exchange loss	–	(23,340)
	<b>(1,901,937)</b>	(2,515,167)
<b>Net finance costs</b>	<b>(1,580,301)</b>	(2,144,898)

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 15 Income tax expenses

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current income tax (note):		
– PRC enterprise income tax	4,588,329	188,304
– Hong Kong profits tax	28,111	58,146
– Overseas taxation	366,413	138,459
Over provision in prior year	(38,055)	(598)
	4,944,798	384,311
Deferred income tax	(46,767)	(40,077)
	4,898,031	344,234

Notes:

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 35% (Six months ended 30 June 2020: 5% 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 2020: 5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2020: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

# 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 weighted average number of ordinary shares during the period.

	Six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (RMB)	<b>37,097,843,000</b>	1,137,164,000
Weighted average number of ordinary shares (note)	<b>15,947,414,786</b>	15,937,387,995
Basic earnings per share (RMB)	<b>2.33</b>	0.07

### (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 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.

	Six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (RMB)	<b>37,097,843,000</b>	1,137,164,000
Weighted average number of ordinary shares (note)	<b>15,947,414,786</b>	15,937,387,995
Adjustments for assumed issuance of shares on exercise of dilutive share options	<b>47,315,565</b>	–
	<b>15,994,730,351</b>	15,937,387,995
Diluted earnings per share (RMB)	<b>2.32</b>	0.07

Note:

The Company completed a capitalization issue of 3 shares for every 10 shares by converting capital reserve to share capital in July 2021. In the calculation of earnings per share, the weighted average number of shares for the six months ended 30 June 2021 and 2020 were calculated on the assumption that the capitalization issue had been existed from the beginning of the comparative period in accordance with HKAS 33 "Earnings per Share".

For the six months ended 30 June 2021 and 2020, the outstanding share options granted by COSCO SHIPPING Ports did not have dilutive effect on the Company's diluted earnings per share.

## 17 Dividend

The Board of Directors did not recommend any payment of an interim dividend for the six months ended 30 June 2021 (2020: 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 28 April 2021, COSCO SHIPPING Ports entered into an agreement with Tianjin Port Holdings Co. Ltd. in respect of the disposal of the entire 30% equity interests in Tianjin Euroasia International Container Terminal Co., Ltd. via the disposal of 100% equity interests in COSCO SHIPPING Ports (Tianjin Euroasia) Limited. The disposal has not completed as at 30 June 2021.

Assets and liabilities of the aforementioned entities for sale were reclassified as assets classified as held for sale and liabilities directly associated with assets classified as held for sale as at 30 June 2021.

The assets and directly associated liabilities classified as held for sale, which have been presented separately in the unaudited condensed consolidated balance sheet, are as follow:

	As at 30 June 2021 RMB'000
<b>Assets classified as held for sale</b>	
Investments in associates	450,570
Cash and cash equivalents	59
	<b>450,629</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Trade and other payables and contract liabilities	31

## 19 Contingent liabilities

(a) As at 30 June 2021, 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 2021, the Group provided guarantees for credit facilities and notes granted to its subsidiaries and an associate of RMB31,992,409,000 (31 December 2020: RMB35,877,623,000).

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

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 20 Commitments

### (a) Capital commitments

	<b>As at 30 June 2021 RMB'000</b>	As at 31 December 2020 RMB'000
Contracted but not provided for		
Containers	<b>2,578,503</b>	–
Container vessels	<b>10,943,722</b>	11,689,612
Terminal equipment	<b>6,171,819</b>	2,145,230
Other property, plant and equipment	<b>46,935</b>	53,566
Investments in terminals and other companies	<b>3,268,085</b>	2,393,428
Intangible assets	<b>2,217</b>	3,784
	<b>23,011,281</b>	16,285,620

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

	<b>As at 30 June 2021 RMB'000</b>	As at 31 December 2020 RMB'000
Contracted but not provided for	<b>69,640</b>	28,330

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 20 Commitments (Continued)

### (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 2021		
	Containers and container vessels RMB'000	Leasehold land, buildings and other property, plant and equipment RMB'000	Total RMB'000
– not later than one year	4,181,795	83,310	4,265,105
– later than one year	6,097,796	72,635	6,170,431
	<b>10,279,591</b>	<b>155,945</b>	<b>10,435,536</b>

	As at 31 December 2020		
	Containers and container vessels RMB'000	Leasehold land, buildings and other property, plant and equipment RMB'000	Total RMB'000
– not later than one year	3,846,503	60,529	3,907,032
– later than one year	2,992,576	9,151	3,001,727
	<b>6,839,079</b>	<b>69,680</b>	<b>6,908,759</b>

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 21 Significant related party transactions

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

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 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 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 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.

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.



# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Transaction with COSCO SHIPPING</b>		
Revenues		
Vessel service income	144	119
<b>Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)</b>		
Revenues		
Container shipping income	1,612,799	515,189
Freight forwarding income	462,762	129,617
Vessel services income	63,808	64,462
Crew service income	1,852	5,958
Terminal handling fee and storage income	78,792	52,925
Shipping related service income	10,543	9,965
Other income	1,537	44,758
Expenses		
Vessel costs		
Vessel services expenses	568,093	1,161,586
Crew expenses	1,001,369	507,784
Voyage costs		
Bunker costs	7,515,726	7,340,913
Port charges	1,901,254	1,412,023
Equipment and cargo transportation costs		
Commission and rebates	95,260	86,806
Cargo and transshipment and equipment and repositioning expenses	219,300	196,749
Freight forwarding expenses	127,014	21,773
General service expenses	102,133	83,239
Expenses relating to short-term leases and leases with low-value assets	771,685	621,983
Other expense	56,149	34,351

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)</b>		
<u>Others</u>		
Payment of lease liabilities	1,032,693	1,916,909
Concession fee	211,595	201,943
Purchase of containers	995,657	440,112
Installments of vessels under construction	–	547,371
<b>Transactions with joint ventures of the Group</b>		
<u>Revenues</u>		
Management fee and service fee income	13,726	10,940
Other income	14,229	7,838
<u>Expenses</u>		
Port charges	1,133,085	891,207
Expenses relating to short-term leases or leases with low-value assets	2,205	2,315
Equipment and cargo transportation costs		
Commission and rebates	762	10,265
Cargo and transshipment and equipment and repositioning expenses	33,967	16,919
<b>Transactions with associates of the Group</b>		
<u>Revenues</u>		
Interest income	115,838	35,515
Other income	60,699	4,141
<u>Expenses</u>		
Interest expense	1,081	38,084
Port charges	255,501	551,505
Other handling fee	15,252	–
<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	
	2021 RMB'000	2020 RMB'000
<b>Transactions with non-controlling shareholders of subsidiaries</b>		
Revenues		
Terminal handling and storage income	246,648	289,583
Other income	669	1,548
Expenses		
Electricity and fuel expenses	4,987	18,733
Other expense	13,837	16,543
<b>Transactions with other related parties</b>		
Revenues		
Shipping service income	39,469	61,724
Expenses		
Expenses relating to short-term leases	32,654	11,973

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 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 2021 and 31 December 2020, majority of the Group's bank balances and bank borrowings are with state-owned banks.

### Key management compensation

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries, bonuses and other allowances	14,530	7,112
Contribution to retirement benefit scheme	273	119
Share-based payments	1,090	167
	15,893	7,398

# Notes to the Unaudited Condensed Consolidated Interim Financial Information

## 22 Significant subsequent event

The Company completed the capitalization issue of 3 Shares for every 10 Shares by converting capital reserve to share capital in July 2021. The number of the Company's total issued Shares has increased from 12,315,998,889 shares (comprising of 9,735,398,889 A Shares and 2,580,600,000 H Shares) to 16,010,798,556 Shares (comprising of 12,656,018,556 A Shares and 3,354,780,000 H Shares).

On 14 July 2021, Sound Joyce Enterprises Limited, a wholly-owned subsidiary of COSCO SHIPPING Ports (as purchaser) completed acquisition of approximately 20.00% of the total issued share capital of Red Sea Gateway Terminal Company Limited ("RSGT") at a total cash consideration of US\$140,000,000 (equivalent to approximately RMB904,414,000) from Saudi Industrial Services Company, City Island Holdings Limited, Xenel Industries Limited and Saudi Trade and Export Development Company Limited (as sellers). Upon completion, RSGT became an associate of COSCO SHIPPING Ports.

On 15 July 2021, COSCO (CAYMAN) Mercury Co., Ltd. (a wholly-owned subsidiary of the Company) or its nominee (as the buyer) entered into ten shipping building contracts with Cosco Shipping Heavy Industry (Yangzhou) Co., Ltd. (as the builder), for the construction of six units of 14,092 TEU container vessels and four units of 16,180 TEU container vessels, at the total consideration of US\$1,496 million (equivalent to approximately RMB9,670 million).

On 19 July 2021, the Company completed the registration of 2,118,693 A Shares due to exercise of A Share options of the Company. The number of the Company's total issued Shares has increased to 16,012,917,249 Shares.

# 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 41 to 83, 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 2021 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, 30 August 2021



## **COSCO SHIPPING Holdings Co., Ltd.**

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