



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

2022



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Company Profile

I. The Company's Information

Chinese name	中遠海運控股股份有限公司
Abbreviation of Chinese name	中遠海控
English name	COSCO SHIPPING Holdings Co., Ltd. (the “ Company ” or “ COSCO SHIPPING Holdings ”)
Abbreviation of English name	COSCO SHIP HOLD
Legal representative	Wan Min
Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Area, Tianjin, the People's Republic of China (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 registered address	200080
Website	http://hold.coscoshipping.com
Email	investor@coscoshipping.com
Place of business in Hong Kong	48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong

II. Profile of the Company's Shares

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

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

III. Contact Persons and Methods

	Secretary to Board of Directors	Representatives of securities affairs
Name	XIAO Junguang	ZHANG Yueming
Contact address	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC
Telephone	(8621) 60298619	(8621) 60298619
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E-mail	Investor@coscoshipping.com	Investor@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	Jack Li

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 2022 (THE “REPORTING PERIOD”) PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

Results Highlights:

	Six months ended 30 June		Difference RMB'000
	2022 RMB'000	2021 RMB'000	
Revenues	210,784,853	139,264,347	71,520,506
Profit attributable to equity holders of the Company	64,711,625	37,097,843	27,613,782
	RMB	RMB	RMB
Basic earnings per Share	4.04	2.33	1.71

Management Discussion and Analysis

Results for the period from 1 January to 30 June 2022 prepared in accordance with the Hong Kong Financial Reporting Standards

	Period from 1 January to 30 June 2022 RMB'000	Period from 1 January to 30 June 2021 RMB'000	Difference RMB'000
Revenues	210,784,853	139,264,347	71,520,506
Operating Profit	91,932,705	48,063,059	43,869,646
Profit before income tax	93,524,496	47,768,445	45,756,051
Profit after income tax	76,669,960	42,870,414	33,799,546
Profit for the period	76,669,960	42,870,414	33,799,546
Profit attributable to equity holders of the Company	64,711,625	37,097,843	27,613,782
Basic earnings per Share (RMB) <i>Note</i>	4.04	2.33	1.71

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

In the first half of 2022, under the guidance of the Board of the Company and the joint efforts of our managements and staffs, both onshore and offshore, COSCO SHIPPING Holdings overcomes geopolitical conflict, the global economic downturn, adverse influence on the fleet operations from the COVID-19 outbreaks which are common in many places. The Company intends to build a stable and reliable container transportation service supply chain in the world through giving full play to the advantages of industry chain management and dual brand synergy and continuing to optimize the course structure and global network layout. Meanwhile, the Company quickly adapts to market changes, and launches the supply chain services mode with the market as the center and the customer as the drive, to constantly enhance the layout, operation ability and deliver ability of the globalized and digital supply chain and preliminarily achieve the steady growth in wheeled power benefits. Through promoting business model upgrade with science and technology leading and ensuring smooth business operations with risk control, the Company enhances its sustainable development ability.

During the Reporting Period, the industrial competitiveness of the Group continued to increase, the overall development of the Group showed a good trend with steady progress and stability, and the Group achieved the best half-year performance and recorded a steady growth in its major performance indicators. Under Hong Kong Financial Reporting Standards, the Group recorded EBIT of RMB95.287 billion, representing a period-on-period increase of 92.16%, taking the lead in the entire industry; the total profit before tax of RMB93.524 billion, representing a period-on-period increase of 95.79%; net profit attributable to equity holders of the Company was RMB64.712 billion, representing a period-on-period increase of 74.44%; and basic earnings per share was RMB4.04. During the year, the Group continued to optimize its financial structure. As at the end of the Reporting Period, the Group's asset liability ratio was reduced to 51.48%, representing a decrease of 5.28 percentage points as compared to that as at the end of the previous year. Cash and cash equivalents amounted to RMB247.151 billion, representing an increase of RMB69.204 billion as compared to that as at the end of the previous year, demonstrating a strong financial foundation.

Management Discussion and Analysis

In view of the remarkable operating results, the board of directors proposed an interim dividend of RMB2.01 per share (tax inclusive) to all shareholders in cash for the year of 2022, with a total cash dividend of approximately RMB32.344 billion, representing approximately 50% of the net profit attributable to the shareholders of the listed company in the first half of 2022. In order to improve the sustainable, stable and scientific dividend plan and mechanism for investors, ensure the continuity and stability of the Company's profit distribution policy, and take into account the overall interests of all shareholders and the long-term interests and sustainable development of the Company, the board of directors proposed that in the next three years (i.e. from 2022 to 2024), subject to the Articles of Association, the total amount of cash dividends to be distributed by the Group for a year shall account for 30% to 50% of the net profit attributable to the shareholders of the listed company realized by the Company in the year.

During the Reporting Period, the advantages of the Group in traditional container shipping markets such as trans-Pacific trade and Asia-Europe trade were further reinforced. The Group's dual brand, together with the OCEAN Alliance, launched the brand new and upgraded DAY 6 products, building a more stable, flexible and extensive shipping route service network for customers. For overseas emerging markets, the Group paid close attention to and took advantage of the RCEP agreement coming into effect and the establishment and improvement of NAFTA and other regional economic and trade systems, and continuously upgraded the services and products of multiple routes such as providing refrigerated containers in the Middle East, South Asia, and Peru, firmly securing their access to global trade.

Faced with the challenge of severe delays in the global supply chain, the Group continuously innovated the land-sea integrated operation model and customised diversified container supply chain logistics services and products for customers. In the first half of 2022, the Group took advantage of water and railway resources to provide the "Land to Water (陸改水)" and "Land to Rail (陸改鐵)" transportation alternatives for customers, achieving the favourable outcome of maintaining smooth service with improved efficiency. The Group's dual brand fleet strengthened the development of cargo sources and logistics channels in Europe and successfully carried out overseas warehouse distribution business in Greece. The newly added Iberia Sea-Rail Express further enhanced the competitiveness and coverage of the whole logistics products of the China-Europe Sea-rail Express. From January to June 2022, the freight volume of China Western Sea-rail Express increased by 38.3% on a period on-period basis.

During the Reporting Period, the pace of digital transformation of the Group has been accelerating. In respect of the application of blockchain technology, the core product "Cargo Release" of Global Shipping Business Network (GSBN) jointly initiated by COSCO SHIPPING Lines, OOCL, COSCO SHIPPING Ports (each of which is a subsidiary of the Company) and five other internationally renowned liner companies and port operators has completed its pilot program in Rotterdam, the Netherlands following its successful launch in China and Southeast Asia. "Cargo Release" has played a positive role in simplifying trade processes, connecting partners and optimising customer experience. The Group has upgraded the full-process and digitalised logistics operation plan with some customers, and used the original visual cooperation platform to achieve the full-process EDI connection between shipping companies and cargo owners from billing, reconciliation, invoicing and payment.

Management Discussion and Analysis

During the pandemic, in respect of the problems and difficulties of the customers, the Group took advantage of the digitization of its e-commerce platform to provide the whole process and contactless services of online booking, winning the recognition and trust from more customers. During the Reporting Period, the transaction cargo volume of “SynCon Hub”, an e-commerce platform for foreign trade, recorded a period-on-period growth of 48%, and the platform’s end-to-end container volume, registrations and shipments of small and medium-sized enterprises continued to grow. At the same time, the Group voluntarily reduced or waived DND, Amendment Fee, B/L Release Elsewhere Fee and other fees for customers during the epidemic blockade and control period, which was well received by the community, demonstrating the Group’s commitment to social responsibility and adherence to customer centricity.

In recent years, green and low-carbon development has become the common direction of global economic and social development. During the Reporting Period, the Group continued to develop innovative technologies in green energy, low carbon and emission reduction, and accelerated the green and low-carbon development of the fleet and ports. The Group developed its own energy efficiency management system platform, implemented the Ship Energy Efficiency Management Plan (SEEMP), and obtained the “Energy Management System Certification (EMSC)” issued by DNV. The Group actively promoted the use of shore power system during berthing and at berth, and carried out shore power conversion works for 44 vessels as planned during the Reporting Period. The safe, economical and reliable clean energy solutions of COSCO SHIPPING Holdings are making substantial progress.

Looking forward to the second half of the year, the external environment will become more complicated and difficult, and geopolitics and high inflation will create uncertainties for the global economic development and commodity trade, we need to pay close attention to the impact of inflation on consumer demand and behavior. However, it is expected that the growth rate of global container transportation demand will remain at a relatively stable level. In terms of capacity supply, with the gradual improvement of the operational efficiency of the container fleet, the global effective capacity supply has increased. Combined with the changes in the delivery of new vessels in the second half of the year, the supply side of the industry will face a new situation, and the global supply chain will be further stabilized. Although the future macro environment is full of challenges and uncertainties, the long term favorable fundamentals of the China’s economy will remain unchanged. After the new international environmental protection regulations, such as the Energy Efficiency Existing Ship Index (EEXI) and the operational carbon intensity indicator (CII), come into effect, they will impose certain constraints on the effective supply of the shipping industry for a long period of time. From its own point of view, the Group has achieved remarkable results in promoting the high-quality development of enterprises and strengthening risk prevention and control capabilities in recent years. The Group has not only accumulated capabilities but also enhanced its strengths, and its sustainable development capabilities and stable pressure resisting capabilities have been significantly enhanced.

Management Discussion and Analysis

Meanwhile, global customers have higher demands for the stability and resilience of the supply chain and have higher expectations of the whole process logistics and delivery capability of shipping liners. In light of this backdrop, the Group has recently optimised and adjusted its organisational structure to further enhance its ability to expand and supplement its own chain, serve customers and create value. Following such adjustments, the Company will be positioned as a global digital supply chain operation and investment platform with a focus of container shipping, which provides supply chain solutions of container shipping + ports + related logistics services to customers and become the core company which takes on COSCO SHIPPING Group's vision of "building a world-leading business entity that provides integrated logistics and supply chain services."

In the second half of the year, the Group will focus on the following aspects:

Firstly, the Group will fulfil its mission and make every effort to ensure a stable supply chain. The Group will continue to help customers to solve their problems, improve our customer services, use resource advantages to remove the "blocking points" in the supply chain, and gradually form a strong connection with our customers in deepening cooperation.

Secondly, the Group will strengthen its digital intelligence empowerment and actively promote the establishment of a global digital supply chain platform. The Group will actively meet customers' needs for industrial chain upgrading, further enrich the digital service product matrix, promote the further integration of various parts of the industrial chain, and promote the sustainable development of the Company through the construction of global digital supply chain.

Thirdly, the Group will keep abreast of development trends and continue to promote green, low-carbon and intelligent development. The Group will continue to improve the sustainable development framework, accelerate the building of green and low-carbon fleet, build a green and low-carbon fuel supply chain guarantee system, optimize energy efficiency management of route layout and fleet to adapt to the new environmental protection rules, and promote application of renewable energy in the port and shipping logistics industries.

Fourthly, the Group will implement cost control and improve the level of refined management. With the gradual return of the supply chain to normal, the Group will focus on strengthening the management and control of major operating cost items such as empty container transportation, fuel costs, and cargo costs, strictly implement cost control, and improve its ability to respond to market changes and inflationary pressures.

In the future, the Company will actively respond to the global economic and trade changes and strive to lead reforms and development of the industry. By implementing specific operational measures such as ensuring and stabilising the supply chain, strengthening cooperation with customers, improving global deployment, strengthening digital and intelligence empowerment, promoting low-carbon transformation, and implementing cost control, the Company continues to establish and improve a globalised and digitalized container supply chain service system for customers, and plays an important role in world trade, in order to ensure the stability of the global supply chain, provide better services to customers, and create greater value for shareholders.

(II) Major Profit or Loss Items and Cashflow Analysis

In the first half of 2022, the Group generated revenues of RMB210,784,853,000, representing an increase of RMB71,520,506,000 or 51.36% as compared to that for the same period of last year. In the first half of 2022, profit attributable to equity holders of the Group was RMB64,711,625,000, representing an increase of RMB27,613,782,000 or 74.44% as compared to that for the same period of last year.

Management Discussion and Analysis

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 2022 RMB'000	Period from 1 January to 30 June 2021 RMB'000	Difference RMB'000	Percentage change (%)
Revenues	210,784,853	139,264,347	71,520,506	51.36
Cost of services	(112,738,319)	(86,136,374)	(26,601,945)	30.88
Other income and expense, net	886,583	565,987	320,596	56.64
Other income	1,090,713	654,197	436,516	66.73
Other expenses	(204,130)	(88,210)	(115,920)	131.41
Net impairment losses on financial assets	(449,258)	(62,886)	(386,372)	614.40
Selling, administrative and general expenses	(6,551,154)	(5,568,015)	(983,139)	17.66
Finance income	2,250,064	321,636	1,928,428	599.57
Finance costs	(1,833,100)	(1,901,937)	68,837	-3.62
Share of profits less losses of				
– joint ventures	335,279	371,270	(35,991)	-9.69
– associated companies	839,548	914,417	(74,869)	-8.19
Income tax expenses	(16,854,536)	(4,898,031)	(11,956,505)	244.11
Net cash flows generated from operating activities	112,538,743	63,887,646	48,651,097	76.15
Net cash flows used in investing activities	(229,353)	(1,354,931)	1,125,578	-83.07
Net cash flows used in financing activities	(47,743,444)	(12,732,865)	(35,010,579)	274.96

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 2022, the revenues of the Group amounted to RMB210,784,853,000, representing an increase of RMB71,520,506,000 or 51.36% as compared to that for the same period of last year.

Revenue from container shipping business

In the first half of 2022, the revenue from container shipping business amounted to RMB207,176,224,000, representing an increase of RMB70,738,592,000 or 51.85% as compared to that for the same period of

last year, of which COSCO SHIPPING Lines generated revenues of RMB138,666,529,000 from container shipping business, representing an increase of RMB46,091,354,000 or 49.79% as compared to that for the same period of last year.

Revenue from terminal business

In the first half of 2022, revenue generated from the terminal business amounted to RMB4,616,086,000, representing an increase of RMB898,668,000 or 24.17% as compared to that for the same period of last year.

Major customers

Total sales to the top five customers of the first half of 2022 amounted to RMB9,993,153,000, accounting for 4.74% of the total sales for the Reporting Period.

Management Discussion and Analysis

3. Costs

Cost analysis

Components of cost	Period from 1 January to 30 June 2022 RMB' 000	Period from 1 January to 30 June 2021 RMB' 000	Difference RMB' 000	Percentage change (%)
Equipment and cargo transportation costs	63,466,938	49,560,249	13,906,689	28.06
Voyage costs	20,890,486	15,209,121	5,681,365	37.35
Vessel costs	16,584,764	12,944,083	3,640,681	28.13
Other related business costs	8,188,797	6,485,126	1,703,671	26.27
Tax	1,362,842	105,867	1,256,975	1187.32
Sub-total	110,493,827	84,304,446	26,189,381	31.07
Container terminal and related business costs	3,226,553	2,698,865	527,688	19.55
Tax and surcharges	22,472	20,849	1,623	7.78
Sub-total	3,249,025	2,719,714	529,311	19.46
Elimination between different businesses	(1,004,533)	(887,786)	(116,747)	13.15
Total operating costs	112,738,319	86,136,374	26,601,945	30.88

Overview

In the first half of 2022, the operating cost of the Group amounted to RMB112,738,319,000, representing an increase of RMB26,601,945,000 or 30.88% as compared to that for the same period of last year.

Terminal business cost

In the first half of 2022, the terminal business cost amounted to RMB3,249,025,000, representing an increase of RMB529,311,000 or 19.46% as compared to that for the same period of last year.

Container shipping business cost

In the first half of 2022, the container shipping business cost amounted to RMB110,493,827,000, representing an increase of RMB26,189,381,000 or 31.07% as compared to that for the same period of last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in the first half of 2022 amounted to RMB81,547,816,000, representing an increase of RMB20,047,647,000 or 32.60% as compared to that for 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 2022, the other income and expense, net was RMB886,583,000, representing an increase of RMB320,596,000 as compared to that for the same period of last year. The gain on disposal of property, plant and equipment of reporting period amounted to RMB431,598,000, representing a period-on-period increase of RMB341,703,000, mainly due to the increase in the number and price of old containers being disposed of. In the first half of 2022, OOIL transferred the 20% equity interest in Tianjin Port Alliance International Container Terminal Co., Ltd. held by OOCL Terminal (Tianjin) Limited, its wholly-owned subsidiary, through the disposal of such subsidiary, generating a gain from disposal of RMB115,177,000.

Selling, administrative and general expenses

In the first half of 2022, the selling, administrative and general expenses of the Group amounted to RMB6,551,154,000, representing an increase of RMB983,139,000 or 17.66% as compared to that for the same period of last year. With the continuous expansion of the Company's business, the administrative expenses increased period-on-period.

Finance income

In the first half of 2022, the finance income of the Group amounted to RMB2,250,064,000, representing an increase of RMB1,928,428,000 or 599.57% as compared to that for the same period of last year. Amongst which, interest income amounted to RMB1,622,244,000, representing a period-on-period increase of RMB1,314,637,000 or 427.38%. The net exchange gain from borrowings denominated in non-functional currencies amounted to RMB627,820,000, representing a period-on-period increase of RMB613,791,000.

Finance costs

In the first half of 2022, the finance costs of the Group amounted to RMB1,833,100,000, representing a decrease of RMB68,837,000 or 3.62% as compared to that for the same period of last year. The decrease was mainly due to the decrease of interest expense as the scale of debts continued to decrease.

Share of profits of joint ventures and associated companies

In the first half of 2022, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB1,174,827,000, representing a decrease of RMB110,860,000 as compared to that for the same period of last year, mainly due to the impact of the COVID-19 pandemic.

Management Discussion and Analysis

Income tax expenses

In the first half of 2022, the income tax expenses of the Group amounted to RMB16,854,536,000, representing an increase of RMB11,956,505,000 or 244.11% as compared to the same period of last year. The significant period-on-period increase in the Group's income tax expenses was mainly due to the significant period-on-period increase in operating efficiency in the first half of 2022 and the recoverable tax losses of the relevant units within the consolidation scope of the Group in the same period of the previous year.

Major suppliers

Total purchases from the top five suppliers of the Group in the first half of 2022 amounted to RMB15,607,845,000, accounting for 14.02% of the total purchases for the Reporting Period.

5. Cash flow

As at 30 June 2022, the cash and cash equivalents amounted to RMB247,150,892,000, representing an increase of RMB69,203,923,000 or 38.89% 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 2022, the net cash inflow from operating activities amounted to RMB112,538,743,000, representing an increase of RMB48,651,097,000 or 76.15% as compared to that of the same period of last year. The substantial increase in net cash inflow from operating activities as compared to that for 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 2022 as compared to that for the same period of last year.

Net cash flow from investing activities

In the first half of 2022, the net cash outflow from investing activities amounted to RMB229,353,000, representing a decrease of RMB1,125,578,000 as compared to that of the same period of last year, which included the cash outflows generated from the construction of container vessels, the purchase of containers and the terminal construction projects, etc., as well as cash inflow generated from share of profits of associated companies and joint ventures, dividends and interest income from financial assets, disposal of fixed assets and financial assets, transfer of equity interest of subsidiaries and associated companies, etc.

Net cash flow from financing activities

In the first half of 2022, the net cash outflow from financing activities amounted to RMB47,743,444,000, representing an increase of RMB35,010,579,000 as compared to that of the same period of last year, which included cash outflow generated from repayment of debts and cash outflow generated from profit and dividend distribution and rental paid for right-of-use asset lease, etc., as well as cash inflow generated from borrowings, capital increase by minority shareholders of relevant controlled subsidiaries and cash inflow generated from the exercise of options of the share option incentive scheme of COSCO SHIPPING Holdings, etc.

Impact of changes in exchange rate on cash and cash equivalents

The balance of cash and cash equivalents increased by RMB4,637,977,000 as at 30 June 2022, which was primarily due to an increase in exchange rate of US\$ against RMB during the period.

Management Discussion and Analysis

(III) Working Capital, Financial Resources and Capital Structure

Overview

As at 30 June 2022, the total assets of the Group amounted to RMB495,936,089,000, representing an increase of RMB82,268,008,000 or 19.89% as compared to the end of last year. The total liabilities amounted to RMB255,304,232,000, representing an increase of RMB20,496,693,000 or 8.73% as compared to the end of last year.

As at 30 June 2022, the total outstanding borrowings of the Group were RMB106,981,948,000. After deducting the cash and cash equivalents, the net assets were RMB140,168,944,000, representing an increase of RMB86,990,343,000 as compared to the end of last year. As at 30 June 2022, the Group's net current assets

were RMB115,617,448,000, representing an increase of RMB34,468,778,000 or 42.48% as compared to the end of last year. As at 30 June 2022, the net cash (debt) to equity ratio was 58.25%, representing an increase of 28.52 percentage points as compared to the end of last year. The formula for calculating the net cash (debt) to equity ratio is as follows: net cash (debt) to equity ratio = (cash and cash equivalents-total borrowings-total lease liabilities)/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 2022 RMB'000	As at 31 December 2021 RMB'000
Short-term borrowings	1,198,800	1,655,659
Long-term borrowings	50,086,012	71,678,036
Total of long-term and short-term borrowings	51,284,812	73,333,695
Among which:		
Interest payable – Short-term borrowings	813	1,119
– Long-term borrowings	188,961	211,602
The repayment terms of long-term borrowings are as follows:		
Less than 1 year	14,656,949	12,421,244
One to two years	5,348,796	5,466,760
Three to five years	17,735,992	38,852,466
Over five years	12,344,275	14,937,566
Total	50,086,012	71,678,036

Management Discussion and Analysis

Borrowings by categories

As at 30 June 2022, the Group had bank borrowings of RMB38,782,077,000, notes and bonds payable of RMB9,717,628,000 and other borrowings of RMB2,595,333,000, representing 75.90%, 19.02% and 5.08% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB18,676,051,000 and unsecured borrowings amounted to RMB20,106,026,000, representing 36.55% and 39.35% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As at 30 June 2022, the borrowings of the Group denominated in US\$ were equivalent to RMB30,770,193,000, borrowings denominated in RMB amounted to RMB13,639,263,000, borrowings denominated in Euro were equivalent to RMB4,804,164,000, and borrowings denominated in HK\$ were equivalent to RMB1,881,418,000, representing 60.22%, 26.70%, 9.40% and 3.68% of the total borrowings, respectively.

Secured borrowings

As at 30 June 2022, certain properties, plant and equipment and monetary funds of the Group with net book value of RMB27,631,430,000 (31 December 2021: RMB27,762,515,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB18,700,451,000 (31 December 2021: RMB19,086,442,000), representing 7.74% of the total value of the property, plant and equipment and monetary funds (31 December 2021: 9.75%).

Company's guarantees

As at 30 June 2022, the guarantees provided among the Group's consolidated entities amounted to RMB22,143,406,000 (as of 31 December 2021: RMB23,297,702,000) and guarantees provided to an associate amounted to RMB229,876,000 (as of 31 December 2021: RMB214,405,000).

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.

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 six months ended 30 June 2022.

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 2022, the Group had a total of 32 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB29,295,647,000.

As at 30 June 2022, the Group's containers under construction amounted to 14,500 TEUs in aggregate. The capital commitments for future construction of containers amounted to RMB583,892,000.

As at 30 June 2022, the Group's capital commitments for investment in terminals amounted to RMB7,686,595,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB5,439,828,000 and the equity investment commitment of terminals amounted to RMB2,246,767,000.

Financial assets at fair value

Facilities

As at 30 June 2022, the unutilized bank loan facilities of the Group were RMB45,519,433,000. The Group paid close attention to the potential financial risks of the loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

Financing plans

The Group will consider factors including repayment of maturing debt, loan replacement and material future capital expenditure, in order to make financing arrangements in advance, enhance funding and debts management, optimize the funding utilization and control the scale of debts effectively.

(IV) Investment Analysis

1. Analysis of external equity investments

As at 30 June 2022, the total balance of the Group's investments in associated companies and joint ventures amounted to RMB32,524,075,000, representing an increase of RMB537,668,000 from the end of last year. During the period, the Group closed down one joint venture and three associated companies (of which, two associated companies have been transferred to assets held for sale item for consolidation at the end of last year).

(1) Significant equity investments

Not applicable.

(2) Significant non-equity investments

Not applicable.

Management Discussion and Analysis

(3) Financial assets at fair value

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	–	360,105	313,777	-17,814	-46,328
Guangzhou Port Co., Ltd.	3.98	821,118	904,956	14,055	83,838
Shanghai Tianhongli Asset Management Co., Ltd.	19	507,846	514,028	–	6,182
Ocean Hotel Shanghai Co., Ltd.	10	110,667	109,315	–	-1,352
Yantai Port Co., Ltd.	3.9	149,211	148,657	–	-554
Hui Xian Holdings Ltd.	7.9	53	–	-8	-53
Qinhuangdao Port Co., Ltd.	0.79	45,633	45,633	–	–
Convertible corporate bonds	–	394,798	394,782	301	-16
Interest rate swaps	–	–	4,214	-7,928	4,214
Other financial assets at fair value	–	91,528	78,219	3,601	-13,309
Total	–	2,480,959	2,513,581	-7,793	32,622

Management Discussion and Analysis

(V) Industry Operation Information

Container shipping business

(1) Shipping volume

Shipping volume of the Group (TEU)

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	2,463,591	2,645,887	-6.89
Asia and Europe (including the Mediterranean)	2,360,364	2,606,363	-9.44
Asia Region (including Australia)	4,071,149	4,416,120	-7.81
Other international regions (including the Atlantic)	1,327,017	1,413,067	-6.09
Mainland China	2,249,152	2,759,465	-18.49
Total	12,471,273	13,840,902	-9.90

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

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	1,511,980	1,542,346	-1.97
Asia and Europe (including the Mediterranean)	1,551,731	1,797,202	-13.66
Asia Region (including Australia)	2,410,919	2,655,292	-9.20
Other international regions (including the Atlantic)	1,112,565	1,159,760	-4.07
Mainland China	2,249,152	2,759,465	-18.49
Total	8,836,347	9,914,065	-10.87

Management Discussion and Analysis

(2) Revenue from routes

Revenue from routes by the Group (RMB'000)

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	64,628,710	33,661,663	92.00
Asia and Europe (including the Mediterranean)	54,615,883	38,529,127	41.75
Asia Region (including Australia)	47,265,208	32,098,482	47.25
Other international regions (including the Atlantic)	25,519,602	18,951,285	34.66
Mainland China	6,215,121	6,333,414	-1.87
Total	198,244,524	129,573,971	53.00

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

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	38,960,660	19,253,923	102.35
Asia and Europe (including the Mediterranean)	36,958,725	26,597,171	38.96
Asia Region (including Australia)	28,739,786	19,371,195	48.36
Other international regions (including the Atlantic)	21,721,590	16,664,053	30.35
Mainland China	6,272,351	6,386,906	-1.79
Total	132,653,112	88,273,248	50.28

Management Discussion and Analysis

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

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	9,962,497	5,197,669	91.67
Asia and Europe (including the Mediterranean)	8,419,023	5,949,250	41.51
Asia Region (including Australia)	7,285,918	4,956,299	47.00
Other international regions (including the Atlantic)	3,933,839	2,926,252	34.43
Mainland China	958,059	977,937	-2.03
Total	30,559,336	20,007,407	52.74

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

Routes	Six months ended 30 June 2022	Six months ended 30 June 2021	Percentage of change (%)
Trans-Pacific	6,005,774	2,972,982	102.01
Asia and Europe (including the Mediterranean)	5,697,177	4,106,847	38.72
Asia Region (including Australia)	4,430,230	2,991,090	48.11
Other international regions (including the Atlantic)	3,348,377	2,573,082	30.13
Mainland China	966,881	986,197	-1.96
Total	20,448,439	13,630,198	50.02

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 2022	Six months ended 30 June 2021	Difference
Revenue from container shipping business (RMB'000)	207,176,224	136,437,632	70,738,592
Including: Revenue from routes (RMB'000)	198,244,524	129,573,971	68,670,553
EBIT (RMB'000)	92,119,706	47,693,541	44,426,165
EBIT margin	44.46%	34.96%	9.50%
Net profit (RMB'000)	77,675,293	42,040,861	35,634,432

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 2022	Six months ended 30 June 2021	Difference
Revenue from container shipping business (RMB'000)	138,666,529	92,575,175	46,091,354
Including: Revenue from routes (RMB'000)	132,653,112	88,273,248	44,379,864
EBIT (RMB'000)	54,804,009	29,159,917	25,644,092
EBIT margin	39.52%	31.50%	8.02%
Net profit (RMB'000)	40,941,799	23,851,460	17,090,339

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

Items	Six months ended 30 June 2022	Six months ended 30 June 2021	Difference
Revenue from container shipping business (USD'000)	31,936,155	21,067,219	10,868,936
Including: Revenue from routes (USD'000)	30,559,336	20,007,407	10,551,929
Revenue per TEU from international routes (USD/TEU)	2,895.81	1,717.24	1,178.57
EBIT (USD'000)	14,200,226	7,364,319	6,835,907
Net profit (USD'000)	11,973,624	6,491,494	5,482,130

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 2022	Six months ended 30 June 2021	Difference
Revenue from container shipping business (USD'000)	21,375,405	14,294,454	7,080,951
Including: Revenue from routes (USD'000)	20,448,439	13,630,198	6,818,241
Revenue per TEU from international routes (USD/TEU)	2,957.49	1,767.25	1,190.24
EBIT (USD'000)	8,448,022	4,502,558	3,945,464
Net profit (USD'000)	6,311,166	3,682,884	2,628,282

Note:

The revenue from routes and major performance indicators above were translated into US\$ at an average exchange rate of RMB6.4872: US\$1 and RMB6.4763: US\$1 in the first half of 2022 and the first half of 2021, respectively.

Terminal business

In the first half of 2022, the total throughput of COSCO SHIPPING Ports amounted to 63.2103 million TEUs, representing an increase of 0.80% as compared to that for the same period of last year, of which, the throughput of controlled terminals amounted to 15.6795 million TEUs, representing an increase of 37.99% as compared to that for the same period of last year; the throughput of non-controlled terminals amounted to 47.5308 million TEUs, representing a decrease of 7.43% as compared to that for 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 2022 (TEU)	Six months ended 30 June 2021 (TEU)	Percentage of change (%)
Bohai Rim Region	20,767,708	21,511,420	-3.46
Yangtze River Delta Region	6,483,243	7,718,194	-16.00
Southeast Coast and others	3,280,185	2,971,482	10.39
Pearl River Delta Region	13,866,357	13,662,407	1.49
Southwest Coast	3,165,100	2,607,900	21.37
Overseas	15,647,737	14,239,304	9.89
Total	63,210,330	62,710,707	0.80
Of which: Controlled terminals	15,679,516	11,362,835	37.99
Non-controlled terminals	47,530,814	51,347,872	-7.43

Note:

In December 2021, COSCO SHIPPING Ports increased its shareholding in Tianjin Port Container Terminal Co., Ltd., making it a controlled subsidiary. Tianjin Port Container Terminal Co., Ltd. had a total throughput of approximately 4.3189 million TEUs in the first half of 2022, which was included in the throughput of the controlled terminals. The total throughput of the same period of last year was 4.4660 million TEUs, which was included in the throughput of the non-controlled terminals.

Management Discussion and Analysis

SIGNIFICANT EVENTS

- (1) Based on its confidence in the Company's future development prospect and recognition of the Company's investment value, China COSCO SHIPPING increased its holdings of the Company's A shares through the trading system of the Shanghai Stock Exchange on 18 October 2021 and formulated a subsequent plan to further increase its holdings. As of 15 April 2022, the implementation of the aforementioned shareholding increase plan has been completed. COSCO SHIPPING Group has increased its holdings of the A shares and H shares of the Company by a total of 142,318,407 shares, with an increase of approximately RMB1,892 million cumulatively.
- (2) Upon the approval of the Board of the Company, on 29 April 2022, COSCO SHIPPING Lines, a wholly-owned subsidiary of the Company, entered into the Agreement on the Transfer of 81% Equity Interests in Shanghai Tianhongli Asset Management Limited* (上海天宏力資產管理有限公司) with Ling Hui Investments Limited ("**Ling Hui Investments**"), pursuant to which Ling Hui Investments intends to transfer its 81% equity interests in Shanghai Tianhongli Asset Management Limited to COSCO SHIPPING Lines at the consideration of RMB2,282,508,318.03. As at 30 August 2022, the transaction has been completed.
- (3) Based on its confidence in the Company's future development prospect and recognition of the Company's investment value, China COSCO SHIPPING increased its holdings of the Company's A Shares and H Shares from 19 to 20 May 2022 and formulated a subsequent plan to further increase its holdings. As at the end of the Reporting Period, China COSCO SHIPPING has accumulatively increased its holdings of 9,367,400 A shares of the Company through the trading system of the Shanghai Stock Exchange, and its wholly-owned subsidiary has accumulatively increased its holdings of 35,822,000 H shares of the Company through the trading system of the Hong Kong Stock Exchange by way of on-exchange trading, with an aggregate increase of approximately RMB525 million.
- (4) Upon the approval of the Board of the Company, on 19 May 2022, the Company, COSCO International Freight Co., Ltd.* (中遠海運國際貨運有限公司) ("**COSCO International Freight**", a wholly-owned subsidiary of the Company) and other selling shareholders entered

into the equity transfer agreement, pursuant to which (i) the Company shall purchase an aggregate of 11.9246% equity interests in COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司) ("**COSCO SHIPPING Finance**") at the total consideration of approximately RMB1,087,092,827, and (ii) the Company shall purchase 3.2012% equity interests in COSCO SHIPPING Finance at the consideration of approximately RMB291,833,819. In addition, upon completion of the shareholding restructuring, the Group will hold 22.9688% equity interests in COSCO SHIPPING Finance (comprising 15.1258% equity interests in COSCO SHIPPING Finance held by the Company and 7.8430% equity interests in COSCO SHIPPING Finance held by COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company)). As at 30 August 2022, the transaction has not yet been completed.

- (5) Upon the approval of the Board of the Company, on 19 May 2022, the Company and other shareholders of COSCO SHIPPING Finance entered into a capital increase agreement, pursuant to which the shareholders of COSCO SHIPPING Finance agreed to increase the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500 million in proportion to their respective shareholdings of COSCO SHIPPING Finance after completion of the shareholding restructuring. Accordingly, pursuant to the aforementioned capital increase agreement, the Company and COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company) shall contribute RMB2,041,983,000 and RMB1,058,805,000 respectively, in an aggregated amount of RMB3,100,788,000. Upon completion of the shareholding restructuring and the capital increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000 million to RMB19,500 million, while the shareholding of the Group in COSCO SHIPPING Finance will remain at 22.9688% (comprising 15.1258% equity interests in COSCO SHIPPING Finance held by the Company and 7.8430% equity interests in COSCO SHIPPING Finance held by COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company)). As at 30 August 2022, the transaction was being implemented in accordance with the agreement.

SUBSEQUENT EVENTS

Save as disclosed in Note 21 to the Interim Financial Information, 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 of the Company (the “**Share Option Incentive Scheme**”) and the change of options granted under the scheme during the Reporting Period, please refer to the subsection headed “A Share Option Incentive Scheme” under the section of “Other Information” in this report.

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

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

Name	Position	Change	Reason of change
FENG Boming	Executive Director	Resigned	Change of Job position
ZHENG Qi	Chief Financial Officer	Appointed	–
ZHANG Mingwen	Chief Financial Officer	Resigned	Change of Job position

1. Appointment and Change of Directors

On 28 April 2022, Mr. FENG Boming voluntarily resigned as the executive Director of the Company due to change of job positions.

2. Appointment and Change of Supervisors

Nil

3. Appointment and Change of Senior Management

On 16 June 2022, Mr. ZHANG Mingwen voluntarily resigned as the Chief Financial Officer of the Company due to change of job positions.

On 16 June 2022, the Company convened the nineteenth meeting of the sixth session of the Board and appointed Ms. ZHENG Qi as the Chief Financial Officer of the Company with immediate effect.

Directors, Supervisors and Senior Management

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

On 8 August 2022, Mr. GUO Huawei voluntarily resigned as the secretary to Board, the company secretary of the Company, and the general legal counsel of the Company due to change of job positions.

On 8 August 2022, the Company convened the twentieth meeting of the sixth session of the Board, and nominated Mr. ZHANG Wei as a candidate for the executive Director of the Company, appointed Mr. ZHANG Wei, Mr. GU Zhongdong, Ms. YU Tao, Mr. QIAN Ming, Ms. WU Yu and Mr. GE Heyue as the deputy general managers of the Company and appointed Mr. XIAO Janguang as the general legal counsel, the secretary to Board and the company secretary of the Company. For details, please refer to the overseas regulatory announcement of the Company dated 8 August 2022.

IV. Changes in Information on Directors

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

Prof. Ma Si-hang Frederick (independent non-executive Director) no longer serves as a director of New Frontier Corporation.

Employees and Remuneration Policies

As at 30 June 2022, there was no material change in the number of employees of the Group as compared to that as disclosed in the 2021 annual report of the Company published on 26 April 2022. As at 30 June 2022, 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 2021 annual report of the Company.

As at 30 June 2022, there were approximately 31,212 employees in the Group. Total staff costs of the Group for the Reporting Period, including Directors' remuneration, amounted to approximately RMB10,063,291,000 in aggregate.

During the Reporting Period, in order 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 the market conditions, in order to formulate better incentives and appraisal measures.

A Share Option Incentive Scheme

On 3 December 2018, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme. In order to further optimize the Share Option Incentive Scheme, the Board approved the Company's proposed adoption of the further revised share option incentive scheme (the "**Further Revised Scheme**") on 7 May 2019. On 30 May 2019, the Further Revised Scheme was considered and approved by the extraordinary general meeting, A Share class meeting and H Share class meeting of the Company. Pursuant to the Further Revised Scheme, the total number of underlying A Shares in relation to the share options to be granted shall not exceed 218,236,900 A Shares, representing approximately 1.72% of the A share capital of the Company and approximately 1.36% of the total issued share capital of the Company as at 30 June 2022.

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.

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

Other Information

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

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

On 17 May 2021, the Company convened the sixth meeting of the sixth session of the Board and the fourth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting on the List of Participants of the Share Option Incentive Scheme and Number of Share Options in the First Grant and Cancellation of Certain Outstanding Share Options Granted 《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》 and the Proposal on Fulfillment of Exercise Conditions for the First Exercise Period for the First Grant under the 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》 were considered and approved. It was agreed to cancel the 6,791,000 share options granted to the 17 Participants in the first batch of Participants who no longer complied with the conditions of such incentive due to reasons including resignation, retirement and dismissal, reducing the Participants in the first grant from 460 to 443 and the share options in the first grant from 190,182,200 to 183,391,200. It was also agreed to eliminate Sinotrans from the peer benchmark companies, along with the approval for the Participants who fulfilled the exercise conditions under the first grant of the Share Option Incentive Scheme (Revised) to exercise their share options. For details, please refer to the overseas regulatory announcement of the Company dated 17 May 2021.

On 7 July 2021, the Company convened the seventh meeting of the sixth session of the Board and the fifth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting the Exercise Price and Number of Share Options under the Share Option Incentive Scheme 《關於調整股票期權激勵計劃行權價格及期權數量的議案》 and the Proposal on Adjusting the List of Participants and the Number of Share Options Granted in the First Grant and Cancellation of Certain Outstanding Share Options Granted 《關於調整股票期權首次授予激勵對象名單和期權數量並註銷部分已獲授但未行權的股票期權的議案》 were considered and approved. It was agreed that the Company would adjust the exercise price and the number of share options under the Share Option Incentive Scheme (Revised) pursuant to the Conversion Capital Reserve to Share Capital of the Company for 2020 and the Share Option Incentive Scheme (Revised). After the adjustments, the exercise price of outstanding share options granted in the first grant was adjusted from RMB4.10 per A Share to RMB3.15 per A Share and the number of outstanding share options granted in the first grant was adjusted from 126,921,538 to 164,997,999, and the exercise price of the reserved share options was adjusted from RMB3.50 per A share to RMB2.69 per A Share, and the number of the reserved share options was adjusted from 16,975,200 to 22,067,760. It was also agreed to cancel the 345,000 share Options (or 448,500

share options upon the adjustment of the number of share options) granted in the first grant to one Participants who no longer complied with the conditions of such incentive due to his/her dismissal, reducing the Participants in the first grant from 443 to 442 and the outstanding share options granted (upon the adjustment of the number of Share Options) from 164,997,999 to 164,549,499. For details, please refer to the overseas regulatory announcement of the Company dated 7 July 2021.

On 19 May 2022, the Company convened the seventeenth meeting of the sixth session of the Board and the tenth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting the Exercisable Date of the Share Option Incentive Scheme of COSCO SHIPPING Holdings (《關於調整中遠海控股票期權激勵計劃可行權日的議案》), the Proposal on Adjusting the List of Participants and the Number of Share Options Granted in the First Grant and Cancellation of Certain Outstanding Share Options Granted (《關於調整股票期權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》), the Proposal on Fulfillment of Exercise Conditions for the Second Exercise Period Under the First Grant of the Share Option Incentive Scheme (《關於股票期權激勵計劃首次授予期權第二個行權期符合行權條件的議案》), the Proposal on Adjusting on the List of Participants for the Reserved Share Options, Number of the Reserved Share Options and Cancellation of Certain Outstanding Share Options Granted (《關於調整股票期權預留授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》) and the Proposal on Fulfillment of Exercise Conditions for the First Exercise Period Under the Reserved Grant of the Share Option Incentive Scheme (《關於股票期權激勵計劃預留授予期權第一個行權期符合行權條件的議案》) were considered and approved. It was resolved: to adjust the provisions on the exercise date of the Share Option Incentive Scheme (Revised) (the “**Share Option Incentive Scheme (Second Revision)**”); to cancel 6,364,046 outstanding share options granted in the first grant to 16 Participants who retired or were dismissed for disciplinary violations, reducing the Participants from 442 to 426 under the first grant and the outstanding Share Options granted under the first grant to 153,069,191; to approve fulfillment of exercise conditions for the second exercise period under the first grant of the Share Option Incentive Scheme (Second Revision); and to approve the eligible Participants to exercise their share options. It was also agreed: to cancel 1,905,800 outstanding reserved share options granted to 2 Participants who either had other job arrangement or passed away, reducing the Participants for reserved share options from 39 to 37 and the outstanding reserved share options granted to 20,161,960; to approve fulfillment of exercise conditions in respect of the first exercise period of the reserved share options under the Share Option Incentive Scheme (Second Revision); and to approve the eligible Participants to exercise their share options. For details, please refer to the overseas regulatory announcement of the Company dated 19 May 2022.

On 10 June 2022, the Company convened the eighteenth meeting of the sixth session of the Board and the eleventh meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting the Exercise Price of Share Options under the Stock Option Incentive Scheme (《關於調整股票期權激勵計劃行權價格的議案》) and the Proposal on Adjusting the List of Participants and the Number of Share Options Granted for the First Time and Cancellation of Certain Outstanding Stock Options Granted (《關於調整股票期權首次授予激勵對象名單和期權數量並註銷部分已獲授但未行權的股票期權的議案》) were considered and approved. It was resolved that, pursuant to regulations such as the Measures for the Administration of Share Incentive Plans of Listed Companies, the relevant requirements under the Share Option Incentive Scheme (Second Revision) and 2021 annual profit distribution proposal of the Company, the exercise price under the Share Option Incentive Scheme (Second Revision) would be adjusted accordingly. The exercise price of the share options of the first grant was adjusted from RMB3.15 per A Share to RMB2.28 per A Share and the exercise price of the reserved share option was adjusted from RMB2.69 per A Share to RMB1.82 per A Share. It was agreed to cancel outstanding 461,630 share options granted in the first grant to a Participant who passed away, reducing the Participants in the first grant from 426 to 425 and the outstanding share options granted under the first grant to 152,607,564. For details, please refer to the overseas regulatory announcement of the Company dated 10 June 2022.

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 2022	Date of grant
		Outstanding as at 1 January 2022	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	1,216,800	-	-	-	-	1,216,800	Note (2)
FENG Boming	Director	1,216,800	-	-	1,216,800	-	-	Note (2) (3)

(2) Share options granted to all Participants

Name of Participant	Position of Participant (person-time)	Number of share options					Outstanding as at 30 June 2022	Date of grant
		Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period Note (3)	Lapsed during the Reporting Period Note (4)		
Directors and chief executives of the Company	1	1,216,800	-	-	-	-	1,216,800	Note (2)
	1	1,216,800	-	-	1,216,800	-	-	Note (2)
Senior management of the Company	4	2,469,285	-	-	-	-	2,469,285	Note (1)
Other key business personnel and management personnel of the Company								
	421	151,017,825	-	879,546	-	-	150,138,279	Note (1)
	17	6,825,676	-	-	6,825,676	-	-	Notes (1)(3)
	11	909,559	-	-	-	909,559	-	Notes (1)(4)
	36	18,945,160	-	-	-	-	18,945,160	Notes (2)
	1	689,000	-	-	689,000	-	-	Notes (2)(3)
Total	481	183,290,105	-	879,546	8,731,476	909,559	172,769,524	

Notes:

- (1) Such A share options were granted on 3 June 2019 (i.e. the Date of Grant for the First Batch of the Share Options).
- (2) Such A share options were granted on 29 May 2020 (i.e. the Date of Grant for Reserved Share Options).
- (3) On 19 May 2022, the Board and the Supervisory Committee resolved to cancel 6,364,046 outstanding Share Options granted in the first grant to 16 Participants who retired or were dismissed for disciplinary violations, and 1,905,800 outstanding reserved share options granted to 2 Participants who either had other job arrangement or passed away. On 10 June 2022, the Board and the Supervisory Committee resolved to cancel outstanding 461,630 share options granted in the first grant to a Participant who passed away.
- (4) As the exercise period for the first grant under the Share Option Incentive Scheme of the Company expired on 2 June 2022 and there were 909,559 expired and outstanding share options held by 11 Participants when trading closed on that date. On 9 September 2022, the Company has cancelled such 909,559 share options in accordance with the relevant provisions, which had been granted in the first grant, as held by such 11 Participants.

Validity Period

The Further Revised Scheme (subsequently revised twice as the “Share Option Incentive Scheme (Second Revision)”) 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 and the China Securities Regulatory Commission that the share options shall not become effective having occurred:

Exercise period

Performance targets

Exercise period in respect of the first batch of the share options

- (a) the EOE for 2020 shall be no less than 12.15% and the 75th percentile of the peer benchmark companies;
- (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
- (c) the EVA for 2020 shall reach the target assigned by China COSCO SHIPPING Corporation Limited and the change in EVA is greater than 0.

Exercise period in respect of the second batch of the share options

- (a) the EOE for 2021 shall be no less than 13% and the 75th percentile of the peer benchmark companies;
- (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
- (c) the EVA for 2021 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.

Exercise period in respect of the third batch of the share options

- (a) the EOE for 2022 shall be no less than 14% and the 75th percentile of the peer benchmark companies;
- (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
- (c) the EVA for 2022 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.

- (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 (Revised Twice), and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme (Revised Twice) 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 (Revised Twice), and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme (Revised Twice) 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

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\$	Outstanding at 1 January 2022	Granted during the period	Exercised during the period	Number of share options		Outstanding at 30 June 2022	% of total number of issued shares	Exercisable period	Notes
					Transferred (to)/ from other category during the period	Lapsed during the period				
Directors										
Mr. Zhu Tao	7.27	N/A	-	-	557,097	-	557,097	0.02%	19.6.2020- 18.6.2023	(1), (2)
Dr. Wong Tin Yau, Kelvin	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020- 18.6.2023	(1), (3)
Ex-Directors										
Mr. Zhang Dayu	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020- 18.6.2023	(1), (3), (4)
Mr. Deng Huangjun	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020- 18.6.2023	(1), (3), (5)
		3,600,000	-	-	(1,842,903)	-	1,757,097			
Continuous contract employees	7.27	37,607,778	-	-	(1,367,472)	(412,530)	35,827,776	1.06%	19.6.2020- 18.6.2023	(1), (2), (6), (7)
	8.02	604,971	-	-	-	-	604,971	0.02%	29.11.2020- 28.11.2023	(8)
	8.48	449,726	-	-	-	-	449,726	0.01%	29.3.2021- 28.3.2024	(9)
	7.27	135,143	-	-	-	-	135,143	0.00%	23.5.2021- 22.5.2024	(10)
	7.57	849,428	-	-	-	-	849,428	0.03%	17.6.2021- 16.6.2024	(11)
Others	7.27	6,294,680	-	-	3,210,375	(356,147)	9,148,908	0.27%	19.6.2020- 18.6.2023	(1), (4), (5), (6), (12), (13)
		45,941,726	-	-	1,842,903	(768,677)	47,015,952			
		49,541,726	-	-	-	(768,677)	48,773,049			

Other Information

Notes:

- (1) The share options were granted on 19 June 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.27 per share. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the “**Restriction Period**”). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 19 June 2020; (b) 33.3% of the share options 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) Such share options are held by the spouse of the director (who is an employee of the Company) and hence, is the interest of spouse of the director. To avoid duplication in calculation, these share options were transferred from the category of “continuous contract employees” to the category of “directors”.
- (3) Such share options represent personal interest held by the relevant directors as beneficial owners.
- (4) Mr. ZHANG Dayu resigned as an executive director of the Company on 28 June 2022. In this respect, the options held by Mr. ZHANG Dayu were transferred from the category of “directors” to the category of “others”.
- (5) Mr. DENG Huangjun resigned as an executive director of the Company on 1 April 2022. In this respect, the options held by Mr. DENG Huangjun were transferred from the category of “directors” to the category of “others”.
- (6) Such 1,367,472 share options included 557,097 share options as mentioned under note (2) and 810,375 share options transferred from the category of “continuous contract employees” to the category of “others” pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (7) Such 412,530 share options were lapsed at the time of resignation or retirement of employees pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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.
- (12) Such 3,210,375 share options included those transferred from the categories of “directors” or “continuous contract employees” to the category of “others” as mentioned under notes (4), (5) and (6).
- (13) Such 356,147 share options were lapsed upon expiry of six months after resignation or retirement of the relevant employees pursuant to the terms of the Share Option Scheme.
- (14) As to whether various batches of share options to be vested in 2022 can be vested, the Board will review and consider if the relevant exercise conditions had been fulfilled.
- (15) No share options were granted or exercised under the COSCO SHIPPING Ports Share Option Scheme during the Reporting Period.

Capital Increase and Employees' Participation Plan Implemented by Shanghai PANASIA Shipping Co., Ltd.

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 PANASIA Shipping Co., Ltd. (“**PANASIA Shipping**”), a subsidiary of COSCO SHIPPING Lines, decided to implement the capital increase and employees participation plan. PANASIA Shipping 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 PANASIA Shipping. 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, PANASIA Shipping, 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, PANASIA Shipping 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 PANASIA Shipping 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 184, are core management personnel of PANASIA Shipping, accounting for approximately 28.7% of its total headcount.

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

As at 30 June 2022, 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
YANG Zhijian ⁽¹⁾	Beneficial owner	130,000 H Shares	0.00388%	0.00081%
	Beneficial owner	1,216,800 A Shares	0.00961%	0.00760%
TEO Siong Seng	Beneficial owner	146,250 H Shares	0.00436%	0.00091%

Notes:

(1) As of 30 June 2022, Mr. YANG Zhijian held 1,216,800 A share options under the A Share Option Incentive Scheme of the Company.

Other Information

(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%
	DENG Huangjun	Interest of spouse	33,000 A Shares	0.00033%	0.00024%
COSCO SHIPPING Ports Limited	DENG Huangjun ⁽¹⁾	Beneficial owner	1,293,154 ordinary shares	0.03233%	0.03233%

Note:

(1) As at 30 June 2022, Mr. DENG Huangjun was interested in 93,154 shares and 1,200,000 share options of COSCO SHIPPING Ports.

Save as disclosed above, as at 30 June 2022, 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.

Other Information

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

As at 30 June 2022, 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: 5,924,873,037	37.00	-	-	-	-
China COSCO Shipping Corporation Limited (a State-owned enterprise in China and an indirect controlling shareholder of the Company)	Beneficial owner	A Shares: 1,403,726,973	8.77				
	Interest of controlled corporation	A Shares: 5,924,873,037 H Shares: 225,822,000 ⁽¹⁾ Subtotal: 6,150,695,037	38.40	-	-	-	-
		Total: 7,554,422,010	47.17	-	-	-	-
China Shipping Group Co., Ltd.	Interest of controlled corporation	H Shares: 225,822,000 ⁽¹⁾	1.41				
COSCO SHIPPING (Hong Kong) Co., Limited	Interest of controlled corporation	H Shares: 225,822,000 ⁽¹⁾	1.41				
BlackRock, Inc.	Interest of controlled corporation	H Shares: 191,230,433	1.19	H Shares: 2,209,500	0.01		

Notes:

- (1) Such H Shares were directly held by Peaktrade Investments Limited ("**Peaktrade**") and COSCO SHIPPING (Hong Kong) Co., Limited respectively, representing approximately 6.73% of the total issued H Shares as at 30 June 2022. Peaktrade was directly and wholly-owned by COSCO SHIPPING (Hong Kong) Co., Limited, which was directly and wholly-owned by China Shipping Group Co., Ltd., which was in turn directly and wholly-owned by China COSCO SHIPPING Corporation Limited.

Save as disclosed above, as at 30 June 2022, so far as was known to the Directors, there was no person (other than a Director, Supervisor or chief executive of the Company) who had any other interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

Audit Committee

The Company has established the audit committee of the Company (the “**Audit Committee**”) in compliance with Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company’s accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhou Zhonghui (chairman of the Audit Committee), Mr. 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, save as set out below, 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.

Among the 7 Directors of the Company, 5 Directors attended the annual general meeting of the Company held on 27 May 2022, while 2 Directors (including the chairman of the Board) were unable to attend the annual general meeting due to other business engagements. The annual general meeting was chaired by Mr. Yang Zhijian, an executive Director and general manager of the Company, to ensure the effective communication between the Company and the Shareholders.

Model Code for Securities Transactions by Directors

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

Purchase, Sale or Redemption of Listed Securities

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

Interim Dividend

The Board recommended the payment of a interim dividend of RMB2.01 per ordinary share (inclusive of applicable tax), subject to approval by the Shareholders at the 2022 first extraordinary general meeting. The interim dividend will be denominated and declared in Renminbi, and payable in Renminbi to holders of A shares of the Company and in Hong Kong dollars to holders of H shares of the Company within two months upon approval at the 2022 first extraordinary general meeting.

The Company will disclose in due course, among other things, further details regarding the expected time table and arrangement for closure of register of H Shareholders in respect of the proposed payment of interim dividend for the purpose of ascertaining Shareholders' entitlement to the payment of interim dividend by the Company.

Investor Relations

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

Under the foundation of efficient prevention of the epidemic, in the first half of 2022, 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 90 personal or group meetings, made contact with 1,287 investors, and actively made responses to the questions of numerous medium and small investors through telephone, email, designated network platforms and other channels. On 31 March 2022, Mr. YANG Zhijian, the executive Director of the Group, together with the senior management team of the Company, have attended the 2021 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.

Other Information

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 2022

	Note	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	109,340,129	106,444,191
Right-of-use assets	6	59,981,200	55,636,057
Investment properties	6	2,273,045	2,176,033
Intangible assets	6	4,739,627	4,795,515
Goodwill		5,868,937	5,638,475
Investments in joint ventures		8,621,044	8,571,651
Investments in associates		23,903,031	23,414,756
Financial assets at fair value through other comprehensive income		1,800,809	1,726,053
Financial assets at fair value through profit or loss		394,782	394,798
Financial assets at amortized cost		422,737	626,954
Restricted bank deposits		11,890	9,758
Deferred income tax assets		864,052	721,831
Loans to joint ventures and associates		627,312	765,644
Pension and retirement assets		103,926	78,090
Other non-current assets		193,554	161,608
Total non-current assets		219,146,075	211,161,414
Current assets			
Inventories		7,858,284	5,409,245
Trade and other receivables and contract assets	7	20,430,267	17,909,814
Derivative financial assets		4,214	–
Financial assets at fair value through profit or loss		313,777	360,105
Financial assets at amortized cost		279,725	105,438
Taxes recoverable		52,121	61,838
Restricted bank deposits		700,734	371,501
Cash and cash equivalents		247,150,892	177,946,969
Assets classified as held for sale		–	341,757
Total current assets		276,790,014	202,506,667
Total assets		495,936,089	413,668,081

Unaudited Condensed Consolidated Interim Balance Sheet

AS AT 30 JUNE 2022

	Note	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	8	16,015,005	16,014,126
Reserves		170,639,034	117,080,199
		186,654,039	133,094,325
Non-controlling interests			
		53,977,818	45,766,217
Total equity		240,631,857	178,860,542
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	35,429,063	59,256,792
Lease liabilities		41,396,593	40,471,216
Provisions and other liabilities	10	4,905,908	4,558,851
Put option liability		1,581,384	1,480,838
Pension and retirement liabilities		409,381	406,431
Derivative financial liabilities		–	19,071
Deferred income tax liabilities		10,409,337	7,256,343
Total non-current liabilities		94,131,666	113,449,542
Current liabilities			
Trade and other payables and contract liabilities	11	119,976,254	87,050,918
Derivative financial liabilities		948	21,826
Short-term borrowings	9	1,198,800	1,655,659
Current portion of long-term borrowings	9	14,656,949	12,421,244
Current portion of lease liabilities		14,300,543	10,963,457
Current portion of provisions and other liabilities	10	22,063	40,988
Taxes payable		11,017,009	9,203,905
Total current liabilities		161,172,566	121,357,997
Total liabilities		255,304,232	234,807,539
Total equity and liabilities		495,936,089	413,668,081
Net current assets		115,617,448	81,148,670
Total assets less current liabilities		334,763,523	292,310,084

Unaudited Condensed Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenues	5	210,784,853	139,264,347
Cost of services		(112,738,319)	(86,136,374)
Gross profit		98,046,534	53,127,973
Other income	12	1,090,713	654,197
Other expenses	12	(204,130)	(88,210)
Net impairment losses on financial assets	13	(449,258)	(62,886)
Selling, administrative and general expenses		(6,551,154)	(5,568,015)
Operating profit		91,932,705	48,063,059
Finance income	14	2,250,064	321,636
Finance costs	14	(1,833,100)	(1,901,937)
Net finance income/(costs)	14	416,964	(1,580,301)
		92,349,669	46,482,758
Share of profits less losses of			
– joint ventures		335,279	371,270
– associates		839,548	914,417
Profit before income tax		93,524,496	47,768,445
Income tax expenses	15	(16,854,536)	(4,898,031)
Profit for the period		76,669,960	42,870,414
Profit attributable to:			
– Equity holders of the Company		64,711,625	37,097,843
– Non-controlling interests		11,958,335	5,772,571
		76,669,960	42,870,414
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share (in RMB)	16	4.04	2.33
Diluted earnings per share (in RMB)	16	4.02	2.32

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Profit for the period	76,669,960	42,870,414
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive (loss)/income of joint ventures and associates	(27,582)	10,743
Cash flow hedges, net of tax	32,377	10,413
Release of reserve upon disposal of a subsidiary and an associate	(51,360)	–
Currency translation differences	2,648,757	(613,735)
<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	54,047	(78,134)
Remeasurements of post-employment benefit obligations	5,985	93,474
Share of other comprehensive (loss)/income of an associate	(65,391)	20,640
Currency translation differences	1,234,802	(265,939)
Other comprehensive income/(loss) for the period, net of tax	3,831,635	(822,538)
Total comprehensive income for the period	80,501,595	42,047,876
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	67,319,876	36,517,971
– Non-controlling interests	13,181,719	5,529,905
	80,501,595	42,047,876

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to equity holders of the Company			Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000	Sub-total RMB'000		
Balance at 1 January 2022	16,014,126	117,080,199	133,094,325	45,766,217	178,860,542
Comprehensive income					
Profit for the period	-	64,711,625	64,711,625	11,958,335	76,669,960
Other comprehensive income/(loss):					
Share of other comprehensive income of joint ventures and associates, net	-	(40,812)	(40,812)	(52,161)	(92,973)
Release of reserve upon disposal of a subsidiary and an associated company	-	(36,503)	(36,503)	(14,857)	(51,360)
Cash flow hedges, net of tax	-	8,141	8,141	24,236	32,377
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	24,414	24,414	29,633	54,047
Remeasurements of post-employment benefit obligations	-	4,254	4,254	1,731	5,985
Currency translation differences	-	2,648,757	2,648,757	1,234,802	3,883,559
Total other comprehensive income	-	2,608,251	2,608,251	1,223,384	3,831,635
Total comprehensive income for the period	-	67,319,876	67,319,876	13,181,719	80,501,595
Transactions with owners:					
Issue of A-shares in connection with the exercise of share options	879	1,892	2,771	-	2,771
Transaction with non-controlling shareholders of subsidiaries	-	159,991	159,991	(130,844)	29,147
Dividends declared to shareholders of the Company	-	(13,933,055)	(13,933,055)	-	(13,933,055)
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	(4,992,822)	(4,992,822)
Fair value of share options granted	-	22,293	22,293	1,818	24,111
Put option liability movement	-	(11,100)	(11,100)	(10,723)	(21,823)
Others	-	(1,062)	(1,062)	162,453	161,391
Total transactions with owners	879	(13,761,041)	(13,760,162)	(4,970,118)	(18,730,280)
As at 30 June 2022	16,015,005	170,639,034	186,654,039	53,977,818	240,631,857

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2021	43,913,866	34,783,191	78,697,057
Comprehensive income			
Profit for the period	37,097,843	5,772,571	42,870,414
Other comprehensive income/(loss):			
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
Total other comprehensive loss	(579,872)	(242,666)	(822,538)
Total comprehensive income for the period	36,517,971	5,529,905	42,047,876
Transactions with owners:			
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)
Total transactions with owners	278,674	(1,161,679)	(883,005)
As at 30 June 2021	80,710,511	39,151,417	119,861,928

Unaudited Condensed Consolidated Interim Cash Flows Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Cash generated from operations	122,646,016	64,979,289
Interest received	1,620,635	307,607
Income tax paid	(11,727,908)	(1,399,250)
Net cash generated from operating activities	112,538,743	63,887,646
Cash flows from investing activities		
Purchase of property, plant and equipment, investment properties and intangible assets	(1,780,102)	(2,321,944)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	623,923	128,999
Disposal of subsidiaries, net of cash	359,082	–
Investments in joint ventures and associates and financial assets	(39,061)	(396,596)
Cash received from disposal of investments in joint ventures and associates	52,450	242,051
Cash received from disposal of financial assets	39,085	138,256
Dividends received from joint ventures	247,717	307,431
Dividends received from associates	118,073	265,182
Dividends received from financial assets	941	16,644
Interest income from financial assets	34,709	29,580
Others	113,830	235,466
Net cash used in investing activities	(229,353)	(1,354,931)
Cash flows from financing activities		
Proceeds from borrowings	3,434,356	4,545,618
Repayments of borrowings	(27,392,319)	(12,199,070)
Dividends paid to non-controlling shareholders of subsidiaries	(4,428,666)	(1,848,813)
Dividends paid to shareholders of the Company	(11,273,715)	–
Interest paid	(635,993)	(1,004,689)
Issue of A-shares in connection with the exercise of share options	2,771	231,526
Payment of lease liabilities	(7,425,708)	(3,170,719)
Loans from non-controlling shareholders of subsidiaries	65,003	73,915
Loan from an associate	20,435	137,976
Transaction with non-controlling shareholders of subsidiaries	29,147	771,334
Others	(138,755)	(269,943)
Net cash used in financing activities	(47,743,444)	(12,732,865)
Net increase in cash and cash equivalents	64,565,946	49,799,850
Cash and cash equivalents as at 1 January	177,946,969	52,630,331
Exchange differences	4,637,977	(525,627)
Cash and cash equivalents as at 30 June	247,150,892	101,904,554

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 2022 (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 2022.

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 2021 (the “2021 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 2021 Annual Financial Statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 Basis of preparation and significant accounting policies (Continued)

For the six months ended 30 June 2022, the Group adopted the following amendments and improvement to existing standards, which are relevant to its operations:

Amendments and improvements to existing standards

HKAS 16 (Amendment)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRSs	Annual Improvements 2018 – 2020 Reporting Cycle
HKFRS 3 (Amendment)	Business Combinations
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions beyond 30th June 2021

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

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 2021 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).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss ("FVPL")				
– Equity securities	91,837	–	–	91,837
– Debt securities	221,940	–	–	221,940
– Listed convertible bonds	394,782	–	–	394,782
Financial assets at fair value through other comprehensive income ("FVOCI")	999,867	–	800,942	1,800,809
Derivative financial assets	–	4,214	–	4,214
Derivative financial liabilities	–	948	–	948

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Equity securities	107,584	–	–	107,584
– Debt securities	252,521	–	–	252,521
– Listed convertible bonds	394,798	–	–	394,798
Financial assets at FVOCI	928,177	–	797,876	1,726,053
Derivative financial liabilities	–	40,897	–	40,897

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.

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 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:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Financial assets at FVOCI		
As at 1 January	797,876	846,174
Disposal	(54)	(7,532)
Fair value change	4,045	(38,459)
Currency translation differences	(925)	(3,984)
As at 30 June	800,942	796,199

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

As at 30 June 2022, 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 2021 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, FVOCI, 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 2022				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Income statement					
Total revenues	207,176,224	4,616,086	-	(1,007,457)	210,784,853
Comprising:					
– Inter-segment revenues	5,018	1,002,439	-	(1,007,457)	-
– Revenues (from external customers)	207,171,206	3,613,647	-	-	210,784,853
Revenues from contracts with customers:					
Over time	207,176,224	4,616,086	-	(1,007,457)	210,784,853
Segment profit	90,966,977	603,362	362,366	-	91,932,705
Finance income	1,090,208	315,434	856,819	(12,397)	2,250,064
Finance costs	(956,968)	(376,978)	(511,551)	12,397	(1,833,100)
Share of profits less losses of					
– joint ventures	83,285	251,994	-	-	335,279
– associates	9,086	787,387	43,075	-	839,548
Profit before income tax	91,192,588	1,581,199	750,709	-	93,524,496
Income tax expenses	(13,517,295)	(198,858)	(3,138,383)	-	(16,854,536)
Profit/(loss) for the period	77,675,293	1,382,341	(2,387,674)	-	76,669,960
Gain on disposals of property, plant and equipment, net	401,566	6,526	-	-	408,092
Depreciation and amortization	8,633,454	821,381	548	-	9,455,383
Additions to non-current assets	10,233,209	957,686	41	-	11,190,936

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
Income statement					
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
Revenues from contracts with customers:					
Over time	136,437,632	3,717,418	–	(890,703)	139,264,347
Segment profit	47,348,584	681,215	33,260	–	48,063,059
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)

	As at 30 June 2022				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Balance sheet					
Segment operating assets	381,929,360	45,872,389	105,403,132	(73,632,009)	459,572,872
Investments in joint ventures	1,065,609	7,555,435	-	-	8,621,044
Investments in associates	1,591,778	22,308,068	72,673	(69,488)	23,903,031
Loans to joint ventures and associates	-	627,312	-	-	627,312
Financial assets at FVOCI	685,435	1,115,374	-	-	1,800,809
Financial assets at FVPL	313,777	394,782	-	-	708,559
Financial assets at amortized cost	702,462	-	-	-	702,462
Total assets	386,288,421	77,873,360	105,475,805	(73,701,497)	495,936,089
Segment operating liabilities & total liabilities	197,962,861	32,689,831	25,908,436	(1,256,896)	255,304,232

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2021				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Balance sheet					
Segment operating assets	276,901,763	45,195,700	126,609,364	(71,345,902)	377,360,925
Investments in joint ventures	1,203,036	7,368,615	–	–	8,571,651
Investments in associates	1,533,763	21,884,169	66,328	(69,504)	23,414,756
Loans to joint ventures and associates	–	765,644	–	–	765,644
Financial assets at FVOCI	693,820	1,032,233	–	–	1,726,053
Financial assets at FVPL	360,105	394,798	–	–	754,903
Financial assets at amortized cost	732,392	–	–	–	732,392
Assets classified as held for sale	341,757	–	–	–	341,757
Total assets	281,766,636	76,641,159	126,675,692	(71,415,406)	413,668,081
Segment operating liabilities & total liabilities	161,952,764	32,469,326	41,725,777	(1,340,328)	234,807,539

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 2022		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
Container shipping business			
– America	64,489,542	–	64,489,542
– Europe	55,902,161	–	55,902,161
– Asia Pacific	49,169,378	–	49,169,378
– Mainland China	12,162,785	(5,018)	12,157,767
– Other international market	25,452,358	–	25,452,358
	207,176,224	(5,018)	207,171,206
Terminal business			
– Europe	2,233,954	(466,492)	1,767,462
– Asia Pacific	105,325	–	105,325
– Mainland China	2,276,807	(535,947)	1,740,860
	4,616,086	(1,002,439)	3,613,647
Total	211,792,310	(1,007,457)	210,784,853

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 2021		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
Container shipping business			
– 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
Terminal business			
– 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
Total	140,155,050	(890,703)	139,264,347

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Revenues and segment information (Continued)

Geographical information (Continued)

(b) Non-current assets

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

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

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Unallocated	135,011,684	128,531,957
Remaining assets		
– Mainland China	47,602,046	47,462,137
– Outside mainland China	32,306,837	30,844,192

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6 Tangible and intangible assets

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Property, plant and equipment (note)	109,340,129	106,444,191
Right-of-use assets	59,981,200	55,636,057
Investment properties	2,273,045	2,176,033
Intangible assets	4,739,627	4,795,515
Total tangible and intangible assets	176,334,001	169,051,796

Note: As at 30 June 2022, property, plant and equipment included container vessels, buildings, containers, trucks, chassis and motor vehicles, computer, office and other equipment, and assets under construction.

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
As at 1 January	169,051,796	158,377,002
Currency translation differences	5,892,838	(1,524,615)
Acquisition of a subsidiary	195,242	–
Additions	11,033,626	6,081,551
Disposals/write-off	(559,052)	(110,538)
Depreciation/amortization	(9,455,383)	(5,676,463)
Others	174,934	(272)
Closing net book value as at 30 June	176,334,001	157,146,665

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7 Trade and other receivables and contract assets

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade receivables (note a)		
– third parties	12,463,741	10,664,733
– fellow subsidiaries	565,612	415,886
– joint ventures	12,260	32,015
– other related companies	134,138	162,549
	13,175,751	11,275,183
Bills receivables (note a)	425,868	384,401
Contract assets (note a)	506,199	549,648
	14,107,818	12,209,232
Prepayments, deposits and other receivables		
– third parties	4,534,758	4,765,388
– fellow subsidiaries (note b)	340,731	298,415
– joint ventures (note b)	906,561	524,644
– associates (note b)	524,052	104,051
– other related companies (note b)	16,347	8,084
	6,322,449	5,700,582
Total	20,430,267	17,909,814

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 2022, 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 2022 RMB'000	As at 31 December 2021 RMB'000
1-3 months	14,334,823	12,245,910
4-6 months	459,227	215,123
7-12 months	80,114	98,865
Over 1 year	245,925	181,441
Trade, bills receivables and contract assets, gross	15,120,089	12,741,339
Less: provision for impairment	(1,012,271)	(532,107)
	14,107,818	12,209,232

- (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

	Number of shares (thousands)	Nominal Value RMB'000
H-Shares of RMB1.00 each		
As at 31 December 2021	3,354,780	3,354,780
As at 30 June 2022	3,354,780	3,354,780
A-Shares of RMB1.00 each		
As at 31 December 2021	12,659,346	12,659,346
Issue of shares by exercising share options (Note (b)(iv))	879	879
As at 30 June 2022	12,660,225	12,660,225

(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 2022 and 2021 are set out below:

		Six months ended 30 June 2022				
		Number of share options				
Date of grant	Exerciable Period	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2022
03 June 2019	Note (i)	161,222,345	-	(879,546)	(7,735,235)	152,607,564
29 May 2020	Note (ii)	22,067,760	-	-	(1,905,800)	20,161,960
		183,290,105	-	(879,546)	(9,641,035)	172,769,524

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

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.

The Company implemented a Capitalization Issue of 3 shares for every 10 shares by converting reserve to share capital in July 2021. All shareholders were allotted 3 shares for every 10 shares. The total number of A shares were increased by 2,920,619,667 shares and the total number of H shares were increased by 774,180,000 shares. The exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB4.10 per share to RMB3.15 per share. For details, please refer to the overseas regulatory announcement of the Company dated 7 July 2021.

- (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.

According to the Capitalization Issue, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB3.50 per share to RMB2.69 per share. For details, please refer to the overseas regulatory announcement of the Company dated 7 July 2021.

- (iii) 6,653,450 A Shares under the 2019 Share Option Scheme and 75,164,920 A Shares under the 2020 Share Option Scheme were vested and exercisable as at 30 June 2022. The Company has no legal or constructive obligation to repurchase or settle the options in cash.
- (iv) In June 2022, the Company completed the registration of 879,546 A shares due to exercise of A Share Option of the Company under the 2019 Share Option Scheme. For details, please refer to the overseas regulatory announcement of the Company dated 6 April 2022 and 4 July 2022. No share options were exercised under the 2020 Share Option Scheme for the six months ended 30 June 2022.

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 2022 and 2021 are set out below:

Date of grant	Exercise price	Six months ended 30 June 2022				Outstanding as at 30 June 2022
		Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Forfeited during the period	
19 June 2018	HK\$7.27	47,502,458	-	-	(768,677)	46,733,781
29 November 2018	HK\$8.02	604,971	-	-	-	604,971
29 March 2019	HK\$8.48	449,726	-	-	-	449,726
23 May 2019	HK\$7.27	135,143	-	-	-	135,143
17 June 2019	HK\$7.57	849,428	-	-	-	849,428
		49,541,726	-	-	(768,677)	48,773,049

Date of grant	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	
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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Borrowings

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Long term borrowings		
Bank loans		
– secured (note b)	18,676,051	19,062,042
– unsecured (note c)	19,230,186	35,482,704
Loans from COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance")		
– secured	24,400	24,400
– unsecured	1,331,060	344,400
Notes/bonds (note d)	9,717,628	9,274,119
Loans from non-controlling shareholders of subsidiaries	435,726	450,069
Loan from COSCO Shipping (Hong Kong) Co., Ltd.		
– unsecured	–	6,375,700
Other loans		
– unsecured	482,000	453,000
Interest payables of long-term borrowings	188,961	211,602
Total long-term borrowings	50,086,012	71,678,036
Current portion of long-term borrowings	(14,656,949)	(12,421,244)
	35,429,063	59,256,792
Short term borrowings		
Bank loans		
– unsecured (note c)	875,840	1,534,540
Loans from COSCO SHIPPING Finance		
– unsecured	322,147	–
Other loans		
– unsecured	–	120,000
Interest payables of short-term borrowings	813	1,119
	1,198,800	1,655,659

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Borrowings (Continued)

Notes:

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

	RMB'000
Six months ended 30 June 2022	
As at 1 January 2022	71,678,036
Repayments of borrowings	(26,583,033)
Drawdown of borrowings	3,106,176
Currency translation differences	1,882,096
Amortized amount of transaction costs on long-term borrowings	17,834
Amortized amount of discount on issue of notes	7,544
Interest payables	(22,641)
As at 30 June 2022	50,086,012
Six months ended 30 June 2021	
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) The secured bank loans as at 30 June 2022 are secured, inter alia, by one or more of the following:

- (i) First legal mortgages over certain property, plant and equipment of the Group with aggregate net book value of RMB27,414,863,000 (31 December 2021: RMB27,555,536,000);
- (ii) Assignment of the charter, rental income and earnings, requisition compensation, insurance relating to certain container vessels;
- (iii) Shares of certain subsidiaries; and
- (iv) Bank accounts of certain subsidiaries.

(c) As at 30 June 2022, unsecured bank loans of RMB6,774,698,000 (31 December 2021: RMB8,682,476,000) 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 RMB1,000,000,000, which bear interest at a fixed rate of 2.50% per annum, were issued by the Company to investors on 20 May 2020 at a price equal to the principal amount. The notes with principal amount of RMB1,000,000,000 would mature on 20 May 2023.

(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 RMB6,711,400,000). 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 RMB2,013,420,000) 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 (equivalent to approximately RMB12,810,000). 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 Limited.

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 2022			As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Provision for onerous contracts (note)	-	4,374,122	4,374,122	-	4,155,332	4,155,332
Deferred income and others	22,063	531,786	553,849	40,988	403,519	444,507
Total	22,063	4,905,908	4,927,971	40,988	4,558,851	4,599,839

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 2022, 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. The overall economic environment in the USA is still highly uncertain under the COVID-19 pandemic. 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. The operational results for the LBCT routes were very strong in 2022, which were primarily due to the remarkable freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, management does not expect such high freight rates are sustainable in the medium to long term. As at 30 June 2022, 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\$651.7 million (equivalent to approximately RMB4,374.1 million) (31 December 2021: US\$651.7 million (equivalent to approximately RMB4,155.3 million)).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 Trade and other payables and contract liabilities

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade payables (note a)		
– third parties	19,468,180	16,088,316
– fellow subsidiaries	786,212	1,172,728
– joint ventures	152,082	162,584
– associates	43,157	38,705
– other related companies	133,788	142,236
	20,583,419	17,604,569
Other payables and accruals	96,340,857	66,553,215
Contract liabilities	1,331,843	1,417,755
Due to related companies		
– fellow subsidiaries	142,752	135,159
– joint ventures (note b)	538,364	391,932
– associates (note c)	160,392	140,391
– other related companies (note d)	878,627	807,897
	1,720,135	1,475,379
Total	119,976,254	87,050,918

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 Trade and other payables and contract liabilities (Continued)

Notes:

- (a) As at 30 June 2022, the aging analysis of trade payables on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
1-6 months	20,406,633	17,300,293
7-12 months	149,344	182,213
1-2 years	8,237	54,985
2-3 years	6,035	36,789
Above 3 years	13,170	30,289
	20,583,419	17,604,569

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\$31,205,000 (equivalent to approximately RMB209,429,000) (31 December 2021: approximately US\$31,205,000, equivalent to approximately RMB198,954,000) is interest free. Balances of US\$9,685,000 (equivalent to approximately RMB65,000,000) (31 December 2021: US\$11,764,000 (equivalent to approximately RMB75,004,000) bear interest at 3.40% (31 December 2021: 3.40%) 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	
	2022 RMB'000	2021 RMB'000
Dividend income from investments at FVOCI	17,648	59,567
Gain on disposal of property, plant and equipment	431,598	89,895
Gain on disposal of subsidiaries	115,177	–
Income from portfolio investments at FVPL		
– Fair value gain (realized and unrealized)	–	2,314
– Interest income	4,556	8,429
– Distribution	789	1,909
– Dividend income	341	368
Interest income from investments at amortized cost	15,008	17,003
Government grants and other subsidies	351,384	352,810
Exchange gain	128,954	97,513
Others	25,258	24,389
Other income	1,090,713	654,197
Loss on disposal of property, plant and equipment	(23,506)	(8,781)
Loss on deemed disposal of an associate	(20,854)	–
Fair value loss on portfolio investments at FVPL (realized and unrealized)	(29,001)	–
Others	(130,769)	(79,429)
Other expense	(204,130)	(88,210)

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	
	2022 RMB'000	2021 RMB'000
Finance income		
Interest income from:		
– deposits in related parties	584,838	115,838
– loans to joint ventures and associates	6,595	13,462
– other financial institutions	1,030,811	178,307
Net exchange gain	627,820	14,029
	2,250,064	321,636
Finance costs		
Interest expenses on:		
– loans from third parties	(631,072)	(855,638)
– loans from related parties	(78,228)	(45,221)
– loans from non-controlling shareholders of subsidiaries	(3,380)	(1,571)
– lease liabilities	(869,777)	(771,355)
– notes/bonds	(233,091)	(172,030)
Transaction costs arising from borrowings	(70,228)	(82,901)
	(1,885,776)	(1,928,716)
Less: amounts capitalized in construction in progress	52,676	26,779
	(1,833,100)	(1,901,937)
Net finance income/(costs)	416,964	(1,580,301)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 Income tax expenses

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current income tax (note):		
– PRC enterprise income tax	13,316,949	4,588,329
– Hong Kong profits tax	19,613	28,111
– Overseas taxation	616,328	366,413
Under/(over) provision in prior year	597	(38,055)
	13,953,487	4,944,798
Deferred income tax	2,901,049	(46,767)
	16,854,536	4,898,031

Notes:

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 2.5% to 34% (Six months ended 30 June 2021: 5% to 35%).

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 2021: 5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2021: 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	
	2022	2021
Profit attributable to equity holders of the Company (RMB)	64,711,625,000	37,097,843,000
Weighted average number of ordinary shares	16,014,346,641	15,947,414,786
Basic earnings per share (RMB)	4.04	2.33

(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	
	2022	2021
Profit attributable to equity holders of the Company (RMB)	64,711,625,000	37,097,843,000
Weighted average number of ordinary shares	16,014,346,641	15,947,414,786
Adjustments for assumed issuance of shares on exercise of dilutive share options	81,150,152	47,315,565
	16,095,496,793	15,994,730,351
Diluted earnings per share (RMB)	4.02	2.32

Note:

For the six months ended 30 June 2022 and 2021, the outstanding share options granted by COSCO SHIPPING Ports did not have dilutive effect on the Company's diluted earnings per share.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

17 Dividend

The final dividend for the year ended 31 December 2021 of RMB13,933,055,000 has been accounted for as an appropriation of retained profit in the six months ended 30 June 2022.

The board of directors proposed an interim dividend of RMB2.01 per ordinary share on 30 August 2022.

18 Contingent liabilities

(a) As at 30 June 2022, the Group was involved in a number of claims. 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 2022, the Group provided guarantees for credit facilities and notes granted to its subsidiaries of RMB22,143,406,000 (31 December 2021: RMB23,297,702,000), and to an associate of RMB229,876,000 (as at 31 December 2021: RMB214,405,000).

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19 Commitments

(a) Capital commitments

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Contracted but not provided for		
Containers	583,892	687,659
Container vessels	29,295,647	28,128,068
Terminal equipment	5,439,828	5,593,146
Other property, plant and equipment	40,705	47,707
Investments in terminals and other companies	2,246,767	1,798,246
Intangible assets	12,379	14,539
	37,619,218	36,269,365

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Contracted but not provided for	76,174	127,795

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19 Commitments (Continued)

(b) Lease commitments

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

	As at 30 June 2022		
	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	1,668,489	100,298	1,768,787
– later than one year	6,973,725	8,047	6,981,772
	8,642,214	108,345	8,750,559

	As at 31 December 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	3,007,277	83,143	3,090,420
– later than one year	6,477,883	103,737	6,581,620
	9,485,160	186,880	9,672,040

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 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, 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

20 Significant related party transactions (Continued)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Transaction with COSCO SHIPPING		
Revenues		
Vessel service income	385	144
Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)		
Revenues		
Container shipping income	2,139,430	1,612,799
Freight forwarding income	374,787	462,762
Vessel services income	8,609	63,808
Crew service income	–	1,852
Terminal handling fee and storage income	118,612	78,792
Shipping related service income	24,284	10,543
Other income	5,427	1,537
Expenses		
Vessel costs		
Vessel services expenses	1,017,210	568,093
Crew expenses	1,040,650	1,001,369
Voyage costs		
Bunker costs	12,053,477	7,515,726
Port charges	1,297,219	1,901,254
Equipment and cargo transportation costs		
Commission and rebates	32,344	95,260
Cargo and transshipment and equipment and repositioning expenses	263,405	219,300
Freight forwarding expenses	212,246	127,014
General service expenses	90,141	102,133
Expenses relating to short-term leases and leases with low-value assets	856,171	771,685
Other expense	71,539	56,149

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 Significant related party transactions (Continued)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)		
Others		
Payment of lease liabilities	1,029,663	1,032,693
Concession fee	227,075	211,595
Purchase of containers	137,137	995,657
Installments of vessels under construction	100,993	–
Transactions with joint ventures of the Group		
Revenues		
Management fee and service fee income	10,412	13,726
Other income	6,229	14,229
Expenses		
Port charges	1,154,200	1,133,085
Expenses relating to short-term leases or leases with low-value assets	2,190	2,205
Equipment and cargo transportation costs		
Commission and rebates	6,473	762
Cargo and transshipment and equipment and repositioning expenses	16,012	33,967
Transactions with associates of the Group		
Revenues		
Interest income	588,564	115,838
Other income	55,677	60,699
Expenses		
Interest expense	12,999	1,081
Port charges	141,603	255,501
Other handling fee	–	15,252

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 Significant related party transactions (Continued)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	303,477	246,648
Other income	–	669
Expenses		
Port charges	158,358	–
Electricity and fuel expenses	3,638	4,987
Other expense	17,735	13,837
Transactions with other related parties		
Revenues		
Shipping service income	1,333	39,469
Expenses		
Expenses relating to short-term leases	63,057	32,654

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 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.

Key management compensation

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Salaries, bonuses and other allowances	31,786	14,530
Contribution to retirement benefit scheme	2,036	273
Share-based payments	611	1,090
	34,433	15,893

As at 30 June 2022 and 31 December 2021, cash and cash equivalents deposited in COSCO SHIPPING group companies were as follow:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
COSCO SHIPPING Finance	74,079,542	74,433,771

21 Subsequent event

The board of directors proposed an interim dividend of RMB2.01 per ordinary share on 30 August 2022.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING HOLDINGS CO., LTD.

(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 2022 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 notes, comprising significant accounting policies and other explanatory information (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 2022



COSCO SHIPPING Holdings Co., Ltd.

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