



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)



2023 INTERIM REPORT



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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 Pilot Free Trade Zone (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
E-mail	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
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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 accountants	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 East Road, 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 2023 (THE “REPORTING PERIOD”) PREPARED UNDER THE HONG KONG FINANCIAL REPORTING STANDARDS

Results Highlights:

	Six months ended 30 June		Difference RMB'000
	2023 RMB'000	2022 RMB'000 (Restated)	
Revenues	91,842,797	210,791,920	(118,949,123)
Profit attributable to equity holders of the Company	16,560,637	64,820,236	(48,259,599)
	RMB	RMB (Restated)	RMB
Basic earnings per share (RMB)	1.03	4.05	(3.02)

Management Discussion and Analysis

RESULTS FOR THE REPORTING PERIOD PREPARED IN ACCORDANCE WITH THE HONG KONG FINANCIAL REPORTING STANDARDS

	Period from 1 January to 30 June 2023 RMB'000	Period from 1 January to 30 June 2022 RMB'000 (Restated)	Difference RMB'000
Revenues	91,842,797	210,791,920	(118,949,123)
Operating Profit	18,129,472	91,955,908	(73,826,436)
Profit before income tax	22,932,751	93,553,190	(70,620,439)
Profit after income tax	19,675,781	76,784,590	(57,108,809)
Profit for the period	19,675,781	76,784,590	(57,108,809)
Profit attributable to equity holders of the Company	16,560,637	64,820,236	(48,259,599)
Basic earnings per Share (RMB)	1.03	4.05	(3.02)

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

In the first half of 2023, the container shipping market was faced with many challenges such as the weakening of cargo volumes caused by destocking in commodities, the increase in supply side due to the alleviation of port congestion and the delivery of new vessels. So the container shipping market demonstrated a characteristic of quickly restoring normalcy. In the first half of the year, the average China Containerized Freight Index (CCFI) was 1,009 points, representing a period-on-period decrease of 69.3%.

During the Reporting Period, the Group recorded revenues of RMB91.84 billion; earnings before interest and taxes (EBIT) of RMB24.70 billion; earnings before tax of RMB22.93 billion; net profit of RMB19.68 billion; net profit attributable to equity holders of the Company of RMB16.56 billion.

The good results achieved during the Period enabled the Group to continuously optimize its financial structure, strengthen its balance sheet, and further reduce the gearing ratio to 48.6% as at the end of the Period, so as to reward our Shareholders while safeguarding sustainable development in the future. In view of this and considering the Shareholders' Return Plan for 2022-2024 of the Company, the Board proposed an interim dividend of RMB0.51 per Share (tax inclusive) for the year of 2023, with a dividend payout ratio of approximately 50%.

Looking back on the first half of the year, the Group adhered to customer-centric orientation while focusing on key tasks such as global layout, full-chain transportation, digital empowerment and low-carbon transformation, and has forged ahead on the road of reform, transformation and high-quality development, with maintaining a good momentum of development.

Management Discussion and Analysis

Firstly, we were committed to our core shipping business and improved our global layout. During the Period, we seized a new round of development opportunities. Two new vessels of Orient Overseas with a shipping capacity of 24,000 TEUs each were successfully delivered and put into the Asia-Europe route. Compared with the end of last year, the total capacity of the dual-brand fleet has grown steadily to approximately 2.91 million TEUs, thereby promoting the optimization and advancement of the global route network layout. Together with the OCEAN Alliance, we successfully operated the new route products of “DAY7”, which consolidated the Group’s leading edge in east-west trunk route services. We have successively launched a number of routes along the Belt and Road and RCEP member countries, thereby further strengthening the foreign trade route network from China to South Asia, Southeast Asia and South America. A new round-trip route between Europe and Eastern South America will be launched in September this year. During the Reporting Period, the fleet capacity of our dual brands in the regional market and the third-country market increased by 3% and 40% respectively, which laid a solid foundation for us to capture the growth opportunities in the emerging markets, regional markets and third-country markets. Relying on the synergistic advantages of our port business and shipping business, we have actively participated in the new development pattern of dual circulation, and promoted the development of the Hainan Free Trade Zone and the construction of rail-sea trade corridor in Western China. During the Reporting Period, the dual-brand fleet achieved direct calls at Yangpu Port in Hainan with 9 shipping routes, and launched 2 new routes for the rail-sea trade corridor in Western China, thereby further enhancing the service coverage in Sichuan, Chongqing and Guangxi.

Secondly, we expanded into the full-chain transportation in response to the needs of our customers. We have promoted the integration of modern service industry with advanced manufacturing industry and modern agriculture industry, as well as strengthened the vertical development of the full container supply chain. We provided customized and personalized full-chain solutions for leaders in emerging industries and strategic cooperative customers. The shipping volume of lithium batteries, photovoltaic and goods for cross-border e-commerce customers recorded growth despite unfavorable market conditions, and the electric vehicle export transportation business was thriving. We are also committed to serving small, medium and micro customers and providing them with digitalized, standardized and efficient full-chain service products. Leveraging on our rich global resources, we have carried out trailer business in North America and developed warehousing and distribution business in Europe. The supply chain services in South America, Southeast Asia and other regions have seen phenomenal growth. The full chain services has begun to take shape. During the Reporting Period, the Group’s revenue from non-maritime supply chain services was RMB14.5 billion, accounting for 16.4% of the revenue from the container shipping business, representing a period-on-period increase of 8.2 percentage points.

Management Discussion and Analysis

Thirdly, we adhered to innovation-driven approach and have strengthened digital empowered services. On the construction of digital supply chain platform, the “all-in-one” customer login portal was successfully launched online, and the construction of the digital intelligent customs affairs platform for the Shanghai region was progressing smoothly. The e-commerce platform, SynCon Hub, has successively launched a series of innovative Supply Chain Portfolio Products such as Talent Pegasus (泰鴻) and HiAmerica Delivery (恒美達) to meet different cargo flows and customers in different industries. On the construction of business information system, we steadily promoted the implementation of the trailer management system (TMS) and warehouse management system (WMS), and the intelligence and visualization level of the full-chain business has also been continuously improved. On the application of innovative technologies, the application scope and application scenarios of products such as block chain electronic bills of lading and paperless Cargo Release have continued to enlarge, which help to improve the efficiency of container transportation and customer experience, as well as promote the innovative development and digital ecosystem construction of container shipping industry.

Fourthly, we have adhered to the green concept and accelerated the low-carbon transformation. We have been paying close attention to the decarbonization goals and requirements of various countries and regions as well as the International Maritime Organization (IMO). We have further clarified the direction and path of our low-carbon transformation and put into practice the concept of sustainable development. The construction of 12 methanol dual-fuel vessels ordered by the Group with a shipping capacity of 24,000 TEUs each has commenced, and the world’s first 700 TEU electric container vessel in China domestic feeder routes was planned to be delivered to the Group for operation within the year. We optimized the shipping route layout by making use of CII calculation methods and rating standards, promoted vessel performance technology renovation in accordance with the new EEXI environmental regulations to ensure that our fleet operation is in compliance with related requirements. We have actively participated in industrial exhibitions such as the first Shanghai International Carbon Neutrality Technology, Products and Achievements Expo, not only sharing our own decarbonization practices but actively promoting decarbonization concepts to the outside world. We fully support the initiative to protect the marine environment and marine life. COSCO SHIPPING Lines was awarded the “Sapphire Award”, the highest award of the National Oceanic and Atmospheric Administration (NOAA) of the United States, in the project of “Protecting Blue Whales and Protecting Blue Skies”, and had donated the prize incentive to support the continuous development of this project. COSCO SHIPPING Ports has actively promoted the construction of automated terminals and the development of green ports. The construction of the fully automated container terminal sea-rail intermodal transport project of Xiamen Ocean Gate Container Terminal Co.,Ltd. was progressing steadily, and the distributed photovoltaic project at Wuhan Terminal was officially connected to the grid and put into use. The controlled terminals of COSCO SHIPPING Ports continued to promote the connection and use of shore power, and upgraded the terminal equipments with the “Fuel to Electricity” technology.

Management Discussion and Analysis

Overall speaking, under the challenging environment in the first half of the year, we persisted in adapting to industrial changes and customer needs through business innovation, mechanism innovation, and model innovation. With lean operation, improvement in efficiency and cost control, we have enhanced the strength and resilience of our core businesses. At the same time, the construction of a global digital container supply chain was solidly promoted, and the process of green and low-carbon transformation accelerated, achieving hard-earned results. All of these were our hard-earned results which could not be achieved without the dedication of our employees and the support from our global customers, shareholders of the Company as well as people from all walks of life who have always cared and supported the development of COSCO SHIPPING Holdings.

Looking forward to the second half of the year, we will not only see opportunities brought by the steady recovery of China's economy, the rebound of freight rates in Transpacific routes and Asia-Europe routes as well as the potential clearance of old vessels driven by the new environmental protection regulations, but also keep cautious when facing challenges such as the evolution of global economic and trading landscape, the inflationary pressure in Europe and America, as well as the centralized delivery of new vessels. At the same time, customers have raised higher requirements in respect of the low-carbonization and digitalization of the container supply chain, and have higher expectations on the full-chain delivery capability of liners.

In this context, we will pay close attention to the future development trend and technological progress of the industry, continue to promote reform and transformation and high-quality development, improve the global resource network layout, strengthen scientific and technological innovation and digital intelligence empowerment, implement the philosophy of green, low-carbon and sustainable development, deepen lean management and cost control, and strive to serve global customers with low-carbon, intelligent and reliable container supply chain solutions, build an efficient, smooth and safe circulation system for world trade, thereby providing better services to our customers and creating greater value for our shareholders.

(II) Major Profit or Loss Items and Cashflow Analysis

In the first half of 2023, the Group generated revenues of RMB91,842,797,000, representing a decrease of RMB118,949,123,000 or 56.43% as compared to that for the same period of last year. In the first half of 2023, profit attributable to equity holders of the Group was RMB16,560,637,000, representing a decrease of RMB48,259,599,000 or 74.45% 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 2023 RMB'000	Period from 1 January to 30 June 2022 RMB'000 (Restated)	Difference RMB'000	Percentage change (%)
Revenues	91,842,797	210,791,920	(118,949,123)	-56.43
Cost of services	(72,061,762)	(112,751,635)	40,689,873	-36.09
Other income and expense, net	2,253,663	887,854	1,365,809	153.83
– Other income	2,303,223	1,091,984	1,211,239	110.92
– Other expenses	(49,560)	(204,130)	154,570	-75.72
Reversal of/(provision for) impairment losses on financial assets, net	181,670	(449,258)	630,928	-140.44
Selling, administrative and general expenses	(4,086,896)	(6,522,973)	2,436,077	-37.35
Finance income	4,178,631	2,255,555	1,923,076	85.26
Finance costs	(1,826,653)	(1,833,100)	6,447	-0.35
Share of profits less losses of				
– joint ventures	306,241	335,279	(29,038)	-8.66
– associates	2,145,060	839,548	1,305,512	155.50
Income tax expenses	(3,256,970)	(16,768,600)	13,511,630	-80.58
Net cash flows generated from operating activities	13,261,606	112,571,553	(99,309,947)	-88.22
Net cash flows used in investing activities	(12,273,283)	(199,305)	(12,073,978)	6,058.04
Net cash flows used in financing activities	(41,196,977)	(47,743,444)	6,546,467	-13.71

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 2023, the revenues of the Group amounted to RMB91,842,797,000, representing a decrease of RMB118,949,123,000 or 56.43% as compared to that for the same period of last year.

Revenue from container shipping business

In the first half of 2023, the revenue from container shipping business amounted to RMB88,287,136,000, representing a decrease of RMB118,896,155,000 or 57.39% as compared to that for the same period of last year, of

which COSCO SHIPPING Lines generated revenues of RMB59,870,392,000 from container shipping business, representing a decrease of RMB78,803,204,000 or 56.83% as compared to that for the same period of last year.

Revenue from terminal business

In the first half of 2023, revenue generated from the terminal business amounted to RMB4,850,964,000, representing an increase of RMB234,878,000 or 5.09% 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 2023 amounted to RMB3,532,724,000, accounting for 3.85% of the total sales during the Reporting Period.

Management Discussion and Analysis

3. Costs

Cost analysis

Components of cost	Period from 1 January to 30 June 2023 RMB'000	Period from 1 January to 30 June 2022 RMB'000 (Restated)	Difference RMB'000	Percentage change (%)
Equipment and cargo transportation costs	28,651,506	63,466,938	(34,815,432)	-54.86
Voyage costs	18,574,010	20,890,486	(2,316,476)	-11.09
Vessel costs	16,807,147	16,584,764	222,383	1.34
Other related business costs	5,285,591	8,196,030	(2,910,439)	-35.51
Tax	560,710	1,368,925	(808,215)	-59.04
Sub-total	69,878,964	110,507,143	(40,628,179)	-36.77
Container terminal and related business costs	3,411,408	3,226,553	184,855	5.73
Tax and surcharges	28,052	22,472	5,580	24.83
Sub-total	73,318,424	113,756,168	(40,437,744)	-35.55
Elimination between different businesses	(1,256,662)	(1,004,533)	(252,129)	25.10
Total operating costs	72,061,762	112,751,635	(40,689,873)	-36.09

Overview

In the first half of 2023, the operating cost of the Group amounted to RMB72,061,762,000, representing a decrease of RMB40,689,873,000 or 36.09% as compared to that for the same period of last year.

Container shipping business cost

In the first half of 2023, the container shipping business cost amounted to RMB69,878,964,000, representing a decrease of RMB40,628,179,000 or 36.77% as compared to that for the same period of last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines amounted to RMB47,601,321,000, representing a decrease of RMB33,959,811,000 or 41.64% as compared to that for the same period of last year.

Terminal business cost

In the first half of 2023, the terminal business cost amounted to RMB3,439,460,000, representing an increase of RMB190,435,000 or 5.86% 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 2023, the other income and expense, net was RMB2,253,663,000, representing an increase of RMB1,365,809,000 as compared to that for the same period of last year. Of which, the exchange gains amounted to RMB1,914,851,000, representing an increase of RMB1,785,897,000 as compared to the same period of last year. The gain on disposal of property, plant and equipment amounted to RMB33,214,000, representing a period-on-period decrease of RMB398,384,000, mainly due to a decrease in the quantity and price of old and obsolete containers being disposed of as compared to the same period of last year.

Selling, administrative and general expenses

In the first half of 2023, the selling, administrative and general expenses of the Group amounted to RMB4,086,896,000, representing a decrease of RMB2,436,077,000 or 37.35% as compared to that for the same period of last year, mainly due to a decline in the effectiveness of the container shipping business and administrative expenses such as staff remuneration decreased significantly as compared to the same period of last year.

Finance income

In the first half of 2023, the finance income of the Group amounted to RMB4,178,631,000, representing an increase of RMB1,923,076,000 or 85.26% as compared to that for the same period of last year. Amongst which, interest income amounted to RMB3,997,365,000, representing a period-on-period increase of RMB2,369,630,000 or 145.58%. The net exchange gain from borrowings denominated in non-functional currencies amounted to RMB181,266,000, representing a period-on-period decrease of RMB446,554,000.

Finance costs

In the first half of 2023, the finance costs of the Group amounted to RMB1,826,653,000, representing a decrease of RMB6,447,000 or 0.35% as compared to that for the same period of last year. Of which, interest expenses amounted to RMB1,767,872,000, representing an increase of RMB5,000,000 or 0.28% as compared to the same period of last year.

Share of profits of joint ventures and associated companies

In the first half of 2023, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB2,451,301,000, representing an increase of RMB1,276,474,000 as compared to that for the same period of last year. The share of profits for the first half of 2023 included investment gains based on equity accounting method from SIPG Group and COFCO Fortune, no such gains were recorded for the same period of last year.

Management Discussion and Analysis

Income tax expenses

In the first half of 2023, the income tax expenses of the Group amounted to RMB3,256,970,000, representing a decrease of RMB13,511,630,000 or 80.58% as compared to that for the same period of last year. The decrease was mainly due to a decline in the overall operating effectiveness of the Company as compared to the same period of last year.

Major suppliers

Total purchases from the top five suppliers of the Group in the first half of 2023 amounted to RMB13,181,329,000, accounting for 18.44% of the total purchases during the Reporting Period.

5. Cash flow

As at 30 June 2023, the cash and cash equivalents amounted to RMB198,226,267,000, representing a decrease of RMB37,387,656,000 or 15.87% 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.

(1) Net cash flow from operating activities

In the first half of 2023, the net cash inflow from operating activities amounted to RMB13,261,606,000, representing a decrease of RMB99,309,947,000 or 88.22% as compared to that of the same period of last year. The decrease was mainly due to a decline in the operating results of the Group's container shipping business as compared to the same period of last year.

(2) Net cash flow from investing activities

In the first half of 2023, the net cash outflow from investing activities amounted to RMB12,273,283,000, representing an increase of RMB12,073,978,000 in net cash outflow as compared to that of the same period of last year, mainly due to a significant increase in cash payments for building vessels, construction of terminals and external equity investments as compared to the same period of last year.

(3) Net cash flow from financing activities

In the first half of 2023, the net cash outflow from financing activities amounted to RMB41,196,977,000, representing a decrease of RMB6,546,467,000 in net cash outflow as compared to that of the same period of last year, which was mainly attributed to the decrease in cash repayments of borrowings as compared to the same period of last year.

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

The balance of cash and cash equivalents increased by RMB2,820,998,000 as at 30 June 2023, 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 2023, the total assets of the Group amounted to RMB482,926,939,000, representing a decrease of RMB29,003,138,000 or 5.67% as compared to the end of last year. The total liabilities amounted to RMB234,500,953,000, representing a decrease of RMB23,636,030,000 or 9.16% as compared to the end of last year.

As at 30 June 2023, the total outstanding borrowings of the Group were RMB42,879,890,000. After deducting the cash and cash equivalents, net cash amounted to RMB155,346,377,000, representing a decrease of RMB37,459,869,000 as compared to the end of last year. As at 30 June 2023, the Group's net current assets

were RMB84,440,510,000, representing a decrease of RMB17,238,486,000 or 16.95% as compared to the end of last year. As at 30 June 2023, the net cash (debt) to equity ratio was 43.65%, representing a decrease of 12.26 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)/owners' 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 continue to be utilized for various purposes such as payment of operating costs, construction of container vessels, purchase of containers, investments in terminals and repayment of loans.

1. Debt analysis

Categories	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Short-term borrowings	1,511,282	2,241,818
Long-term borrowings	41,368,608	40,565,859
Total of long-term and short-term borrowings	42,879,890	42,807,677
Among which:		
Interest payable – Short-term borrowings	–	1,656
– Long-term borrowings	251,088	240,635
The repayment terms of long-term borrowings are as follows:		
Less than one year	5,569,227	5,806,773
One to two years	6,644,619	9,680,863
Three to five years	16,334,360	13,348,978
Over five years	12,820,402	11,729,245
Total	41,368,608	40,565,859

Management Discussion and Analysis

Borrowings by categories

As at 30 June 2023, the Group had bank borrowings of RMB39,695,024,000 and other borrowings of RMB2,933,778,000, representing 93.12% and 6.88% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB15,633,580,000 and unsecured borrowings amounted to RMB24,061,444,000, representing 36.67% and 56.45% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As at 30 June 2023, the borrowings of the Group denominated in US\$ were equivalent to RMB24,308,179,000, borrowings denominated in RMB amounted to RMB12,641,179,000, borrowings denominated in Euro were equivalent to RMB4,957,302,000, and borrowings denominated in HK\$ were equivalent to RMB722,142,000, representing 57.03%, 29.65%, 11.63% and 1.69% of the total borrowings, respectively.

Secured borrowings

As at 30 June 2023, certain properties, plant and equipment and monetary funds of the Group with net book value of RMB25,248,395,000 (31 December 2022: RMB24,806,233,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB15,633,580,000 (31 December 2022: RMB15,618,839,000), representing 7.75% of the total value of the property, plant and equipment and monetary funds (31 December 2022: 6.96%).

Company's guarantees

As at 30 June 2023, the guarantees provided among the Group's consolidated entities amounted to RMB10,062,105,000 (as of 31 December 2022: RMB12,835,652,000) and guarantees provided to an associate amounted to RMB258,369,000 (as of 31 December 2022: RMB243,471,000).

Contingent liabilities

As at 30 June 2023, the Group had no material contingent liabilities.

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 2023, the Group had a total of 42 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB41,926,709,000.

As at 30 June 2023, the Group's containers under construction amounted to 1,700 TEUs in aggregate. The capital commitments for future construction of containers amounted to RMB26,410,000.

As at 30 June 2023, the Group's capital commitments for investment in terminals amounted to RMB6,357,952,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB4,532,988,000 and the equity investment commitment of terminals amounted to RMB1,824,964,000.

Facilities

As at 30 June 2023, the unutilized bank loan facilities of the Group were RMB38,208,882,000. The Group paid close attention to the potential financial risks of increasing loan facilities, and has strengthened the monitoring of the size 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 2023, the total balance of the Group's investments in associated companies and joint ventures amounted to RMB65,226,505,000, representing an increase of RMB7,159,925,000 or 12.33% from the end of last year. During the period, the Group completed the acquisition of 5.81% equity interest in COFCO Fortune Co., Ltd. at the consideration of RMB5,500,000,000; and completed the acquisition of 24.99% equity interest in the container terminal of Hamburg in Germany at the consideration of EUR46,410,000.

(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

Type of assets	Amount at the beginning of the period	Gain or loss on fair value change in the period	Cumulative fair value changes accounted in equity	Impairment provision for the period	Amount purchased in current period	Amount sold/ redeemed in current period	Other changes	Amount at the end of the period
Shares, bonds and fund portfolio investments	93,108	2,241	-	-	3,755	-	3,712	102,816
Guangzhou Port Co., Ltd.	1,545,667	-	39,255	-	-	-	-	1,584,922
Ocean Hotel Shanghai Co., Ltd.	108,491	-	123	-	-	-	-	108,614
Yantai Port Co., Ltd.	135,784	-	-	-	-	-	-	135,784
Qinhuangdao Port Co., Ltd.	43,130	-	10,636	-	-	-	1,777	55,543
Convertible corporate bonds	371,477	29,879	-	-	-	-	-	401,356
Interest rate swaps	42,303	-	-2,673	-	-	-	-	39,630
Other financial assets at fair value	75,288	-	3,243	-	-	-	319	78,850
Total	2,415,248	32,120	50,584	-	3,755	-	5,808	2,507,515

Management Discussion and Analysis

(4) Investments in securities

Unit: RMB'000

Type of securities	Stock code	Stock abbreviation	Initial investment cost	Source of funds	Carrying amount at the beginning of the period	Gain or loss on fair value change in current period	Cumulative fair value changes recorded in equity	Amount purchased in current period	Amount sold in current period	Investment gain or loss for current period	Carrying amount at the end of the period	Accounting classification item
Convertible bonds	127039	Beigang convertible bond	321,492	Self-owned funds	371,477	29,879	-	-	-	793	401,356	Other non-current financial assets
Stock	601228	Guangzhou Port	1,276,924	Self-owned funds	1,545,667	-	39,255	-	-	21,100	1,584,922	Investment in other equity instruments
Stock	3369.HK	QHD Port	207,681	Self-owned funds	43,130	-	10,636	-	-	3,042	55,543	Investment in other equity instruments
Stock	000597	Northeast Pharm	200	Self-owned funds	1,746	-	-310	-	-	28	1,436	Investment in other equity instruments
Stock	600821	NYOCOR	99	Self-owned funds	609	-	-29	-	-	-	579	Investment in other equity instruments
Stock	600837	Haitong Securities	7,017	Self-owned funds	42,318	-	2,581	-	-	-	44,899	Investment in other equity instruments
Stock	Multiple stock codes	Stock investment	174,649	Self-owned funds	62,001	2,509	-	-	-	3,944	70,821	Financial assets held for trading
Fund products	Multiple stock codes	Fund investment	97,178	Self-owned funds	31,106	-268	-	-	-	949	31,995	Financial assets held for trading
Bonds	-	Bond investment	611,309	Self-owned funds	623,742	-	-	-	171,347	11,028	461,895	Debt investment
Total	/	/	2,696,549	/	2,721,796	32,120	52,133	-	171,347	40,884	2,653,446	/

Management Discussion and Analysis

(V) Industry Operation Information

Container shipping business

(1) Shipping volume

Shipping volume of the Group (TEU)

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	2,106,765	2,463,591	-14.48
Asia and Europe (including the Mediterranean)	2,202,295	2,360,364	-6.70
Asia Region (including Australia)	3,784,423	4,071,149	-7.04
Other international regions (including the Atlantic)	1,292,017	1,327,017	-2.64
Mainland China	2,009,828	2,249,152	-10.64
Total	11,395,328	12,471,273	-8.63

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

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	1,175,796	1,511,980	-22.23
Asia and Europe (including the Mediterranean)	1,390,641	1,551,731	-10.38
Asia Region (including Australia)	2,183,511	2,410,919	-9.43
Other international regions (including the Atlantic)	1,035,336	1,112,565	-6.94
Mainland China	2,009,828	2,249,152	-10.64
Total	7,795,112	8,836,347	-11.78

Management Discussion and Analysis

(2) Revenue from routes

Revenue from routes by the Group (RMB'000)

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	20,307,433	64,628,710	-68.58
Asia and Europe (including the Mediterranean)	18,469,693	54,615,883	-66.18
Asia Region (including Australia)	22,964,799	47,265,208	-51.41
Other international regions (including the Atlantic)	14,075,354	25,519,602	-44.84
Mainland China	5,719,036	6,215,121	-7.98
Total	81,536,315	198,244,524	-58.87

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

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	11,269,952	38,960,660	-71.07
Asia and Europe (including the Mediterranean)	12,738,943	36,958,725	-65.53
Asia Region (including Australia)	13,768,973	28,739,786	-52.09
Other international regions (including the Atlantic)	11,137,540	21,721,590	-48.73
Mainland China	5,799,518	6,272,351	-7.54
Total	54,714,926	132,653,112	-58.75

Management Discussion and Analysis

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

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	2,914,134	9,962,497	-70.75
Asia and Europe (including the Mediterranean)	2,650,417	8,419,023	-68.52
Asia Region (including Australia)	3,295,468	7,285,918	-54.77
Other international regions (including the Atlantic)	2,019,825	3,933,839	-48.66
Mainland China	820,686	958,059	-14.34
Total	11,700,530	30,559,336	-61.71

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

Routes	Current period	Same period of last year	Percentage of change (%)
Trans-Pacific	1,617,248	6,005,774	-73.07
Asia and Europe (including the Mediterranean)	1,828,049	5,697,177	-67.91
Asia Region (including Australia)	1,975,859	4,430,230	-55.40
Other international regions (including the Atlantic)	1,598,246	3,348,377	-52.27
Mainland China	832,236	966,881	-13.93
Total	7,851,638	20,448,439	-61.60

Management Discussion and Analysis

(3) Major performance indicators

Major performance indicators of the container shipping business of the Group (RMB'000)

Items	Current period	Same period of last year (Restated)	Difference
Revenue from container shipping business	88,287,136	207,183,291	-118,896,155
Including: Supply chain revenue other than shipping fee	14,499,688	17,078,428	-2,578,740
EBIT	20,775,332	92,148,400	-71,373,068
EBIT margin	23.53%	44.48%	Decreased by 20.95 percentage points
Net profit	16,779,621	77,784,235	-61,004,614

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (RMB'000)

Items	Current period	Same period of last year (Restated)	Difference
Revenue from container shipping business	59,870,392	138,673,596	-78,803,204
Including: Supply chain revenue other than shipping fee	9,374,269	10,470,751	-1,096,482
EBIT	12,764,453	54,832,703	-42,068,250
EBIT margin	21.32%	39.54%	Decreased by 18.22 percentage points
Net profit	8,861,445	41,050,741	-32,189,296

Major performance indicators of the container shipping business of the Group (equivalent to US\$'000)

Items	Current period	Same period of last year (Restated)	Difference
Revenue from container shipping business	12,669,279	31,937,244	-19,267,965
Including: Supply chain revenue other than shipping fee	2,080,718	2,632,635	-551,917
Revenue per TEU from international routes (USD/TEU)	1,159.22	2,895.81	-1,736.59
EBIT	2,981,278	14,204,649	-11,223,371
Net profit	2,407,890	11,990,417	-9,582,527

Management Discussion and Analysis

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (equivalent to US\$'000)

Items	Current period	Same period of last year (Restated)	Difference
Revenue from container shipping business	8,591,452	21,376,495	-12,785,043
Including: Supply chain revenue other than shipping fee	1,345,216	1,614,063	-268,847
Revenue per TEU from international routes (USD/TEU)	1,213.32	2,957.49	-1,744.17
EBIT	1,831,710	8,452,445	-6,620,735
Net profit	1,271,625	6,327,960	-5,056,335

Note:

“Supply chain revenue other than shipping fee” refers to container shipping-related supply chain revenue excluding dual-brand shipping fee revenue, which includes non-shipping fee revenue as set out in the terms of dual-brand bills of lading.

The revenue from routes and major performance indicators above were translated into US\$ at an average exchange rate of RMB6.9686: US\$1 in the first half of 2023 and RMB6.4872: US\$1 the first half of 2022.

Terminal business

In the first half of 2023, the total throughput of COSCO SHIPPING Ports amounted to 64.5729 million TEUs, representing an increase of 2.16% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 14.7315 million TEUs, representing a decrease of 6.05% as compared to the same period of last year; the throughput of non-controlled terminals amounted to 49.8414 million TEUs, representing an increase of 4.86% as compared to the same period of last year.

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

Location of terminal	Current period (TEU)	Same period of last year (TEU)	Percentage of change (%)
Bohai Rim Region	22,515,008	20,767,708	8.41
Yangtze River Delta Region	7,059,244	6,483,243	8.88
Southeast Coast and others	2,777,699	3,280,185	-15.32
Pearl River Delta Region	12,744,315	13,866,357	-8.09
Southwest Coast	3,607,500	3,165,100	13.98
Overseas	15,869,106	15,647,737	1.41
Total	64,572,872	63,210,330	2.16
Of which: Controlled terminals	14,731,490	15,679,516	-6.05
Non-controlled terminals	49,841,382	47,530,814	4.86

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, COSCO SHIPPING Group increased its shareholdings of the Company's A Shares and H Shares from 19 to 20 May 2022 and formulated a subsequent plan to further increase its shareholdings. As of 18 May 2023, the implementation of the aforementioned shareholding increase plan has been completed. COSCO SHIPPING Group and its wholly-owned subsidiaries have increased their shareholdings of the A Shares and H Shares of the Company by a total of 305,087,287 Shares comprising 115,087,287 A Shares and 190,000,000 H Shares, respectively, with a total amount of approximately RMB2,991 million. For details, please refer to the overseas regulatory announcements of the Company dated 20 May 2022, 10 June 2022, 21 July 2022, 21 November 2022, 13 March 2023, 20 April 2023 and 18 May 2023, respectively.
2. On 16 January 2023, the Company entered into the "Capital Increase Agreement in Respect of COFCO Fortune Co., Ltd." with COFCO Group Limited* (中糧集團有限公司), COFCO Fortune Co., Ltd.* (中糧福臨門股份有限公司) ("**COFCO Fortune**") and other investors, pursuant to which the Company subscribed for 179,968,695 shares of COFCO Fortune by way of a capital contribution of RMB5,499,999,987.02 by the Company in COFCO Fortune, representing approximately 5.81% of the total share capital of COFCO Fortune upon completion of the transaction. For details, please refer to the announcement of the Company dated 16 January 2023.
3. On 28 April 2023, the twenty-sixth meeting of the sixth session of the Board of the Company considered and approved the amendments to the Articles of Association and its appendices, i.e., the Rules of Procedures of Shareholders' General Meetings and the Rules of Procedures of the Board of Directors; the sixteenth meeting of the sixth session of the Supervisory Committee of the Company considered and approved the amendments to the Rules of Procedures of the Supervisory Committee, the appendix to the Articles of Association. On 25 May 2023, the above amendments were approved at the 2022 annual general meeting of the Company. The amended Articles of Association has taken effect upon the completion of registration with the market entity registration and management authority, and its appendices, i.e., the Rules of Procedures of Shareholders' General Meetings, the Rules of Procedures of the Board of Directors and the Rules of Procedures of the Supervisory Committee, took effect at the same time. For details, please refer to the announcement of the Company dated 28 April 2023, the circular of the Company dated 5 May 2023, the announcement of the Company dated 25 May 2023 and the overseas regulatory announcement of the Company dated 15 June 2023.

SUBSEQUENT EVENTS

Save as disclosed in Note 22 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
Gu Zhongdong	Deputy General Manager	Resigned	Change of job position

1. Appointment and Change of Directors

Nil

2. Appointment and Change of Supervisors

Nil

3. Appointment and Change of Senior Management

On 8 June 2023, Mr. Gu Zhongdong voluntarily resigned as deputy general manager of the Company with immediate effect due to a change of job position. For details, please refer to the overseas regulatory announcement of the Company dated 8 June 2023.

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

Nil

IV. Changes in Information of 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:

Nil

Employees and Remuneration Policies

As at 30 June 2023, there was no material change in the number of employees of the Group as compared to that as disclosed in the 2022 annual report of the Company published on 25 April 2023. As at 30 June 2023, 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 2022 annual report of the Company.

As at 30 June 2023, there were approximately 31,588 employees in the Group. Total staff costs of the Group for the Reporting Period, including Directors' remuneration, amounted to approximately RMB5,332,890,000 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 2.25% of the A share capital of the Company and approximately 1.78% of the total issued share capital of the Company as at 30 June 2020. According to the Further Revised Scheme, the exercise price of the first batch of share options was determined in accordance with the "Management Measures on Share Option Incentive Scheme" 《股票期權激勵計劃管理辦法》 of the Company and the relevant requirements under the laws and regulations of the PRC including the "Trial Measures for Implementing the Share Incentive System by the State-Controlled Listed Companies of the PRC (Domestic)" 《國有控股上市公司(境內)實施股權激勵試行辦法》, and represented the higher of the followings: (i) the average trading price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (ii) the average trading price of the A Shares during the last 20 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iii) the closing price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iv) the average closing price of the A Shares for the last 30 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; and (v) the par value of the A Shares. When the reserved share options will be granted, the exercise price of reserved share options shall be determined by the Board in accordance with the principle of determining the exercise price of the first batch of share options.

Other Information

On 3 June 2019 (the “**Date of Grant for the First Batch of the Share Options**”), pursuant to the authorization at the General 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 has been adjusted from 465 to 460 and 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, COSCO SHIPPING Holdings completed the registration in respect of the grant of the share options in the first batch with 190,182,200 share options and 460 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

In order to further enhance the corporate governance of the Company and to promote the Company’s operating results and sustainable and healthy development, on 30 March 2020, the Board approved the inclusion of, among others, Directors (excluding independent Directors) to the further revised scope of the participants of the Share Option Incentive Scheme (the “**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 Scope of Incentive Objects of the Share Option Incentive Scheme, Number of Share Options and Cancellation of Partial Granted but Outstanding Share Options 《關於調整股票期權激勵計劃首次授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》 and the Proposal on Fulfillment of Exercise Conditions Under the First Grant of Share Option Incentive Scheme 《關於股票期權激勵計劃首次授予期權第一個行權期符合行權條件的議案》 were passed. It was agreed to cancel the 6,791,000 share options granted to the 17 participants in the first batch of incentive objects who no longer complied with the conditions of such incentive due to reasons including

resignation, retirement and dismissal, and the number of incentive objects in the first batch and that of the share options initially granted to be adjusted from 460 to 443, and from 190,182,200 to 183,391,200, respectively. It was also agreed to eliminate Sinotrans from the peer benchmark companies, along with the approval for the incentive objects who have fulfilled the exercise conditions under the first grant of Share Option Incentive Scheme to exercise their share options.

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 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 Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Share Options Granted but Not Exercised《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 passed. It was agreed that the Company would adjust both the exercise price and number of share options under the Share Option Incentive Scheme according to the actual circumstance of the capitalization of capital reserve in 2020. It was also agreed to cancel the 345,000 share options (equivalent to 448,500 share options upon the adjustment of the number of share options) granted to one participant in the first batch of incentive objects who no longer complied with the conditions of such incentive due to his/her dismissal, and the number of incentive objects in the first batch and that of the share options initially granted but not exercised (upon the adjustment of the number of share options) to be adjusted from 443 to 442, and from 164,997,999 to 164,549,499, respectively.

On 19 May 2022, the Company convened the 17th meeting of the sixth session of the Board and the 10th meeting of the sixth session of the Supervisory Committee, where it was resolved to cancel 1,905,800 options granted to 2 reserved incentive objects who no longer met the incentive conditions due to the change of job position and death respectively, thus adjusting the number of reserved incentive objects from 39 to 37, and adjusting the number of reserved options from 22,067,760 to 20,161,960; approve the fulfillment of exercise conditions for the first exercise period of the reserved share options under the Share Option Incentive Scheme, and the incentive objects who meet the exercise conditions to exercise options; to cancel 6,364,049 share options which were granted but not exercised for the 2nd and 3rd exercise periods of the share options for the first 16 incentive objects who no longer met incentive conditions due to retirement and dismissal for disciplinary violation, thus adjusting the number of incentive objects granted for the first time from 442 to 426, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 153,069,191.

On 10 June 2022, the Company convened the 18th meeting of the sixth session of the Board and the 11th meeting of the sixth session of the Supervisory Committee where it was resolved to adjust the exercise price of options granted for the first time from RMB3.15 per share to RMB2.28 per share, and adjust the exercise price of reserved options from RMB2.69 per share to RMB1.82 per share; to cancel the 461,630 share options which were granted but not exercised for the 2nd and 3rd exercise periods for the first 1 incentive object who no longer met the incentive conditions due to death, thus adjusting the number of incentive objects granted for the first time from 426 to 425, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 152,607,564.

Other Information

On 4 July 2022, the Company issued the Implementation Announcement for the First Exercise Period and Eligibility of the Exercise Conditions for the Second Exercise Period Granted for the First Time under the Share Option Incentive Scheme (《股票期權激勵計劃預留授予期權第一個行權期及首次授予期權第二個行權期符合行權條件實施公告》), pursuant to which the reserved options for the first exercise period were 6,653,450 shares, the number of persons to exercise rights was 37 with the exercise price of RMB1.82 per share, and the first exercise period of reserved options was from 8 July 2022 to 26 May 2023. The exercisable number of options granted for the first time was 75,164,920 shares for the 2nd exercise period, the number of persons to exercise rights was 425 with the exercise price of RMB2.28 per share, and the second exercise period of options granted for the first time was from 8 July 2022 to 2 June 2023.

On 30 August 2022, the Company convened the 21st meeting of the sixth session of the Board and the 12th meeting of the Supervisory Committee, where it was resolved to cancel the 909,559 share options which were due but not exercised by the 11 incentive objects.

On 12 December 2022, the Company convened the 24th meeting of the sixth session of the Board, where it was resolved to adjust the exercise price of options granted for the first time from RMB2.28 per share to RMB1 per share, and adjust the exercise price of reserved options from RMB1.82 per share to RMB1 per share in accordance with the Interim Profit Distribution Plan of 2022.

On 28 April 2023, the Company convened the 26th meeting of the sixth session of the Board, where it was confirmed that the third exercise period of share options granted under the first grant of the Share Option Incentive Scheme and the second exercise period of share options under reserved grant have satisfied the exercise conditions, it was agreed that eligible Participants of the Company could exercise the share options, and it was agreed that 225,367 unexercised share options for the second and third exercise periods would be cancelled as such options were granted to one Participant under reserved grant who no longer satisfied the incentive conditions due to resignation, and 111,282 unexercised share options for the second exercise period which were granted to one Participant under reserved grant who no longer satisfied the incentive conditions due to failure in meeting the required standard in performance appraisal would be cancelled, and 6,251,028 unexercised share options for the third exercise period which were granted to 32 Participants under the first grant who no longer satisfied the incentive conditions due to retirement would be cancelled. The number of eligible Participants for reserved grant would be adjusted from 37 to 36 persons, the number of Participants for the first grant would be adjusted from 425 to 393 persons.

On 23 May 2023, the Company issued the “Implementation Announcement on the Satisfaction of Exercise Conditions for the Third Exercise Period of First Grant and Second Exercise Period of Reserved Grant under the Share Option Incentive Scheme” (《股票期權激勵計劃首次授予期權第三個行權期及預留授予期權第二個行權期符合行權條件的實施公告》), the proposed number of options to be exercised in the third exercise period of the first grant would be 71,191,616 to be exercised by 393 Participants at the exercise price of RMB1 per share during the exercise period from 5 June 2023 to 2 June 2026; the proposed number of options to be exercised in the second exercise period of reserved grant would be 6,430,878 to be exercised by 35 Participants at the exercise price of RMB1 per share during the exercise period from 29 May 2023 to 28 May 2024.

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	Exercise price per share (RMB)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Number of share options			Outstanding as at 30 June 2023	Weighted average closing price immediately before the exercise date	Date of grant
						Cancelled during the Reporting Period	Lapsed during the Reporting Period	Adjusted during the Reporting Period			
						Note (1)	Note (2)	Note (1)			
YANG Zhijian	Director and General Manager	1	815,256	-	401,544	-	-	-	413,712	10.98	Note (3)
ZHANG Wei	Director and Deputy General Manager	1	656,734	-	323,466	-	-	-	333,268	10.98	Note (3)

(2) Share options granted to all participants

Participants	Number of participants (person)	Exercise price per share (RMB)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Number of share options			Outstanding as at 30 June 2023	Weighted average closing price immediately before the exercise date	Date of grant
						Cancelled during the Reporting Period	Lapsed during the Reporting Period	Adjusted during the Reporting Period			
	Note (1)					Note (1)	Note (2)	Note (1)			
Directors and chief executive of the Company	2	1	1,471,990	-	725,010	-	-	-	746,980	10.98	Note(3)
Senior management of the Company	8	1	2,369,120	-	2,369,120	-	-	-	-	10.53	Note(4)
Other key business personnel and management personnel of the Company	385	1	76,808,144	-	66,476,307	6,251,028	909,811	-	3,170,998	10.53	Note(4)
	33	1	12,263,890	-	5,821,865	337,219	-	-	6,104,806	10.81	Note(3)
Total	428		92,913,144	-	75,392,302	6,588,247	909,811	-	10,022,784	10.55	

Notes:

- Please refer to (i) the cancellation of share options, (ii) the arrangement for adjustment of share options and (iii) the adjustment of participants for grant of share options as considered and confirmed by the 26th meeting of the sixth session of the Board of the Company on 28 April 2023, and the arrangement in respect of the third exercise period of the First Batch of the Share Options and the second exercise period of the Reserved Share Options under the A share option incentive scheme announced by the Company on 23 May 2023, as set out above for details.
- The second exercise period of the options granted for the first time under the Share Option Incentive Scheme was from 8 July 2022 to 2 June 2023. Upon the expiration of the exercise period, a total of 909,811 outstanding share options were held by seven Participants. After consideration of the "Proposal on Cancellation of Outstanding Share Options Granted for the First Time under the Second Exercise Period under the Share Option Incentive Scheme" 《關於註銷股票期權激勵計劃首次授予期權第二個行權期到期未行權股票期權的議案》 by the Company at the 27th meeting of the sixth session of the Board and the 17th meeting of the sixth session of the Supervisory Committee on 29 August 2023, pursuant to the relevant provisions of the "Administrative Measures on Equity Incentives for Listed Companies" 《上市公司股權激勵管理辦法》 issued by the China Securities Regulatory Commission and the Company's Share Option Incentive Scheme (the Second Revision) (the "Share Option Incentive Scheme (the Second Revision)"), it was agreed to cancel 909,811 outstanding share options granted for the first time under the second exercise period under the Share Option Incentive Scheme as held by the above seven Participants.

Other Information

- (3) Such A share options were granted on 29 May 2020 (i.e. the Date of Grant for Reserved Share Options).
- (4) Such A share options were granted on 3 June 2019 (i.e. the Date of Grant for the First Batch of the Share Options).
- (5) During the Reporting Period, there were no Participants who were granted and would be granted share options in excess of 1% of the individual limit, nor were there any related entity Participants or service providers who were granted or would be granted share options in excess of 0.1% of the relevant class of shares issued by the Company during the Reporting Period. The grant of share options was completed on 29 May 2020. There were no outstanding ungranted share options as at the beginning and the end of the Reporting Period.
- (6) During the Reporting Period, the number of the A Shares which may be issued by the Company under the Share Option Incentive Scheme was 92,913,144 shares, representing approximately 0.727% of the weighted average number of the Company's A Shares in issue during the Reporting Period. Among them, 75,392,302 A Shares were issued after the exercise of share options, 7,498,058 share options were proposed to be cancelled and 10,022,784 share options would be exercisable in the future, representing 0.590%, 0.059% and 0.078% of the weighted average number of the Company's A Shares in issue during the Reporting Period, respectively.
- (7) As at the end of the Reporting Period, the total number of shares which could be issued under the Share Option Incentive Scheme of the Company was 10,022,784 Shares, representing approximately 0.078% of the total number of A Shares in issue of the Company.
- (8) The cumulative equity interest of the Company granted to any one Participant through the Share Option Incentive Scheme shall not exceed 1% of the total number of A Shares in issue of the Company.
- (9) Only the Participants who satisfied the exercise conditions as at the end of the Reporting Period were counted.

Validity Period

The Further Revised Scheme (subsequently revised as the “**Share Option Incentive Scheme (Revised)**”) shall be effective for 10 years upon approval by the relevant general meeting of shareholders held on 30 May 2019.

Exercise Period

- (i) The exercise period in respect of the first batch of the share options commences on the first trading day after the expiration of the 24-month period (two years) 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 (three years) 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 (four years) 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 by the Company and the Participants 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 pursuant to the terms of the Share Option Incentive Scheme:

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

Exercise period	Performance targets
Exercise period in respect of the first batch of the share options	<ul style="list-style-type: none"> (a) The average cash return on net assets (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 economic value added (EVA) for 2020 shall reach the appraisal target assigned by COSCO SHIPPING and the change in EVA is greater than 0.
Exercise period in respect of the second batch of the share options	<ul style="list-style-type: none"> (a) The average cash return on net assets (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 economic value added (EVA) for 2021 shall reach the appraisal 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	<ul style="list-style-type: none"> (a) The average cash return on net assets (EOE) for 2022 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 2022 shall be no less than 30% as compared to that of the financial year ended 31 December 2018; and (c) The economic value added (EVA) for 2022 shall reach the appraisal target assigned by COSCO SHIPPING and the change in EVA is greater than 0.

Other Information

- (ii) Pursuant to the revised “Share Option Incentive Scheme Appraisal Measures” (股票期權激勵計劃《考核辦法》), the individual appraisal conducted on Participants of the share options granted on 3 June 2019 must meet the following conditions, and none of the circumstances that renders a person not eligible to become a participant as set out in the Share Option Incentive Scheme has occurred:

Exercise of the first batch of 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 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 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) Pursuant to the revised “Share Option Incentive Scheme Appraisal Measures” (股票期權激勵計劃《考核辦法》), the individual appraisal conducted on Participants of the reserved share options granted on 29 May 2020 must meet the following conditions, and none of the circumstances that render a person not eligible to become a participant as set out in the Share Option Incentive Scheme has occurred:

Exercise of the first batch of 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 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 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 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 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.

COSCO SHIPPING Ports Share Option Scheme

General Information of the Share Option Scheme

On 8 June 2018, the Company and COSCO SHIPPING Ports held an annual general meeting and a special general meeting respectively to consider and approve the adoption of the COSCO SHIPPING Ports Share Option Scheme.

Summary of the Principal Terms of the Share Option Scheme

The COSCO SHIPPING Ports Share Option Scheme was designed to enable COSCO SHIPPING Ports (i) to establish and cultivate a performance-oriented culture, under which value is created for the shareholders of COSCO SHIPPING Ports, and to establish an interests-sharing and restraining mechanism between the shareholders and the management of COSCO SHIPPING Ports; (ii) to further improve COSCO SHIPPING Ports' corporate governance structure and provide a unified mechanism to balance the interests among the shareholders, decision-makers and executives of COSCO SHIPPING Ports to secure stable and long-term development of COSCO SHIPPING Ports; (iii) to coordinate the short-term and long-term incentives of the management and professional talents of COSCO SHIPPING Ports, to cultivate and strengthen the key personnel, to attract different kinds of talents more flexibly and to improve the long-term development of COSCO SHIPPING Ports; (iv) to effectively motivate the management and key personnel to enhance their performance and the core competitiveness of COSCO SHIPPING Ports; and (v) to further enhance COSCO SHIPPING Ports' competitive advantage in the labour market, to attract, retain and incentivise senior management and personnel at key positions of COSCO SHIPPING Ports for achieving the strategic targets of COSCO SHIPPING Ports, to enhance the realisation of the long-term strategic targets of COSCO SHIPPING Ports and to strengthen cohesion of COSCO SHIPPING Ports.

Eligible participants for the COSCO SHIPPING Ports Share Option Scheme include the directors of COSCO SHIPPING Ports, key management personnel such as senior management members at the headquarters of COSCO SHIPPING Ports and departmental deputy managers and above, and management personnel (including senior and midlevel management personnel) appointed to subsidiaries and other invested companies of COSCO SHIPPING Ports, and senior management members of COSCO SHIPPING Ports' subsidiaries excluding independent non-executive directors, shareholders or de facto controllers of COSCO SHIPPING Ports who on their own or in aggregate holding more than 5% of the shares of COSCO SHIPPING Ports and their respective spouses, parents, children or other associates (as defined under the Listing Rules).

The number of share options to be granted to each participant of the COSCO SHIPPING Ports Share Option Scheme shall be determined on the basis that the estimated benefit upon exercise of the share options will not exceed 40% of twice of his/her total annual emolument (inclusive of the estimated benefit upon exercise of the share options). The proposed number of share options granted for the first time was determined according to the salary level in 2016. If the results of COSCO SHIPPING Ports is exceptionally outstanding, the cap on the benefit upon exercise of the share options mentioned above may be adjusted according to the regulations of the SASAC. The specific operation and arrangement will be implemented by the board of directors of COSCO SHIPPING Ports in accordance with the then regulations of the SASAC.

The maximum entitlement for any one participant of the COSCO SHIPPING Ports Share Option Scheme (including exercised, cancelled and outstanding options) in any 12 months' period shall not exceed 1% of the total number of shares of COSCO SHIPPING Ports in issue.

As at the date of this report, a total of 1,058,164 shares (representing approximately 0.03% of the existing issued shares of COSCO SHIPPING Ports) may be issued upon exercise of all options which were granted and yet to be exercised under the COSCO SHIPPING Ports Share Option Scheme. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, no share options could be granted under the COSCO SHIPPING Ports Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant of share options under the COSCO SHIPPING Ports Share Option Scheme).

Share options cannot be exercised during the two-year period commencing from the date of grant of the share options (the "**Restriction Period**"). 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, and each batch of share options vested is exercisable within the relevant exercise period. For details of the vesting and exercise periods in respect of the share options granted, please refer to the table and relevant notes of the table regarding movement of the share options during the Reporting Period which is set out at the end of this section.

Other Information

The validity period within which the Participants can take up the underlying shares under the share options is five years from the date of grant of the share options and no consideration is payable on acceptance of the share options.

The exercise price in relation to each share option is determined based on the principle of fair market value and in any event should be the highest of (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date when a share option was formally granted; (ii) the average closing price of the shares as stated in the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date on which an option was formally granted; and (iii) the nominal value of the shares.

The COSCO SHIPPING Ports Share Option Scheme is valid and effective for a period of 10 years commencing from the date of adoption and will expire on 7 June 2028.

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

Category	Exercise price per share HK\$	Number of share options							Exercise period	Notes
		Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Transferred (to)/from other category during the period	Lapsed during the period	Outstanding as at 30 June 2023	% of total number of issued shares		
Directors of COSCO SHIPPING Ports										
Mr. Zhu Tao	7.27	371,026	-	-	-	(371,026)	-	-	19.6.2020- 18.6.2023	(1), (2)
Dr. Wong Tin Yau, Kelvin	7.27	799,200	-	-	-	(799,200)	-	-	19.6.2020- 18.6.2023	(1), (3)
		1,170,226	-	-	-	(1,170,226)	-	-		
Continuous contract employees										
	7.27	22,910,070	-	-	(678,460)	(22,231,610)	-	-	19.6.2020- 18.6.2023	(1), (4), (5)
	8.02	398,404	-	-	-	-	398,404	0.01%	29.11.2020- 28.11.2023	(6)
	8.48	225,201	-	-	-	-	225,201	0.01%	29.3.2021- 28.3.2024	(7)
	7.27	67,673	-	-	-	-	67,673	0.00%	23.5.2021- 22.5.2024	(8)
	7.57	425,350	-	-	-	(58,464)	366,886	0.01%	17.6.2021- 16.6.2024	(9), (10)
Others										
	7.27	6,438,158	-	-	678,460	(7,116,618)	-	-	19.6.2020- 18.6.2023	(1), (4), (11)
		30,464,856	-	-	-	(29,406,692)	1,058,164			
		31,635,082	-	-	-	(30,576,918)	1,058,164			

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 of COSCO SHIPPING Ports. 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 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 of COSCO SHIPPING Ports dated 18 May 2018.
- (2) These share options were held by the spouse of Mr. Zhu Tao and were lapsed due to expiry of the exercise period.
- (3) These share options represented the personal interest held by Dr. Wong Tin Yau, Kelvin as beneficial owner and were lapsed due to expiry of the exercise period.
- (4) These 678,460 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.
- (5) These 22,231,610 share options were lapsed due to expiry of the exercise period.
- (6) The share options were granted on 29 November 2018 under the 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 were vested on 29 November 2020; (b) 33.3% of the share options were vested on 29 November 2021; and (c) 33.4% of the share options were vested on 29 November 2022.
- (7) The share options were granted on 29 March 2019 under the 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.
- (8) The share options were granted on 23 May 2019 under the 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.
- (9) The share options were granted on 17 June 2019 under the 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.
- (10) These 58,464 share options were lapsed due to the resignation of relevant employees pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (11) Amongst the 7,116,618 share options, 884,706 share options were lapsed upon expiry of six months after registration or retirement of the relevant employees pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme and 6,231,912 share options were lapsed due to expiry of exercise period.
- (12) As to whether various batches of share options to be vested in 2023 can be vested, the board of directors of COSCO SHIPPING Ports will review and consider if the relevant exercise conditions has been fulfilled.
- (13) No share options of COSCO SHIPPING Ports were granted or exercised or cancelled under the COSCO SHIPPING Ports Share Option Scheme during the period.

Other Information

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 2023, PANASIA Shipping was owned by COSCO SHIPPING Lines, Shanghai International Port (Group) Co., Ltd., Hongyang, China Huarong Asset Management Co., Ltd., Shenzhen Qianhai Huajian Equity Investment Co., Ltd., Fosun Industrial Investment 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 62%, 20%, 8%, 6%, 3%, 0.9382% and 0.0618%, respectively. The participating employees, of a total number of 180 (including branch companies), are core management personnel of PANASIA Shipping, accounting for approximately 27.95% of the total headcount of PANASIA Shipping.

Other Information

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

As at 30 June 2023, 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 as at 30 June 2023	Approximated percentage of total number of the relevant class of the issued share capital	Approximated percentage of total number of the issued share capital
Mr. YANG Zhijian ⁽¹⁾	Beneficial owner	130,000 H Shares	0.00388%	0.00080%
	Beneficial owner	1,216,800 A Shares	0.00949%	0.000752%
Mr. ZHANG Wei ⁽²⁾	Beneficial owner	980,200 A Shares	0.00765%	0.00606%
Mr. TEO Siong Seng	Beneficial owner	146,250 H Shares	0.00436%	0.00090%

Notes:

- (1) As at 30 June 2023, Mr. Yang Zhijian held 803,088 A Shares and 413,712 A share options under the A share option incentive scheme of the Company.
- (2) As at 30 June 2023, Mr. Zhang Wei held 646,932 A Shares and 333,268 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	Mr. WAN Min	Beneficial owner	200,000 H Shares	0.00544%	0.00147%
		Interest of spouse	2,000 A Shares	0.00002%	0.00001%
	Mr. YANG Zhijian	Beneficial owner	400,000 H Shares	0.01088%	0.00294%
	Mr. DENG Huangjun	Interest of spouse	20,000 A Shares	0.00020%	0.00015%
COSCO SHIPPING Ports	Mr. WAN Min	Beneficial owner	320,215 H Shares	0.00915%	0.00915%
	Mr. ZHANG Wei	Beneficial owner	30,000 H Shares	0.00086%	0.00086%
	Mr. DENG Huangjun	Beneficial owner	509,154 H Shares	0.01454%	0.01454%

Save as disclosed above, as at 30 June 2023, 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 2023, 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	36.64	-	-	-	-
China COSCO SHIPPING Corporation Limited (a State-owned enterprise in China and an indirect controlling shareholder of the Company)	Beneficial owner	A Shares: 704,746,860	4.36				
	Interest of controlled corporation	A Shares: 5,924,873,037 H Shares: 380,000,000 ⁽¹⁾ Subtotal: 6,304,873,037	38.99	-	-	-	-
		Total: 7,009,619,897	43.35	-	-	-	-
China Shipping Group Co., Ltd	Interest of controlled corporation	H Shares: 380,000,000 ⁽¹⁾	2.35				
COSCO SHIPPING (Hong Kong) Co., Limited	Beneficial owner	H Shares: 158,328,000	0.98	-	-	-	-
	Interest of controlled corporation	H Shares: 221,672,000	1.37	-	-	-	-
		Total: 380,000,000⁽¹⁾	2.35				
Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)	Beneficial owner	A Shares: 804,700,000	4.98	-	-	-	-
BlackRock, Inc. ⁽²⁾	Interest of controlled corporation	H Shares: 202,375,402	1.25	H Shares: 8,232,000	0.05		

Other Information

Notes:

- (1) 221,672,000 H Shares and 158,328,000 H Shares were directly held by Peaktrade Investments Limited (“**Peaktrade**”) and COSCO SHIPPING (Hong Kong) Co., Limited respectively, representing approximately 6.61% and 4.72% of the total issued H Shares as at 30 June 2023. 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.
- (2) BlackRock, Inc. held relevant interests and short positions in the H Shares through a series of its controlled corporations, representing approximately 6.03% and 0.25% of the total issued H Shares respectively as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, so far as was known to the Directors, there was no person (other than a Director, Supervisor or chief executive of the Company) who had any other interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Audit Committee

The Company has established the audit committee of the Company (the “**Audit Committee**”) in compliance with Appendix 14 to the 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 the Company’s corporate governance code (the “**Code**”) which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the Reporting Period.

Model Code for Securities Transactions by Directors

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

Purchase, Sale or Redemption of Listed Securities

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

Interim Dividend

The Board recommended the payment of an interim dividend of RMB0.51 per ordinary Share (tax inclusive) for 2023, subject to approval by the Shareholders at the 2023 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 2023 first extraordinary general meeting.

The Company will disclose in due course, among other things, further details regarding the expected timetable 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.

In the first half of 2023, the Group communicated extensively with the capital market through holding performance briefings, participating in investor conferences organized by domestic and foreign brokerages, reverse roadshows, receiving visitors and teleconferences, a total of 84 one-to-one and one-to-many meetings were held with engagement to 411 investors, and actively responded to the concerns of small and medium-sized investors through telephone, email, designated online platforms and other channels. On 31 March 2023, Mr. Yang Zhijian, the Executive Director of the Group, together with the senior management team of the Group, attended the 2022 annual results briefing, actively responded to the concerns of investors and achieved good results, which fully demonstrated that investor relations work is highly valued by the Group.

The Group publishes announcements, periodic reports and promotional materials of the Group on the website and updates them in a timely manner. At the same time, subject to compliance with laws and regulations, we will try our best to assist the domestic and foreign media to obtain public information.

While actively communicating with external parties, the Group also attaches great importance to the opinions of the capital market. The Investor Relations Department actively collects relevant opinions and suggestions and reports to the senior management in a timely manner, so that the opinions of the capital market become an important reference for the Group's decision-making.

During the above-mentioned work process, the senior management and relevant staff involved in the relevant work strictly abide by the various regulatory requirements at home and abroad, and actively carry out their work in compliance with laws and regulations.

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

Other Information

Corporate Culture

The Board of Directors leads and shapes the Company's corporate culture, which is based on the Company's goals, strategies, values and capabilities and is rooted in the principles of legal, ethical and responsible conduct at all levels of the Group. COSCO SHIPPING Holdings is positioned as a global digital supply chain operation and investment platform centered on container shipping, and is the core company that undertakes COSCO SHIPPING's vision of "creating a world-class global integrated logistics supply chain service ecosystem". The Group has always adhered to the concept of green, low-carbon and sustainable development, and is committed to building a three-in-one digital supply chain service ecosystem of "shipping + port + related logistics" with worldwide coverage, strengthening global and full-process cooperation with strategic partners, and promoting deep integration between related supply chains and industrial chains to create personalized, customized, green and low-carbon supply chain logistic solutions for customers. The Company's corporate culture has been fully integrated into the above-mentioned corporate goals, strategies and values.

Unaudited Interim Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2023

	Note	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000 (Restated, note 3)
ASSETS			
Non-current assets			
Property, plant and equipment	7	126,543,126	119,518,590
Right-of-use assets	7	50,302,624	54,918,414
Investment properties	7	4,054,048	2,701,063
Intangible assets	7	4,875,956	4,769,242
Goodwill		6,350,430	6,104,494
Investments in joint ventures		8,398,958	8,358,662
Investments in associates		56,827,547	49,707,918
Financial assets at fair value through other comprehensive income		1,963,712	1,908,361
Financial assets at fair value through profit or loss		401,356	371,477
Financial assets at amortized cost		382,579	368,886
Derivative financial assets		–	16,324
Restricted bank deposits		13,066	11,126
Deferred income tax assets		1,035,626	1,036,109
Loans to associates		870,469	664,991
Pension and retirement assets		101,038	70,294
Other non-current assets		211,302	261,123
Total non-current assets		262,331,837	250,787,074
Current assets			
Inventories		6,291,177	7,017,037
Trade and other receivables and contract assets	8	14,648,453	16,762,308
Financial assets at fair value through profit or loss		102,816	93,107
Financial assets at amortized cost		79,316	254,856
Derivative financial assets		39,630	25,980
Taxes recoverable		115,400	124,228
Restricted bank deposits		1,092,043	1,251,564
Cash and cash equivalents		198,226,267	235,613,923
Total current assets		220,595,102	261,143,003
Total assets		482,926,939	511,930,077

Unaudited Interim Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2023

	Note	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000 (Restated, note 3)
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	9	16,170,254	16,094,862
Reserves		182,509,459	184,495,805
		198,679,713	200,590,667
Non-controlling interests			
		49,746,273	53,202,427
Total equity		248,425,986	253,793,094
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	35,799,381	34,759,086
Lease liabilities		35,585,435	38,030,000
Provisions and other liabilities	11	7,059,553	6,655,007
Put option liability		1,752,263	1,664,811
Pension and retirement liabilities		333,209	310,214
Deferred income tax liabilities		17,816,520	17,253,858
Total non-current liabilities		98,346,361	98,672,976
Current liabilities			
Trade and other payables and contract liabilities	12	113,665,392	129,762,356
Short-term borrowings	10	1,511,282	2,241,818
Current portion of long-term borrowings	10	5,569,227	5,806,773
Current portion of lease liabilities		11,322,947	12,887,982
Current portion of provisions and other liabilities	11	21,023	39,142
Taxes payable		4,064,721	8,725,936
Total current liabilities		136,154,592	159,464,007
Total liabilities		234,500,953	258,136,983
Total equity and liabilities		482,926,939	511,930,077
Net current assets		84,440,510	101,678,996
Total assets less current liabilities		346,772,347	352,466,070

Unaudited Interim Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000 (Restated, note 3)
Revenues	6	91,842,797	210,791,920
Cost of services		(72,061,762)	(112,751,635)
Gross profit		19,781,035	98,040,285
Other income	13	2,303,223	1,091,984
Other expenses	13	(49,560)	(204,130)
Reversal of/(provision for) impairment losses on financial assets, net	14	181,670	(449,258)
Selling, administrative and general expenses		(4,086,896)	(6,522,973)
Operating profit		18,129,472	91,955,908
Finance income	15	4,178,631	2,255,555
Finance costs	15	(1,826,653)	(1,833,100)
Net finance income	15	2,351,978	422,455
		20,481,450	92,378,363
Share of profits less losses of			
– joint ventures		306,241	335,279
– associates		2,145,060	839,548
Profit before income tax		22,932,751	93,553,190
Income tax expenses	16	(3,256,970)	(16,768,600)
Profit for the period		19,675,781	76,784,590
Profit attributable to:			
– Equity holders of the Company		16,560,637	64,820,236
– Non-controlling interests		3,115,144	11,964,354
		19,675,781	76,784,590
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share (in RMB)	17	1.03	4.05
Diluted earnings per share (in RMB)	17	1.02	4.03

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated, note 3)
Profit for the period	19,675,781	76,784,590
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive loss of joint ventures and associates	(243,371)	(27,582)
Cash flow hedges, net of tax	(3,631)	32,377
Release of reserve upon disposal of a subsidiary and an associate	–	(51,360)
Currency translation differences	3,645,180	2,648,757
<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	42,598	54,047
Remeasurements of post-employment benefit obligations	(6,567)	5,985
Share of other comprehensive loss of an associate	(10,425)	(65,391)
Currency translation differences	1,077,621	1,234,802
Other comprehensive income for the period, net of tax	4,501,405	3,831,635
Total comprehensive income for the period	24,177,186	80,616,225
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	20,075,155	67,428,487
– Non-controlling interests	4,102,031	13,187,738
	24,177,186	80,616,225

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity holders of the Company				
	Share capital	Reserves	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023, as previously reported	16,094,862	184,287,911	200,382,773	53,140,695	253,523,468
Change in accounting policy (note 3)	-	207,894	207,894	61,732	269,626
Balance at 1 January 2023, as restated	16,094,862	184,495,805	200,590,667	53,202,427	253,793,094
Comprehensive income					
Profit for the period	-	16,560,637	16,560,637	3,115,144	19,675,781
Other comprehensive income/(loss):					
Share of other comprehensive income of joint ventures and associates, net	-	(157,274)	(157,274)	(96,522)	(253,796)
Cash flow hedges, net of tax	-	(746)	(746)	(2,885)	(3,631)
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	32,667	32,667	9,931	42,598
Remeasurements of post-employment benefit obligations	-	(5,309)	(5,309)	(1,258)	(6,567)
Currency translation differences	-	3,645,180	3,645,180	1,077,621	4,722,801
Total other comprehensive income	-	3,514,518	3,514,518	986,887	4,501,405
Total comprehensive income for the period	-	20,075,155	20,075,155	4,102,031	24,177,186
Transactions with owners:					
Issue of A-shares in connection with the exercise of share options	75,392	-	75,392	-	75,392
Transaction with non-controlling shareholders of subsidiaries	-	419,771	419,771	(1,644,043)	(1,224,272)
Dividends declared to shareholders of the Company	-	(22,476,653)	(22,476,653)	-	(22,476,653)
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	(6,423,480)	(6,423,480)
Fair value of share options granted	-	11,354	11,354	225	11,579
Put option liability movement	-	(14,697)	(14,697)	(9,429)	(24,126)
Others	-	(1,276)	(1,276)	518,542	517,266
Total transactions with owners	75,392	(22,061,501)	(21,986,109)	(7,558,185)	(29,544,294)
As at 30 June 2023	16,170,254	182,509,459	198,679,713	49,746,273	248,425,986

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity holders of the Company				
	Share capital	Reserves	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022, as previously reported	16,014,126	117,080,199	133,094,325	45,766,217	178,860,542
Business combination under common control	–	599,504	599,504	–	599,504
Change in accounting policy (note 3)	–	90,987	90,987	54,916	145,903
Balance at 1 January 2022, as restated	16,014,126	117,770,690	133,784,816	45,821,133	179,605,949
Comprehensive income					
Profit for the period	–	64,820,236	64,820,236	11,964,354	76,784,590
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	–	67,428,487	67,428,487	13,187,738	80,616,225
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, as restated	16,015,005	171,438,136	187,453,141	54,038,753	241,491,894

Unaudited Interim Condensed Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated, note 3)
Cash flows from operating activities		
Cash generated from operations	16,123,714	122,671,726
Interest received	3,997,365	1,627,735
Income tax paid	(6,859,473)	(11,727,908)
Net cash generated from operating activities	13,261,606	112,571,553
Cash flows from investing activities		
Purchase of property, plant and equipment, investment properties and intangible assets	(7,433,785)	(1,780,102)
Acquisition of a subsidiary, net cash paid	(546,091)	(201)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	140,210	623,923
Disposal of subsidiaries, net of cash	–	359,082
Investments in a joint venture and associates	(5,677,314)	(39,061)
Cash received from disposal of investments in associates	20,291	52,450
Cash received from disposal of financial assets	176,661	39,085
Dividends received from joint ventures	192,488	247,717
Dividends received from associates	809,497	118,073
Dividends received from financial assets	1,143	941
Interest income from financial assets	13,018	34,709
Others	30,599	144,079
Net cash used in investing activities	(12,273,283)	(199,305)
Cash flows from financing activities		
Proceeds from borrowings	4,102,582	3,434,356
Repayments of borrowings	(5,324,209)	(27,392,319)
Dividends paid to non-controlling shareholders of subsidiaries	(6,759,066)	(4,428,666)
Dividends paid to shareholders of the Company	(22,515,634)	(11,273,715)
Interest paid	(1,014,645)	(635,993)
Issue of A-shares in connection with the exercise of share options	75,392	2,771
Payment of lease liabilities	(8,353,433)	(7,425,708)
Loans from non-controlling shareholders of subsidiaries	–	65,003
Loan from an associate	120,069	20,435
Transaction with non-controlling shareholders of subsidiaries	(1,246,070)	29,147
Others	(281,963)	(138,755)
Net cash used in financing activities	(41,196,977)	(47,743,444)
Net (decrease)/increase in cash and cash equivalents	(40,208,654)	64,628,804
Cash and cash equivalents as at 1 January	235,613,923	178,428,462
Exchange differences	2,820,998	4,637,977
Cash and cash equivalents as at 30 June	198,226,267	247,695,243

Notes to the Unaudited Interim Condensed Consolidated 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 Pilot Free Trade Zone (Airport Economic Area), Tianjin. The H-Shares and A-Shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively.

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

In the second half of 2022, the Group completed the following acquisitions:

- (a) The Group acquired 81% shares in Shanghai Tianhongli Asset Management Limited at a total consideration of RMB2.283 billion from LING HUI INVESTMENTS LIMITED;
- (b) The Group acquired all shares of Shanghai Haizhenlan Real Estate Co., Ltd. at a total consideration of RMB1.191 billion from COSCO SHIPPING Property Co., Ltd.

As both LING HUI INVESTMENTS LIMITED and COSCO SHIPPING Property Co., Ltd. are controlled by China COSCO SHIPPING Corporation Limited, the aforesaid transactions were regarded as business combinations under common control. The comparative information in this interim financial information has been restated accordingly under merger accounting.

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 2023 (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 for issue by the Directors on 29 August 2023.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

2 Basis of preparation

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 2022 (the “2022 Annual Financial Statements”) which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

3 Changes in accounting policies

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 material accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with the 2022 Annual Financial Statements.

- (a) [New standards, amendments and interpretation to existing standards which are effective in 2023 and adopted by the Group](#)

New standards, amendments and interpretation to existing standards

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts

The effects of the adoption of HKAS 12 (Amendment) is disclosed in Note 3(b). The adoption of other new standards, amendments and interpretation to existing HKFRS does not have a material impact on the consolidated financial statements of the Group.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

3 Changes in accounting policies (Continued)

(b) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and will require the recognition of additional deferred tax assets and liabilities. The related deferred tax assets and liabilities are presented on a net basis in the consolidated statement of financial position as they qualify for offsetting under HKAS 12.

The Group recognizes deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities.

The comparative information in this interim financial information has been restated accordingly on the adoption of HKAS 12 (Amendment).

(i) The impacts on the interim condensed consolidated balance sheet on 1 January 2023 are summarized below:

	As at 31 December 2022 (As originally presented) RMB'000	Impact on initial adoption of HKAS 12 (Amendment) RMB'000	As at 1 January 2023 RMB'000 (Restated)
Interim condensed consolidated balance sheet (extract)			
Assets			
Deferred income tax assets	885,746	150,363	1,036,109
Equity			
Reserves	184,287,911	207,894	184,495,805
Non-controlling interests	53,140,695	61,732	53,202,427
Liabilities			
Deferred income tax liabilities	17,373,121	(119,263)	17,253,858

Notes to the Unaudited Interim Condensed Consolidated Financial Information

3 Changes in accounting policies (Continued)

(b) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

- (ii) The impacts on the interim condensed consolidated income statement for the six months ended 30 June 2022 are summarized below:

	Before adoption of HKAS 12 (Amendment) RMB'000	Impact on initial adoption of HKAS 12 (Amendment) RMB'000	Six months ended 30 June 2022 RMB'000 (Restated)
Interim condensed consolidated income statement (extract)			
Income tax expenses	(16,857,041)	88,441	(16,768,600)
Profit for the period	76,696,149	88,441	76,784,590
Profit attributable to:			
Equity holders of the Company	64,737,814	82,422	64,820,236
Non-controlling interests	11,958,335	6,019	11,964,354
	76,696,149	88,441	76,784,590
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share (in RMB)	4.04	0.01	4.05
Diluted earnings per share (in RMB)	4.02	0.01	4.03

(c) New standards, amendments, interpretation and improvements to existing standards which have not been adopted

The HKICPA has issued certain new standards, amendments, interpretation and improvements which are not yet effective for the six months ended 30 June 2023 and have not been early adopted by the Group. The Group will apply these standards, amendments, interpretation and improvements to existing standards as and when they become effective. These new standards, amendments, interpretation and improvements are not expected to have a material impact on the consolidated financial statements of the Group.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

4 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 2022 Annual Financial Statements.

(b) Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023:

	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	102,816	–	–	102,816
– Listed convertible bonds	401,356	–	–	401,356
Financial assets at fair value through other comprehensive income ("FVOCI")	1,686,806	–	276,906	1,963,712
Derivative financial assets	–	39,630	–	39,630

Notes to the Unaudited Interim Condensed Consolidated Financial Information

4 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 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Equity securities	93,107	–	–	93,107
– Listed convertible bonds	371,477	–	–	371,477
Financial assets at FVOCI	1,632,865	–	275,496	1,908,361
Derivative financial assets	–	42,304	–	42,304

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

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

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

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

Specific valuation techniques used to value financial instruments include:

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

4 Financial risk management (Continued)

(b) Fair value estimation (Continued)

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Financial assets at FVOCI		
As at 1 January	275,496	290,030
Disposal	–	(54)
Fair value change	1,094	(2,137)
Currency translation differences	316	(925)
As at 30 June	276,906	286,914

As at 30 June 2023, 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 associates, trade and other payables and contract liabilities, lease liabilities, short-term and long-term borrowings.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

5 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 2022 Annual Financial Statements.

6 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 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 Interim Condensed Consolidated Financial Information

6 Revenues and segment information (Continued)

Operating segments (Continued)

	Six months ended 30 June 2023				
	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	88,287,136	4,850,964	-	(1,295,303)	91,842,797
Comprising:					
– Inter-segment revenues	43,878	1,251,425	-	(1,295,303)	-
– Revenues (from external customers)	88,243,258	3,599,539	-	-	91,842,797
Revenues from contracts with customers:					
Over time	88,287,136	4,850,964	-	(1,295,303)	91,842,797
Segment profit	17,262,537	932,562	(65,627)	-	18,129,472
Finance income	3,423,927	12,317	751,907	(9,520)	4,178,631
Finance costs	(1,088,430)	(566,741)	(181,002)	9,520	(1,826,653)
Share of profits less losses of					
– joint ventures	84,454	221,787	-	-	306,241
– associates	41,821	848,883	1,335,363	(81,007)	2,145,060
Profit before income tax	19,724,309	1,448,808	1,840,641	(81,007)	22,932,751
Income tax expenses	(2,944,688)	(201,987)	(110,295)	-	(3,256,970)
Profit for the period	16,779,621	1,246,821	1,730,346	(81,007)	19,675,781
Gain/(loss) on disposals of property, plant and equipment, net	29,737	(474)	-	-	29,263
Depreciation and amortization	9,019,297	878,617	576	-	9,898,490
Additions to non-current assets	5,945,041	2,506,740	490	-	8,452,271

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6 Revenues and segment information (Continued)

Operating segments (Continued)

	Six months ended 30 June 2022 (Restated)				
	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	207,183,291	4,616,086	–	(1,007,457)	210,791,920
Comprising:					
– Inter-segment revenues	5,018	1,002,439	–	(1,007,457)	–
– Revenues (from external customers)	207,178,273	3,613,647	–	–	210,791,920
Revenues from contracts with customers:					
Over time	207,183,291	4,616,086	–	(1,007,457)	210,791,920
Segment profit	90,990,180	603,362	362,366	–	91,955,908
Finance income	1,095,699	315,434	856,819	(12,397)	2,255,555
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	91,221,282	1,581,199	750,709	–	93,553,190
Income tax expenses	(13,431,359)	(198,858)	(3,138,383)	–	(16,768,600)
Profit/(loss) for the period	77,789,923	1,382,341	(2,387,674)	–	76,784,590
Gain on disposals of property, plant and equipment, net	425,072	6,526	–	–	431,598
Depreciation and amortization	8,644,795	821,381	548	–	9,466,724
Additions to non-current assets	10,233,209	957,686	41	–	11,190,936

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 30 June 2023				
	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	332,005,813	49,101,567	110,426,275	(77,633,469)	413,900,186
Investments in joint ventures	1,151,236	7,247,722	-	-	8,398,958
Investments in associates	3,523,715	23,092,317	30,403,561	(192,046)	56,827,547
Loans to associates	-	870,469	-	-	870,469
Financial assets at FVOCI	170,842	1,004,409	788,461	-	1,963,712
Financial assets at FVPL	102,816	401,356	-	-	504,172
Financial assets at amortized cost	461,895	-	-	-	461,895
Total assets	337,416,317	81,717,840	141,618,297	(77,825,515)	482,926,939
Segment operating liabilities & total liabilities	179,453,735	34,722,015	20,532,895	(207,692)	234,500,953

	As at 31 December 2022 (Restated)				
	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	365,957,327	46,709,323	122,745,049	(85,209,880)	450,201,819
Investments in joint ventures	1,133,728	7,224,934	-	-	8,358,662
Investments in associates	3,457,491	22,745,161	23,574,821	(69,555)	49,707,918
Loans to associates	-	664,991	-	-	664,991
Financial assets at FVOCI	167,470	971,957	768,934	-	1,908,361
Financial assets at FVPL	93,110	371,474	-	-	464,584
Financial assets at amortized cost	623,742	-	-	-	623,742
Total assets	371,432,868	78,687,840	147,088,804	(85,279,435)	511,930,077
Segment operating liabilities & total liabilities	213,133,328	32,644,622	22,369,628	(10,010,595)	258,136,983

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6 Revenues and segment information (Continued)

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)

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 2023		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
Container shipping business			
– America	20,731,694	–	20,731,694
– Europe	19,761,546	–	19,761,546
– Asia Pacific	23,602,837	–	23,602,837
– Mainland China	10,111,897	(43,878)	10,068,019
– Other international market	14,079,162	–	14,079,162
	88,287,136	(43,878)	88,243,258
Terminal business			
– Europe	2,258,669	(630,791)	1,627,878
– Asia Pacific	223,010	–	223,010
– Mainland China	2,351,795	(620,634)	1,731,161
– Other international market	17,490	–	17,490
	4,850,964	(1,251,425)	3,599,539
Total	93,138,100	(1,295,303)	91,842,797

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Six months ended 30 June 2022 (Restated)		
	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	12,169,852	(5,018)	12,164,834
– Other international market	25,452,358	–	25,452,358
	207,183,291	(5,018)	207,178,273
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	211,799,377	(1,007,457)	210,791,920

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6 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 2023 RMB'000	As at 31 December 2022 RMB'000
Unallocated	139,706,187	138,098,642
Remaining assets		
– Mainland China	81,373,804	74,825,546
– Outside mainland China	36,484,000	33,415,318

Notes to the Unaudited Interim Condensed Consolidated Financial Information

7 Tangible and intangible assets

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Property, plant and equipment (note)	126,543,126	119,518,590
Right-of-use assets	50,302,624	54,918,414
Investment properties	4,054,048	2,701,063
Intangible assets	4,875,956	4,769,242
Total tangible and intangible assets	185,775,754	181,907,309

Note: As at 30 June 2023, 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	
	2023 RMB'000	2022 RMB'000 (Restated)
As at 1 January	181,907,309	169,551,848
Currency translation differences	5,654,096	5,892,838
Acquisition of a subsidiary	1,333,937	195,242
Additions	7,118,334	11,033,626
Disposals/write-off	(208,068)	(559,052)
Depreciation/amortization	(10,085,706)	(9,441,701)
Others	55,852	174,934
Closing net book value as at 30 June	185,775,754	176,847,735

Notes to the Unaudited Interim Condensed Consolidated Financial Information

8 Trade and other receivables and contract assets

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables (note a)		
– third parties	7,896,438	10,254,689
– fellow subsidiaries	288,595	105,940
– joint ventures	32,271	7,698
– other related companies	146,297	132,577
	8,363,601	10,500,904
Bills receivables (note a)	57,459	321,734
Contract assets (note a)	155,654	292,917
	8,576,714	11,115,555
Prepayments, deposits and other receivables		
– third parties	4,555,204	4,627,272
– fellow subsidiaries (note b)	410,297	409,586
– joint ventures (note b)	552,840	428,846
– associates (note b)	522,087	81,333
– other related companies (note b)	31,311	99,716
	6,071,739	5,646,753
Total	14,648,453	16,762,308

Notes:

- a) Trade receivables with related parties are unsecured and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade and bills receivables and contract assets primarily consisted of voyage-related receivables. As at 30 June 2023, 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 2023 RMB'000	As at 31 December 2022 RMB'000
1-3 months	8,476,386	11,126,893
4-6 months	223,107	260,969
7-12 months	91,065	117,538
Over 1 year	218,683	203,728
Trade, bills receivables and contract assets, gross	9,009,241	11,709,128
Less: provision for impairment	(432,527)	(593,573)
	8,576,714	11,115,555

- 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 Interim Condensed Consolidated Financial Information

9 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 2022	3,354,780	3,354,780
As at 30 June 2023	3,354,780	3,354,780
A-Shares of RMB1.00 each		
As at 31 December 2022	12,740,082	12,740,082
Issue of shares by exercising share options (Note (b)(iv))	75,392	75,392
As at 30 June 2023	12,815,474	12,815,474

(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 Interim Condensed Consolidated Financial Information

9 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 2023 and 2022 are set out below:

		Six months ended 30 June 2023				
		Number of share options				
Date of grant	Exercisable Period	Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2023
03 June 2019	Note (i)	79,177,264	–	(68,845,427)	(7,160,839)	3,170,998
29 May 2020	Note (ii)	13,735,880	–	(6,546,875)	(337,219)	6,851,786
		92,913,144	–	(75,392,302)	(7,498,058)	10,022,784

		Six months ended 30 June 2022				
		Number of share options				
Date of grant	Exercisable 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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

9 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.

According to the 2021 Profit Distribution Plan, the exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB3.15 per share to RMB2.28 per share. For details, please refer to the overseas regulatory announcement of the Company dated 10 June 2022.

According to the 2022 Profit Distribution Plan, the exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB2.28 per share to RMB1 per share. For details, please refer to the overseas regulatory announcement of the Company dated 12 December 2022.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

9 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

- (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.

According to the 2021 Profit Distribution Plan, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB2.69 per share to RMB1.82 per share. For details, please refer to the overseas regulatory announcement of the Company dated 10 June 2022.

According to the 2022 Profit Distribution Plan, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB1.82 per share to RMB1 per share. For details, please refer to the overseas regulatory announcement of the Company dated 12 December 2022.

- (iii) 3,170,998 A Shares under the 2019 Share Option Scheme and 111,373 A Shares under the 2020 Share Option Scheme were vested and exercisable as at 30 June 2023. The Company has no legal or constructive obligation to repurchase or settle the options in cash.
- (iv) For the six months ended 30 June 2023, the Company completed the registration of 68,845,427 A shares due to exercise of A Share Option of the Company under the 2019 Share Option Scheme and 6,546,875 A shares due to exercise of A Share Option of the Company under the 2020 Share Option Scheme. For details, please refer to the overseas regulatory announcement of the Company dated 4 April 2023 and 4 July 2023.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

9 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 2023 and 2022 are set out below:

Date of grant	Exercise price	Six months ended 30 June 2023				
		Number of share options				
		Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2023
19 June 2018	HK\$7.27	30,518,454	-	-	(30,518,454)	-
29 November 2018	HK\$8.02	398,404	-	-	-	398,404
29 March 2019	HK\$8.48	225,201	-	-	-	225,201
23 May 2019	HK\$7.27	67,673	-	-	-	67,673
17 June 2019	HK\$7.57	425,350	-	-	(58,464)	366,886
		31,635,082	-	-	(30,576,918)	1,058,164

Date of grant	Exercise price	Six months ended 30 June 2022				
		Number of share options				
		Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2022
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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

10 Borrowings

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Long term borrowings		
Bank loans		
– secured (note b)	15,633,580	15,618,839
– unsecured (note c)	22,550,162	18,861,542
Loans from COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance")		
– unsecured	1,909,131	1,735,391
Notes/bonds (note d)	–	3,088,957
Loans from non-controlling shareholders of subsidiaries	436,647	461,495
Other loans		
– unsecured	588,000	559,000
Interest payables of long-term borrowings	251,088	240,635
Total long-term borrowings	41,368,608	40,565,859
Current portion of long-term borrowings	(5,569,227)	(5,806,773)
	35,799,381	34,759,086
Short term borrowings		
Bank loans		
– unsecured (note c)	1,511,282	1,439,233
Loans from COSCO SHIPPING Finance		
– unsecured	–	800,929
Interest payables of short-term borrowings	–	1,656
	1,511,282	2,241,818

Notes to the Unaudited Interim Condensed Consolidated Financial Information

10 Borrowings (Continued)

Notes:

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

	RMB'000
Six months ended 30 June 2023	
As at 1 January 2023	40,565,859
Repayments of borrowings	(4,337,579)
Drawdown of borrowings	4,032,752
Currency translation differences	1,100,458
Amortized amount of transaction costs on long-term borrowings	4,721
Amortized amount of discount on issue of notes	281
Interest payables	2,116
As at 30 June 2023	41,368,608
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

(b) The secured bank loans as at 30 June 2023 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 RMB25,041,409,000 (31 December 2022: RMB24,599,297,000);
- (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 2023, unsecured bank loans of RMB3,758,480,000 (31 December 2022: RMB3,751,114,000) are guaranteed by COSCO SHIPPING.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

10 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 has matured on 20 May 2023, and the principal amount together with accrued interest have been fully paid by the Company.

(ii) Notes/bonds issued by subsidiaries

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. The notes has matured on 31 January 2023, and the principal amount together with accrued interest have been fully paid by COSCO SHIPPING Ports.

11 Provisions and other liabilities

	As at 30 June 2023			As at 31 December 2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Provision for one-off housing subsidies	-	40,052	40,052	-	40,052	40,052
Provision for onerous contracts (note)	-	6,465,249	6,465,249	-	6,231,542	6,231,542
Deferred income and others	21,023	554,252	575,275	39,142	383,413	422,555
Total	21,023	7,059,553	7,080,576	39,142	6,655,007	6,694,149

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 2023, 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, in particular, dropping cargo demand and freight rates became more evident from the fourth quarter of 2022. It is expected that high inflation and interest rate environment would further slow down the USA economy growth and would adversely affect the demand/import of the USA for some time, it is expected the economy in the USA would take years to recover. As at 30 June 2023, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue to result in a shortfall on minimum volume commitment over the remaining contract period. OOIL estimated an onerous contract provision of US\$894.7 million (equivalent to approximately RMB6,465.2 million) (31 December 2022: US\$894.7 million (equivalent to approximately RMB6,231.5 million)).

Notes to the Unaudited Interim Condensed Consolidated Financial Information

12 Trade and other payables and contract liabilities

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade payables (note a)		
– third parties	16,984,324	19,753,389
– fellow subsidiaries	599,222	1,028,176
– joint ventures	128,903	140,026
– associates	43,692	21,809
– other related companies	212,582	89,673
	17,968,723	21,033,073
Bills payables (note a)	–	24,467
	17,968,723	21,057,540
Other payables	11,515,050	17,974,701
Accrued expenses	82,176,686	86,214,866
	93,691,736	104,189,567
Contract liabilities	874,877	913,498
Due to related companies		
– fellow subsidiaries	52,383	95,768
– joint ventures (note b)	407,144	366,233
– associates (note c)	180,941	60,308
– other related companies (note d)	489,588	3,079,442
	1,130,056	3,601,751
Total	113,665,392	129,762,356

Notes to the Unaudited Interim Condensed Consolidated Financial Information

12 Trade and other payables and contract liabilities (Continued)

Notes:

- a) As at 30 June 2023, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
1-6 months	17,645,326	20,807,238
7-12 months	259,171	132,624
1-2 years	38,362	53,608
2-3 years	8,229	34,896
Above 3 years	17,635	29,174
	17,968,723	21,057,540

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\$9,343,000 (equivalent to approximately RMB65,070,000) bears interest at 3.40% per annum in 31 December 2022 and was fully repaid in January 2023. Balance of US\$1,101,000 (equivalent to approximately RMB7,956,000) (31 December 2022: approximately US\$943,000, equivalent to approximately RMB6,568,000) represents interest payable on long term loans from non-controlling shareholders of subsidiaries.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

13 Other income and other expense

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Dividend income from investments at FVOCI	25,670	17,648
Gain on disposal of property, plant and equipment	33,214	431,598
Gain on disposal of subsidiaries	–	115,177
Income from portfolio investments at FVPL		
– Fair value gain (realized and unrealized)	32,120	–
– Interest income	–	4,556
– Distribution	949	789
– Dividend income	3,944	341
Interest income from investments at amortized cost	11,028	15,008
Government grants and other subsidies	273,713	352,631
Exchange gain	1,914,851	128,954
Others	7,734	25,282
Other income	2,303,223	1,091,984
Loss on disposal of property, plant and equipment	(3,951)	(23,506)
Loss on deemed disposal of an associate	–	(20,854)
Fair value loss on portfolio investments at FVPL (realized and unrealized)	–	(29,001)
Others	(45,609)	(130,769)
Other expense	(49,560)	(204,130)

Notes to the Unaudited Interim Condensed Consolidated Financial Information

14 Reversal of/(provision for) impairment losses on financial assets, net

Net impairment gains/(losses) on financial assets are reversal of/(provision for) impairment from trade and other receivables and contract assets.

15 Finance income and costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Finance income		
Interest income from:		
– deposits in related parties	1,278,757	584,838
– loans to joint ventures and associates	18,204	6,595
– other financial institutions	2,700,404	1,036,302
Net exchange gain	181,266	627,820
	4,178,631	2,255,555
Finance costs		
Interest expenses on:		
– loans from third parties	(998,808)	(631,072)
– loans from related parties	(54,132)	(78,228)
– loans from non-controlling shareholders of subsidiaries	(8,362)	(3,380)
– lease liabilities	(908,184)	(869,777)
– notes/bonds	(17,145)	(233,091)
Transaction costs arising from borrowings	(58,781)	(70,228)
	(2,045,412)	(1,885,776)
Less: amount capitalized in construction in progress	218,759	52,676
	(1,826,653)	(1,833,100)
Net finance income	2,351,978	422,455

Notes to the Unaudited Interim Condensed Consolidated Financial Information

16 Income tax expenses

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Current income tax (note):		
– PRC enterprise income tax	2,548,689	13,236,700
– Hong Kong profits tax	19,169	19,613
– Overseas taxation	226,552	616,328
(Over)/under provision in prior year	(63,818)	597
	2,730,592	13,873,238
Deferred income tax	526,378	2,895,362
	3,256,970	16,768,600

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 34.2% (Six months ended 30 June 2022: 2.5% to 34.2%).

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 2022: 5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 30 June 2022: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the period.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

17 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	
	2023	2022 (Restated)
Profit attributable to equity holders of the Company (RMB)	16,560,637,000	64,820,236,000
Weighted average number of ordinary shares	16,105,939,186	16,014,346,641
Basic earnings per share (RMB)	1.03	4.05

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	
	2023	2022 (Restated)
Profit attributable to equity holders of the Company (RMB)	16,560,637,000	64,820,236,000
Weighted average number of ordinary shares	16,105,939,186	16,014,346,641
Adjustments for assumed issuance of shares on exercise of dilutive share options	70,933,588	81,150,152
	16,176,872,774	16,095,496,793
Diluted earnings per share (RMB)	1.02	4.03

Note:

For the six months ended 30 June 2023 and 2022, 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 Interim Condensed Consolidated Financial Information

18 Dividend

On 29 August 2023, at the 27th meeting of the sixth session of the Board of the Company, the board of directors proposed an interim dividend in respect of 2023 of RMB0.51 per ordinary share (tax inclusive), with the total amount of RMB8,247 million (tax inclusive), calculated according to the Company's share numbers of 16,170,253,938 as at 30 June 2023, which accounting for 50% of the consolidated profit attributable to equity holders of the Company approximately. If there is a change in the number of shares between the beginning of July 2023 and the registration date of dividend distribution, the dividend per share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. The Interim Profit Distribution Plan is subject to approval by the meeting of shareholders of the Company.

19 Contingent liabilities

- a) As at 30 June 2023, the Group was involved in a number of claims. The Group was unable to ascertain the likelihood and amounts of these claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 30 June 2023.
- b) **Guarantee**

A subsidiary of COSCO SHIPPING Ports provided corporate guarantee to an associate. The Directors consider that it is not probable for a claim to be made against the Group and the fair value of the guarantee contract is not significant to the Group, and has not been recognized at the balance sheet date.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

20 Commitments

(a) Capital commitments

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Contracted but not provided for		
Containers	26,410	–
Container vessels	41,926,709	43,275,007
Terminal equipment	4,532,988	5,073,079
Other property, plant and equipment	672	53,936
Investments in terminals and other companies	1,824,964	2,969,317
Intangible assets	21,496	16,547
	48,333,239	51,387,886

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 2023 RMB'000	As at 31 December 2022 RMB'000
Contracted but not provided for	20,678	40,355

Notes to the Unaudited Interim Condensed Consolidated Financial Information

20 Commitments (Continued)

(b) Lease commitments

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

	As at 30 June 2023		
	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	1,794,656	50,009	1,844,665
– later than one year	6,424,363	67,607	6,491,970
	8,219,019	117,616	8,336,635

	As at 31 December 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	2,934,391	64,632	2,999,023
– later than one year	7,043,344	176,094	7,219,438
	9,977,735	240,726	10,218,461

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21 Significant related party transactions

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

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING, 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 Interim Condensed Consolidated Financial Information

21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Transaction with COSCO SHIPPING		
Revenues		
Vessel service income	1,238	385
Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)		
Revenues		
Container shipping income	1,004,340	2,139,430
Freight forwarding income	436,658	374,787
Vessel services income	84,391	8,609
Terminal handling fee and storage income	93,220	118,612
Shipping related service income	–	24,284
Other income	783	5,427
Expenses		
Vessel costs		
Vessel services expenses	940,869	1,017,210
Crew expenses	1,190,012	1,040,650
Voyage costs		
Bunker costs	9,250,629	12,053,477
Port charges	1,361,490	1,297,219
Equipment and cargo transportation costs		
Commission and rebates	38,587	32,344
Cargo and transshipment and equipment and repositioning expenses	480,241	263,405
Freight forwarding expenses	166,361	212,246
General service expenses	159,689	90,141
Expenses relating to short-term leases and leases with low-value assets	866,844	821,966
Other expense	25,902	71,539

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Transactions with subsidiaries of COSCO SHIPPING and its related entities (including joint ventures and associates of COSCO SHIPPING)		
<u>Others</u>		
Payment of lease liabilities	1,329,612	1,029,663
Concession fee	255,622	227,075
Purchase of containers	1,280	137,137
Installments of vessels under construction	2,554,968	100,993
Transactions with joint ventures of the Group		
<u>Revenues</u>		
Management fee and service fee income	12,039	10,412
Other income	19,900	6,229
<u>Expenses</u>		
Port charges	2,006,042	1,154,200
Expenses relating to short-term leases or leases with low-value assets	2,350	2,190
Equipment and cargo transportation costs		
Commission and rebates	778	6,473
Cargo and transshipment and equipment and repositioning expenses	11,396	16,012
Transactions with associates of the Group		
<u>Revenues</u>		
Interest income	1,292,351	588,564
Other income	60,994	55,677
<u>Expenses</u>		
Interest expense	21,859	12,999
Port charges	965,913	141,603
Other handling fee	20,680	—

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21 Significant related party transactions (Continued)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000 (Restated)
Transactions with non-controlling shareholders of subsidiaries		
<u>Revenues</u>		
Terminal handling and storage income	394,612	303,477
<u>Expenses</u>		
Port charges	150,254	158,358
Electricity and fuel expenses	4,360	3,638
Other expense	50,171	17,735
Transactions with other related parties		
<u>Revenues</u>		
Shipping service income	30,653	1,333
<u>Expenses</u>		
Expenses relating to short-term leases	6,720	63,057

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	
	2023 RMB'000	2022 RMB'000
Salaries, bonuses and other allowances	46,939	31,786
Contribution to retirement benefit scheme	2,736	2,036
Share-based payments	4,449	611
	54,124	34,433

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21 Significant related party transactions (Continued)

Key management compensation (Continued)

As at 30 June 2023 and 31 December 2022, cash and cash equivalents deposited in COSCO SHIPPING group companies were as follow:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
COSCO SHIPPING Finance	93,292,849	103,875,180

22 Subsequent event

The board of directors proposed an interim dividend of RMB0.51 per ordinary share (tax inclusive) on 29 August 2023.

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 43 to 87, which comprises the interim condensed consolidated balance sheet of COSCO SHIPPING Holdings Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. 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” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2023



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